

CITY OF SOUTH EUCLID, OHIO

AUDIT REPORT

FOR THE YEAR ENDED DECEMBER 31, 2010

James G. Zupka, CPA, Inc.
Certified Public Accountants



Dave Yost • Auditor of State

City Council
City of South Euclid
1349 South Green Road
South Euclid, Ohio 44121-3985

We have reviewed the *Independent Auditor's Report* of the City of South Euclid, Cuyahoga County, prepared by James G. Zupka, CPA, Inc., for the audit period January 1, 2010 through December 31, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

June 23, 2011

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**CITY OF SOUTH EUCLID, OHIO
AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2010**

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JAMES G. ZUPKA, C.P.A., INC.

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To Members of the City Council
City of South Euclid

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of South Euclid, Cuyahoga County, Ohio, as of and for the year ended December 31, 2010, which collectively comprise the City of South Euclid, Ohio's basic financial statements and have issued our report thereon dated May 19, 2011, wherein we noted that the City implemented the provisions of GASB Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions*, and restated the December 31, 2009 fund balances of the General Fund and the non-major governmental funds due to a change in fund structure. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of South Euclid, Ohio's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of South Euclid, Ohio's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of South Euclid, Ohio's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

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

We noted certain matters that we reported to the management of the City of South Euclid, Ohio, in a separate letter dated May 19, 2011.

This report is intended solely for the information and use of management, City Council, and others within the entity and is not intended to be and should not be used by anyone other than these specified parties.



James G. Zupka, CPA, Inc.
Certified Public Accountants

May 19, 2011

CITY OF SOUTH EUCLID, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2010

No significant findings or questioned costs were included in the prior year's audit report. Management letter recommendations have been corrected, repeated, or procedures instituted to prevent occurrences in this audit period.

DISCOVER



SOUTH EUCLID

green
neighborhoods



CITY OF SOUTH EUCLID, OHIO

COMPREHENSIVE

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2010

ISSUED BY THE DEPARTMENT OF FINANCE

Joseph G. Filippo, CPA

FINANCE DIRECTOR

City of South Euclid, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2010
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CITY OF SOUTH EUCLID



FINANCE DEPARTMENT

Joseph G. Filippo, CPA

Director of Finance

May 19, 2011

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 unaudited General Purpose External Financial Statements with the Auditor of State within 150 days of 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 2010, the City of South Euclid was audited by James G. Zupka, CPA Inc. 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 21,209 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 YMCA of Greater Cleveland/South Euclid-Lyndhurst Recreation Commission which have been determined to be joint ventures and the

Northeast Ohio Public Energy Council, the First Suburbs Consortium of Northeast Ohio Council of Governments and the Heights Area Special Rescue Team which are jointly governed organizations. The shared risk pool, joint ventures and the jointly governed organizations are discussed in Notes 10, 20 and 21 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, administrative officer and safety director 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.

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 institution of higher learning. The following industries are also vital to the City's financial condition and contribute to the stable economic condition of the City: AeroControlex Group Inc., Division of TransDigm, Inc. is a Fortune 500 company which manufactures custom components for the aerospace industry; Rochling Glastic Composites, LP manufactures thermoset polymers used in appliances.

The City's retail shopping and business districts serve as important tax contributors and pedestrian friendly shopping areas for residents. The continuing revitalization of some of South Euclid's older and obsolete business districts serve to help maintain and revitalize adjacent neighborhoods. A few of the vacant spaces saw rebirth during the year with the introduction of Guy's Pizza and the renovation of a vacant restaurant building which was the old Lobster Pot. That building is being transformed as a new commercial space and currently on the market for lease.

The Mayfield-Green Shopping District houses more than a dozen national and local retail stores including: CVS Pharmacy, Marc's Discount Store, Phoenix Coffee Shop, Cheek-to-Cheek Dance Studio, Eat at Joes, South Euclid Hardware, Amir's Foods, Key Bank and other restaurants and shops, including a Giant Eagle Supermarket. The District's location to the growing Notre Dame College campus, University Suburban Health Center, and Senders Pediatric Health Center has contributed to continuing signs of building revitalization and storefront renovation.

Cedar Center North, once a blighted and obsolete retail strip, has been demolished and previous contamination of the brownfield site has been remediated. In April 2011, construction of the first phase of the new Cedar Center North Shopping District began with new national anchor, Gordon Foods Marketplace. The project's first phase is expected to be fully under construction in 2011 and 2012 and will include over 50,000 square feet of local and national retail and restaurants. Phase One developer Coral Company, revitalized the south side of the Cedar Center District located in University Heights, which is anchored by Whole Foods Market and CVS. Smaller neighborhood-based shopping districts are located throughout the City serve the needs of residents and small businesses, including the Glengate, Glenmont and Cedar-Green Shopping areas.

AeroControlex Group Inc. completed the expansion to their existing facility. As a result of acquiring another company, a 7,500 square foot expansion of office space was required to house 40 new employees that were relocated to the City.

Arby's and Taco Bell restaurants both had their existing locations undergo exterior renovations to bring both locations up to the architectural standards of the new corporate images for these buildings. There were two large interior renovation projects which included the interior renovation on an existing Key Bank building and a new Car Parts Warehouse which moved into a vacant commercial building.

Proposed new retail continues with the purchase of the South Euclid portion of the closed Oakwood Country Club by real estate developer First Interstate Properties. Oakwood Country Club is located on Warrensville Center Road between Cedar and Mayfield Roads and the property lies in portions of South Euclid and Cleveland Heights. First Interstate has proposed the development of approximately 40 acres of the 61 acres that reside in South Euclid. The proposed \$45 million retail project is estimated to generate over \$2 million a year for the City and Schools. The developer has submitted an application for rezoning request, which is currently under public review.

Notre Dame College continues to grow their campus and student population and holds the distinction of being one of the fastest growing colleges in the country. They acquired the former Regina High School building to further expand their classroom and office space as part of the continued growth of the college. College enrollment has grown from several hundred to several thousand in the last decade, spurring the creation of new academic and athletic programs and acceptance into the NCAA. Notre Dame recently completed a new dormitory in order to meet the College's growing enrollment. As one of the City's largest employers, Notre Dame College also serves as one of the City's community partners, collaborating with the City on major events and activities for residents.

The City's residential areas are home to a diversity of housing types from pre-World War II era colonials and farmhouses, 1950's style bungalows and thousands of homes built between 1960 and the 1980's. In the last decade, the City has continued to provide for the demand for new housing and several new developments as well as the construction of some infill homes. While there has been an increase in vacant homes as a result of the housing and foreclosure crisis and economic recession, homeowners continue to carefully maintain their properties and the City has been proactive in providing a mix of new programs and enhanced codes to both

enforce and remediate the negative effects of the nationwide economic downturn. To encourage individual upkeep, the City continues to administer its exterior residential inspection program. The 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 caring property owners, the goals of the program could not be reached. Each year, a specific area of the City is selected for inspection with an annual average of 1,500 home inspections. Additionally, the City has strengthened housing codes and increased enforcement of rental properties and vacant buildings to help ensure the stability of the City's diverse neighborhoods. With an increase in foreclosed properties throughout our region, many efforts have been focused on vacant and abandoned properties.

One example of the City's response to the housing and foreclosure crisis is the creation of the City's Green Neighborhoods Initiative, a federal National Stabilization Program funded project that utilizes green-building techniques to rehabilitate troubled residential properties. The innovative neighborhood revitalization strategy is also funded through competitive grants. The initiative has two main components: the purchase, rehab and resale of vacant and abandoned homes and the creation of community gardens and community green space. The first objective is buying vacant, foreclosed and abandoned homes. The homes purchased by the City will be rehabbed in an innovative way using green building techniques and universal design to accommodate first floor living and all life phases. Once completed, these revitalized homes will be resold to qualified owner-occupants. The City also plans to build a new green and sustainable designed home on a former vacant property. Construction of the new home is expected to begin in 2011. In addition the Green Neighborhoods Initiative has constructed three successful Community Gardens and is working on the development of additional neighborhood pocket parks.

Long term financial planning

The general fund balance decreased from the previous year in 2010. The net change in fund balance for the general fund was (\$408,681) which represents a 9.00 percent decrease. The general fund balance was still a healthy \$4,129,806.

The City income tax is the largest source of revenue for the 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 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 also established a land bank to enhance the City's appearance and well-being.

Relevant financial policies

The City uses the City income tax to run its daily operations. All of the income tax goes into the general fund. When needed the general fund will subsidize other funds where revenue collected is not enough to cover their expenses. Funds that may receive a transfer include the safety forces vehicle, 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 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 2010, 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. Through the combination of the road improvement fund and the flood control fund 6 streets were able to be reconstructed or resurfaced. There were also a number of roads where preventative maintenance work was performed. Over \$600,000 was spent from the road improvement fund and over \$1,300,000 was spent from the flood control fund.

In 2009 the City of South Euclid entered into a joint economic development agreement with the City of Cleveland whereby the City of Cleveland has assumed ownership, including capital improvement and repair responsibilities, for the public water mains within the City of South Euclid, in return for South Euclid sharing a portion of any tax revenue that would be generated by any business that might relocate from Cleveland to South Euclid. Under this agreement South Euclid can elect to replace failing water mains under a municipal public bidding and contract process. The cost of this, including engineering and supervision, is then eligible for reimbursement by the City of Cleveland. In 2010, a new fund entitled Water Distribution Infrastructure fund was established to account for these projects. \$966,000 was spent for water main replacement in 2010. There are also projects scheduled for 2011.

There were a couple of major projects for 2010 that included replacement or renovation of various infrastructure assets within the City. Five roads and water mains were replaced with the inception of the above mentioned new fund. South Green Road was overhauled at a cost of over \$550,000. The Maplegrove project was completed and the Cedar Center infrastructure project was started.

Although home construction has slowed down on a nationwide level, the Planned Unit Residential Development, (PURD), known as Cutter's Creek, still built a few units in 2010. The entire development is planned with 46 units. To date, 33 of those units are being constructed.

Two new police cars were purchased and outfitted with all the new equipment and computers. The Police Department also purchased a new state of the art electronic fingerprint machine at a cost of about \$28,000. The police firing range renovation was also completed in 2010. That project was partially funded by ARRA stimulus money. The Service Department purchased a used dump truck to help replenish the aging vehicles that the City owns. The City also purchased a new server and is in the process of updating the aging computers throughout City Hall. The Court had upgraded security for the Court room by installing a metal detector and having an officer present during all Court proceedings.

The City continues to improve communication with residents. In 2007, the City completed the process of updating the website, WWW.CITYOFSOUTHEUCLID.COM and in 2009 the website was redesigned to allow access for residents. This user-friendly upgrade allows residents the ability to easily contact any of the City's respective departments.

For the Future The Administration and City Council continue to reach out to the City's key employers by encouraging stimulating dialogue. Listening to business constituents allows the City to prosper. The City also continues to look for opportunities which will ensure our residents a high quality of life and create a stronger sense of community pride.

The redevelopment of the Cedar Center area is expected to continue progressing and will include over 50,000 square feet of local and national retail and restaurants.

The City continues to analyze the four quadrants at Mayfield and Green Roads, to allow the area to reach its full potential. The City continues to attract interest in all of our commercial districts which demonstrates the City's success in winning over the development community.

The City continues to explore other avenues to encourage economic development. The City recognizes that our place in the regional market positions South Euclid as an ideal location to build a successful project.

Other Information

Awards

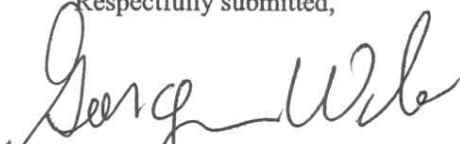
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of South Euclid for its comprehensive annual financial report for the fiscal year ended December 31, 2010. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

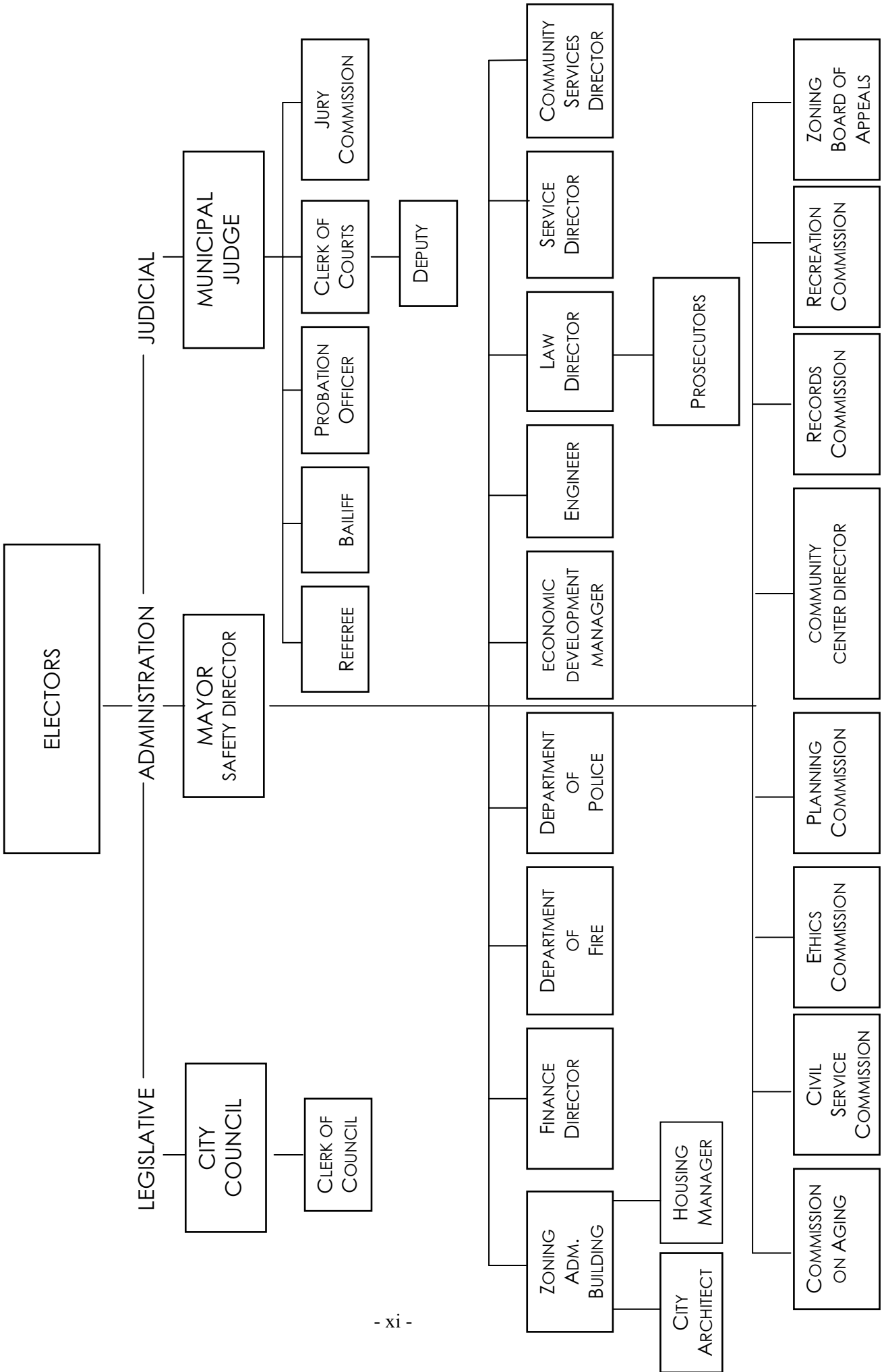


Georgine Welo
Mayor



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

Dr. David B. Miller, President, At Large

Modestino Romeo, Ward 2

Ruth Gray, Ward 1

Tony Caroscio, At Large

Dennis Fiorelli, At Large

Edward A. Icové, Ward 3

Jane Goodman, Ward 4

MUNICIPAL JUDGE

Patricia A. Kleri

APPOINTED OFFICIALS

Joseph G. Filippo, Director of Finance

Michael Lograsso, Director of Law

James Anderson, Active Director of Service

Paul Kowalczyk, Building Commissioner

Kevin Nietert, Chief of Police

Rick Huston, Chief of Fire

Andrew K. Blackley, City Engineer

Edward J. Gallagher, 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, 2009

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



President

Executive Director

JAMES G. ZUPKA, C.P.A., INC.

*Certified Public Accountants
5240 East 98th Street
Garfield Hts., Ohio 44125*

Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To Members of the City Council
City of South Euclid, Ohio

The Honorable Dave Yost
Auditor of State
State of Ohio

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, as of and for the year ended December 31, 2010, 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 of South Euclid, Ohio'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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, Ohio, as of December 31, 2010, 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.

As described in Note 5, the City adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and restated the December 31, 2009 fund balance of the General Fund and the nonmajor governmental funds due to a change in fund structure.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 19, 2011, on our consideration of the City of South Euclid, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of South Euclid, Ohio's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



James G. Zupka, CPA, Inc.
Certified Public Accountants

May 19, 2011

City of South Euclid, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010
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, 2010. 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, 2010. Of this amount, the unrestricted net assets may be used to meet the City's ongoing obligations to citizens and vendors.
- Total liabilities decreased from 2009 to 2010 due to the continued pay down of outstanding debt obligations.
- Despite the slow economy, Cutter's Creek, the Planned Unit Residential Development, built five more units during 2010, bringing the total to 33 units.
- The second-largest shopping area in the City is located at Cedar Road between Warrensville and Fenwick Roads. The 10+ acres of property the City purchased for a mixed-use residential, business and retail project is currently in the retail and residential development phase of the site plan development. The City has a developer's agreement with the Coral Company who is in the process of submitting site plans.

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.

City of South Euclid, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

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 that is similar to the accounting method used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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 2010 compared to 2009.

City of South Euclid, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

Table 1
Net Assets

	Governmental Activities		
	2010	2009	Change
Assets			
Current and Other Assets	\$44,163,176	\$42,437,769	\$1,725,407
Capital Assets, Net	43,919,740	43,337,342	582,398
Total Assets	88,082,916	85,775,111	2,307,805
Liabilities			
Current Liabilities	25,776,658	8,940,363	(16,836,295)
Long-Term Liabilities:			
Due Within One Year	1,394,688	1,488,114	93,426
Due in More Than One Year	12,243,900	29,451,446	17,207,546
Total Liabilities	39,415,246	39,879,923	464,677
Net Assets			
Invested in Capital Assets, Net of Related Debt	33,940,171	32,938,396	1,001,775
Restricted for:			
Capital Projects	8,191,218	6,012,190	2,179,028
Debt Service	674,337	817,326	(142,989)
Street Maintenance	330,710	238,023	92,687
Street Lighting	428,838	437,834	(8,996)
Sewer Maintenance	390,003	435,148	(45,145)
Other Purposes	1,145,337	851,859	293,478
Unrestricted	3,567,056	4,164,412	(597,356)
Total Net Assets	\$48,667,670	\$45,895,188	\$2,772,482

Total assets increased from 2009 to 2010 due to an increase in capital assets, net of depreciation and from increases in current and other assets in cash, accounts receivable and materials and supplies inventories. Cash increases can be attributed to revenues exceeding expenses and the increase in inventories is from an effort on management's part to conserve.

Total liabilities decreased due to the continued pay down of outstanding debt obligations and a decrease in construction projects which resulted in a reduction in contracts payable. Current liabilities increased and due in more than one year decreased due to the change in notes from long-term to short-term liabilities.

Table 2 shows the changes in net assets for the years ended December 31, 2010 and 2009 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, 2010
Unaudited

Table 2
Changes in Net Assets

	Governmental Activities		
	2010	2009	Change
Revenues			
Program Revenues:			
Charges for Services and			
Operating Assessments	\$4,631,318	\$4,541,380	\$89,938
Operating Grants	1,354,082	1,262,066	92,016
Capital Grants	1,987,926	95,906	1,892,020
Total Program Revenues	<u>7,973,326</u>	<u>5,899,352</u>	<u>2,073,974</u>
General Revenues:			
Property Taxes	4,915,386	5,575,441	(660,055)
Income Taxes	8,151,305	8,332,487	(181,182)
Grants and Entitlements	2,344,675	2,143,984	200,691
Interest	71,301	155,891	(84,590)
Gain on Sale of Capital Assets	6,447	0	6,447
Miscellaneous	668,973	500,572	168,401
Total General Revenues	<u>16,158,087</u>	<u>16,708,375</u>	<u>(550,288)</u>
<i>Total Revenues</i>	<u>24,131,413</u>	<u>22,607,727</u>	<u>1,523,686</u>
Program Expenses			
General Government:			
Legislative and Executive	2,388,528	2,653,976	265,448
Judicial System	528,283	571,587	43,304
Security of Persons and Property:			
Police	5,341,130	5,566,689	225,559
Fire	4,354,968	4,389,709	34,741
Public Health Services	127,799	129,249	1,450
Leisure Time Activities	368,780	356,693	(12,087)
Community Development	215,342	244,319	28,977
Building Department	654,922	743,044	88,122
Transportation	2,945,127	3,318,990	373,863
Basic Utility Services	3,173,606	2,464,808	(708,798)
Swimming Pools	339,938	406,544	66,606
Interest and Fiscal Charges	920,508	1,185,865	265,357
Total Program Expenses	<u>21,358,931</u>	<u>22,031,473</u>	<u>672,542</u>
<i>Increase in Net Assets</i>	2,772,482	576,254	2,196,228
<i>Net Assets Beginning of Year</i>	<u>45,895,188</u>	<u>45,318,934</u>	<u>576,254</u>
<i>Net Assets End of Year</i>	<u><u>\$48,667,670</u></u>	<u><u>\$45,895,188</u></u>	<u><u>\$2,772,482</u></u>

City of South Euclid, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

Program revenues increased in 2010 due to a greater amount of capital grants being received. General revenues decreased mainly due to decreases in property tax, income tax and interest revenues which can be contributed to the overall poor economic condition and lower rates of return on the City's investments. City's management, through careful fiscal planning, was able to reduce total program expenses.

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 2010 working in conjunction with the Regional Income Tax Agency to identify and assess individuals who were delinquent in filing their income tax returns. Property tax revenues decreased in 2010 but remained the City's second largest source of revenues. Revenues from grants and entitlements represented approximately 10 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 continues to reconstruct/resurface roads.

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 an increase in total revenues and expenditures from 2009. Revenues were up due to greater intergovernmental revenues in the form of grants. Expenditures were increased due to additional debt payments being made during 2010. The general fund experienced a significant drop in revenues from 2009 in property taxes, income taxes and interest from the poor economic situation. The City proactively reduced general fund expenditures with the largest savings in general government and security of persons and property. General fund revenues exceeded expenditures, however as a result of a large transfer to other restricted funds, the general fund balance decreased from 2009.

During 2010, the flood control capital projects fund balance increased as a result of the City spending less on capital projects during the year. During 2010, the land acquisition capital projects fund balance decreased due to the payment of principal and interest expenditures for the bond anticipation notes. During the year, the City issued and retired bond anticipation notes. This activity is reflected in the land acquisition capital projects fund.

City of South Euclid, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

General Fund Budgeting Highlights

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the general fund. An annual appropriation budget is legally required to be prepared for all funds of the City other than agency funds. Council is provided with a detailed line item budget for all departments and after a discussion at 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 2010, the City amended its general fund budget numerous times. The actual revenue amount was more than the final budget. This variance is made up of higher than expected income tax and property tax collections. It also includes unanticipated nuisance abatement collections and court fees. Final appropriations exceeded actual expenditures. 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 higher than the final budget amount.

Capital Assets and Debt Administration

Capital Assets

Table 3 shows 2010 balances of capital assets as compared to 2009.

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

	Governmental Activities	
	2010	2009
Land	\$1,182,897	\$1,182,897
Construction in Progress	0	945,127
Buildings and Improvements	2,667,121	2,916,993
Equipment	536,151	409,507
Vehicles	1,291,524	1,477,459
Infrastructure		
Streets	13,275,670	13,446,170
Bridges, Sewers and Culverts	22,372,339	21,055,725
Waterlines	2,550,864	1,859,335
Traffic Signals	43,174	44,129
	\$43,919,740	\$43,337,342
Total Capital Assets		

The increase in capital assets was primarily due to the construction and renovation of various infrastructure assets within the City, including the South Green Road project, the Water Main Replacement project, the completion of the Maplegrove project and the Cedar Center Infrastructure project.

City of South Euclid, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

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

The City's garage staff works to maintain the fleet of vehicles at a high level of repair to extend their longevity. When replacement is required, City vehicles continue to be purchased or leased from the general capital improvement and repair fund, which receives funding from the general fund.

The City Engineer maintains a comprehensive listing of all the streets, sewer and water lines 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 12 to the basic financial statements.

Long-Term Obligations

Table 4 summarizes the long-term obligations outstanding.

Table 4
Outstanding Long-Term Obligations at Year End

	Governmental Activities	
	2010	2009
General Obligation Bonds	\$6,083,267	\$7,078,990
Special Assessment Bonds	190,000	230,000
OPWC Loans	2,235,704	1,869,186
OWDA Loans	1,724,826	1,810,714
Notes	2,001,739	18,558,639
Police and Fire Pension Liability	295,528	302,301
Capital Lease	217,631	254,052
Compensated Absences	889,893	835,678
Total	\$13,638,588	\$30,939,560

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 five, twenty-year zero-interest loans. The OPWC loan's repayment source is service assessments being collected in the flood control fund. In fiscal year 2008, the City began the Nine Mile Creek Rehabilitation OPWC project; and in fiscal year 2010, the City began the Cedar Center OPWC

City of South Euclid, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

project, and as of December 31, 2010 neither of the projects were finalized. Therefore, the repayment schedules are not included in the schedule of debt service payments.

The \$2,000,000 Land Acquisition Bond Anticipation notes issued September 29, 2010 at 1.00 percent and outstanding at December 31, 2010, will mature March 29, 2011.

A line of credit has been established with the Ohio Water Development Authority in the amount of \$2,154,990 for improvements to the Sewer system; however, since this loan is not finalized, the repayment schedule is not included in the schedule of debt service payments.

The City of South Euclid's overall legal debt margin is \$16,854,804 with an unvoted debt margin of \$2,040,573 on December 31, 2010. For more information about the City's long-term obligations, see Note 14 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 2010. 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 2011, hospitalization has again increased along with the City's portion of the Ohio Public Employee's Retirement System contribution. The City will see flat or decreased income tax collections in 2011 due to the economic times and loss of jobs. 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 citizens, 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, 2010

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$10,919,362
Cash and Cash Equivalents	
In Segregated Accounts	88,264
Accounts Receivable	98,733
Intergovernmental Receivable	1,397,852
Prepaid Items	78,812
Materials and Supplies Inventory	153,313
Income Taxes Receivable	4,275,885
Property Taxes Receivable	4,775,607
Special Assessments Receivable	3,428,318
Investment in Joint Venture	9,792
Assets Held for Resale	18,851,457
Deferred Charges	85,781
Nondepreciable Capital Assets	1,182,897
Depreciable Capital Assets	42,736,843
	<hr/>
<i>Total Assets</i>	88,082,916
Liabilities	
Accounts Payable	193,295
Accrued Wages	267,772
Contracts Payable	112,227
Intergovernmental Payable	992,260
Accrued Interest Payable	124,307
Vacation Benefits Payable	603,072
Deferred Revenue	4,341,726
Notes Payable	19,141,999
Long-Term Liabilities:	
Due Within One Year	1,394,688
Due In More Than One Year	12,243,900
	<hr/>
<i>Total Liabilities</i>	39,415,246
Net Assets	
Invested in Capital Assets, Net of Related Debt	33,940,171
Restricted for:	
Capital Projects	8,191,218
Debt Service	674,337
Street Maintenance	330,710
Street Lighting	428,838
Sewer Maintenance	390,003
Other Purposes	1,145,337
Unrestricted	3,567,056
	<hr/>
<i>Total Net Assets</i>	\$48,667,670

See accompanying notes to the basic financial statements

City of South Euclid, Ohio
Statement of Activities
For the Year Ended December 31, 2010

	Program Revenues			Net (Expense)	
	Expenses	Charges for Services and Operating Assessments	Operating Grants	Revenue and Changes in Net Assets	
			Capital Grants	Governmental Activities	
Governmental Activities:					
General Government:					
Legislative and Executive	\$2,388,528	\$266,024	\$0	\$0	(\$2,122,504)
Judicial System	528,283	58,507	0	0	(469,776)
Security of Persons and Property:					
Police	5,341,130	594,913	27,996	0	(4,718,221)
Fire	4,354,968	468,368	16,159	0	(3,870,441)
Public Health Services	127,799	14,323	0	0	(113,476)
Leisure Time Activities	368,780	40,072	0	78,835	(249,873)
Community Development	215,342	24,134	0	0	(191,208)
Building Department	654,922	72,724	0	0	(582,198)
Transportation	2,945,127	150,034	892,110	78,636	(1,824,347)
Basic Utility Services	3,173,606	2,865,154	417,817	1,830,455	1,939,820
Swimming Pools	339,938	77,065	0	0	(262,873)
Interest and Fiscal Charges	920,508	0	0	0	(920,508)
<i>Total Governmental Activities</i>	<u>\$21,358,931</u>	<u>\$4,631,318</u>	<u>\$1,354,082</u>	<u>\$1,987,926</u>	<u>(13,385,605)</u>
General Revenues					
Property Taxes Levied for:					
					3,768,986
					407,046
					530,252
					209,102
					8,151,305
					2,344,675
					71,301
					6,447
					668,973
					<u>16,158,087</u>
					2,772,482
					<u>45,895,188</u>
					<u>\$48,667,670</u>

See accompanying notes to the basic financial statements

City of South Euclid, Ohio

Balance Sheet

Governmental Funds

December 31, 2010

	General	Flood Control	Land Acquisition	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$3,498,267	\$2,192,649	\$162,173	\$5,066,273	\$10,919,362
Cash and Cash Equivalents In Segregated Accounts	88,264	0	0	0	88,264
Materials and Supplies Inventory	53,082	0	0	100,231	153,313
Accounts Receivable	56,417	0	0	42,316	98,733
Interfund Receivable	600,000	0	0	0	600,000
Intergovernmental Receivable	872,992	0	0	524,860	1,397,852
Prepaid Items	78,812	0	0	0	78,812
Income Taxes Receivable	4,275,885	0	0	0	4,275,885
Property Taxes Receivable	3,643,238	0	0	1,132,369	4,775,607
Investment in Joint Venture	9,792	0	0	0	9,792
Assets Held for Resale	0	0	18,293,873	557,584	18,851,457
Special Assessments Receivable	73,933	2,496,006	0	858,379	3,428,318
<i>Total Assets</i>	<u>\$13,250,682</u>	<u>\$4,688,655</u>	<u>\$18,456,046</u>	<u>\$8,282,012</u>	<u>\$44,677,395</u>
Liabilities					
Accounts Payable	\$124,953	\$627	\$0	\$67,715	\$193,295
Accrued Wages	255,194	0	0	12,578	267,772
Contracts Payable	112,227	0	0	0	112,227
Intergovernmental Payable	557,642	0	0	434,618	992,260
Interfund Payable	0	0	500,000	100,000	600,000
Accrued Interest Payable	0	0	56,274	0	56,274
Deferred Revenue	8,070,860	2,496,006	0	2,452,538	13,019,404
Notes Payable	0	0	19,141,999	0	19,141,999
<i>Total Liabilities</i>	<u>9,120,876</u>	<u>2,496,633</u>	<u>19,698,273</u>	<u>3,067,449</u>	<u>34,383,231</u>
Fund Balances					
Nonspendable	131,894	0	0	100,231	232,125
Restricted	0	2,192,022	0	5,124,862	7,316,884
Committed	3,095	0	0	0	3,095
Assigned	165,513	0	0	0	165,513
Unassigned (Deficit)	3,829,304	0	(1,242,227)	(10,530)	2,576,547
<i>Total Fund Balances (Deficit)</i>	<u>4,129,806</u>	<u>2,192,022</u>	<u>(1,242,227)</u>	<u>5,214,563</u>	<u>10,294,164</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$13,250,682</u>	<u>\$4,688,655</u>	<u>\$18,456,046</u>	<u>\$8,282,012</u>	<u>\$44,677,395</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, 2010*

Total Governmental Fund Balances	\$10,294,164
 <i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	43,919,740
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	
Property Taxes	433,881
Income Taxes	3,569,185
Special Assessments	3,428,318
Intergovernmental	1,236,502
Investment in Joint Venture	9,792
Total	8,677,678
In the statement of activities, note issuance costs are amortized over the term of the notes, whereas in governmental funds a note issuance expenditure is reported when notes are issued.	85,781
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(68,033)
Vacation Benefits payable is not expected to be paid with expendable available financial resources and therefore are not reported in the funds.	(603,072)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
General Obligation Bonds	(6,083,267)
Special Assessment Bonds	(190,000)
OPWC Loans Payable	(2,235,704)
Notes Payable	(2,001,739)
OWDA Loans Payable	(1,724,826)
Police and Fire Pension Loan	(295,528)
Capital Leases Payable	(217,631)
Compensated Absences	(889,893)
Total	(13,638,588)
<i>Net Assets of Governmental Activities</i>	\$48,667,670

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, 2010

	General	Flood Control	Land Acquisition	Other Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	\$3,752,692	\$0	\$0	\$1,147,399	\$4,900,091
Income Taxes	8,290,533	0	0	0	8,290,533
Special Assessments	69,620	1,826,114	0	826,124	2,721,858
Intergovernmental	2,296,850	0	0	3,390,397	5,687,247
Interest	71,301	0	0	0	71,301
Fees, Licenses and Permits	27,587	0	0	0	27,587
Fines and Forfeitures	1,132,444	0	0	19,391	1,151,835
Rentals	114,946	0	0	11,325	126,271
Charges for Services	547,558	0	0	61,003	608,561
Other	58,199	0	0	610,774	668,973
<i>Total Revenues</i>	<u>16,361,730</u>	<u>1,826,114</u>	<u>0</u>	<u>6,066,413</u>	<u>24,254,257</u>
Expenditures					
Current:					
General Government:					
Legislative and Executive	2,351,795	0	0	12,423	2,364,218
Judicial System	520,867	0	0	0	520,867
Security of Persons and Property:					
Police	5,004,626	0	0	231,669	5,236,295
Fire	4,178,010	0	0	148,600	4,326,610
Public Health Services	127,799	0	0	0	127,799
Leisure Time Activities	356,328	0	0	0	356,328
Community Development	215,342	0	0	0	215,342
Building Department	639,842	0	0	0	639,842
Transportation	971,973	0	0	858,874	1,830,847
Basic Utility Services	1,453,626	0	0	881,502	2,335,128
Swimming Pools	263,621	0	0	0	263,621
Capital Outlay	0	955,313	0	1,783,280	2,738,593
Debt Service:					
Principal Retirement	6,773	480,691	18,550,000	468,692	19,506,156
Interest and Fiscal Charges	12,778	180,535	892,750	114,918	1,200,981
Capital Appreciation Bonds Accretion	0	0	0	541,414	541,414
Note Issuance Costs	0	0	222,738	0	222,738
<i>Total Expenditures</i>	<u>16,103,380</u>	<u>1,616,539</u>	<u>19,665,488</u>	<u>5,041,372</u>	<u>42,426,779</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>258,350</u>	<u>209,575</u>	<u>(19,665,488)</u>	<u>1,025,041</u>	<u>(18,172,522)</u>
Other Financing Sources (Uses)					
Sale of Capital Assets	6,447	0	0	0	6,447
Inception of Capital Lease	0	0	0	108,685	108,685
Premium on Bond Anticipation Notes Issued	0	0	3,479	0	3,479
Bond Anticipation Notes Issued	0	0	2,000,000	0	2,000,000
OPWC Loan Issued	0	260,039	0	161,282	421,321
Transfers In	0	0	0	673,478	673,478
Transfers Out	(673,478)	0	0	0	(673,478)
<i>Total Other Financing Sources (Uses)</i>	<u>(667,031)</u>	<u>260,039</u>	<u>2,003,479</u>	<u>943,445</u>	<u>2,539,932</u>
<i>Net Change in Fund Balances</i>	<u>(408,681)</u>	<u>469,614</u>	<u>(17,662,009)</u>	<u>1,968,486</u>	<u>(15,632,590)</u>
<i>Fund Balances Beginning of Year (Restated - See Note 5)</i>	<u>4,538,487</u>	<u>1,722,408</u>	<u>16,419,782</u>	<u>3,246,077</u>	<u>25,926,754</u>
<i>Fund Balances End of Year</i>	<u>\$4,129,806</u>	<u>\$2,192,022</u>	<u>(\$1,242,227)</u>	<u>\$5,214,563</u>	<u>\$10,294,164</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, 2010*

Net Change in Fund Balances - Total Governmental Funds (\$15,632,590)

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

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

Capital Outlay	2,508,409	
Depreciation	(1,926,011)	
Total		582,398

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

Property Taxes	15,295	
Income Taxes	(139,228)	
Intergovernmental	(564)	
Special Assessments	24,183	
Investment in Joint Venture	(28,977)	
Total		(129,291)

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 20,047,570

In the statement of activities, note issuance costs are amortized over the term of the notes, whereas in governmental funds a note issuance expenditure is reported when notes are issued. 222,738

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	576,328	
Amortization of Premium	11,674	
Amortization of Note Issuance Costs	(136,957)	
Bond Accretion	(170,572)	
Total		280,473

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.

Compensated Absences	(54,215)	
Vacation Benefits	(11,116)	
Total		(65,331)

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

OWPC Loan Issued	(421,321)	
Bond Anticipation Notes Issued	(2,000,000)	
Premium on Bond Anticipation Notes Issued	(3,479)	
Inception of Capital Lease	(108,685)	
Total		(2,533,485)

Change in Net Assets of Governmental Activities \$2,772,482

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, 2010

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	\$3,685,491	\$3,685,491	\$3,752,692	\$67,201
Income Taxes	8,063,111	8,063,111	8,210,134	147,023
Special Assessments	68,373	68,373	69,620	1,247
Intergovernmental	2,435,374	2,435,370	2,479,707	44,337
Interest	10,184	10,184	10,370	186
Fees, Licenses and Permits	22,601	22,601	23,013	412
Fines and Forfeitures	1,113,798	1,113,798	1,134,107	20,309
Rentals	112,831	112,831	114,888	2,057
Charges for Services	548,805	548,027	545,573	(2,454)
Other	55,742	55,742	56,876	1,134
<i>Total Revenues</i>	<u>16,116,310</u>	<u>16,115,528</u>	<u>16,396,980</u>	<u>281,452</u>
Expenditures				
Current:				
General Government:				
Legislative and Executive	2,984,549	2,982,549	2,443,470	539,079
Judicial System	585,115	585,115	540,075	45,040
Security of Persons and Property:				
Police	5,624,617	5,680,173	5,277,185	402,988
Fire	4,337,958	4,348,658	4,253,666	94,992
Public Health Services	156,271	156,271	140,481	15,790
Leisure Time Activities	609,446	645,445	336,896	308,549
Community Development	332,073	332,073	261,112	70,961
Building Department	700,356	704,655	665,555	39,100
Transportation	1,134,877	1,134,877	1,037,276	97,601
Basic Utility Services	1,742,721	1,742,722	1,563,087	179,635
Swimming Pools	305,768	325,768	264,401	61,367
<i>Total Expenditures</i>	<u>18,513,751</u>	<u>18,638,306</u>	<u>16,783,204</u>	<u>1,855,102</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(2,397,441)</u>	<u>(2,522,778)</u>	<u>(386,224)</u>	<u>2,136,554</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	6,447	6,447	6,447	0
Advances In	125,770	125,770	128,000	2,230
Advances Out	(400,000)	(400,000)	(400,000)	0
Transfers Out	(325,796)	(629,014)	(673,478)	(44,464)
<i>Total Other Financing Sources (Uses)</i>	<u>(593,579)</u>	<u>(896,797)</u>	<u>(939,031)</u>	<u>(42,234)</u>
<i>Net Change in Fund Balance</i>	(2,991,020)	(3,419,575)	(1,325,255)	2,094,320
<i>Fund Balance Beginning of Year</i>	3,788,851	3,788,851	3,788,851	0
Prior Year Encumbrances Appropriated	463,403	463,403	463,403	0
<i>Fund Balance End of Year</i>	<u>\$1,261,234</u>	<u>\$832,679</u>	<u>\$2,926,999</u>	<u>\$2,094,320</u>

See accompanying notes to the basic financial statements

City of South Euclid, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Fund
December 31, 2010

Assets	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$1,006,111</u></u>
Liabilities	
Deposits Held and Due to Others	<u><u>\$1,006,111</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, 2010

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 YMCA of Greater Cleveland/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 10, 20 and 21 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, 2010

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.

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 is used to account for and report 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, 2010

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

Land Acquisition Fund – The land acquisition fund accounts for restricted 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, committed or assigned 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.

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.

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.

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

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

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 8). 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, 2010, but which were levied to finance year 2011 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.

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.

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

During the year, the City invested in federal home loan mortgage corporation notes, federal home loan bank bonds, money market accounts 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.

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 2010 amounted to \$71,301, which includes \$48,458 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.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2010, 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.

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.

Assets Held for Resale

Assets held for resale represent land purchased by the City which will be sold for development purposes and homes purchased and repaired to be resold under the Community Development in-fill housing project. As of December 31, 2010, the City has four homes which are being held for resale.

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.

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

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
Traffic Signals	50 years

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

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.

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. The City records a liability for all accumulated unused vacation time when earned for all employees with more than one year of service. Since the City's policy limits the accrual of vacation time to one year, ending December 31st, the outstanding liability is recorded as "vacation benefits payable" on the statement of net assets rather than as a long-term liability.

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.

Accrued Liabilities and Long-Term Obligations

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

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

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

Restricted Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (City ordinances).

Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party—such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (ordinance or resolution) of City Council. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the City Council.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

Note Issuance Costs

Note issuance costs for underwriting fees and note insurance for the short-term land acquisition notes are being amortized using the straight-line method over the life of the bonds on the government-wide statements. The straight-line method of amortization is not materially different from the effective-interest method.

As permitted by State statute, the City paid note issuance costs from the note proceeds and therefore does not consider that portion of the debt to be capital-related debt. That portion of the debt was offset against the unamortized note issuance costs, which were included in the determination of unrestricted net assets. Reporting both within the same element of net assets prevents one classification from being overstated while another is understated by the same amount.

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. Net assets restricted for other purposes include resources restricted for law enforcement.

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

Internal Activity

Transfers between governmental activities are eliminated on the government wide financial statements. 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. Interfund payments for services provided and used are not eliminated.

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.

Bond/Note Premiums

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

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.

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

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.

Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The Stanhope parking lot capital projects fund was not budgeted since no activity was anticipated and none occurred. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriations resolution is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of control has been established by Council at the object level for all funds. The Finance Director has been authorized to allocate appropriations within the object level within each fund.

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

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

Note 3 - Budgetary Basis of Accounting

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

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than restricted, committed, or assigned fund balance (GAAP).
4. Investments reported at cost (budget) rather than fair value (GAAP).

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

5. Advances-In and Advances-Out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).
6. 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	(\$408,681)
Net Adjustment for Revenue Accruals	(26,098)
Advances In	128,000
Beginning Fair Value Adjustment for Investments	(28,761)
Ending Fair Value Adjustment for Investments	90,154
Unrecorded Cash	(45)
Net Adjustment for Expenditure Accruals	(198,755)
Advances Out	(400,000)
Encumbrances	(481,069)
Budget Basis	(\$1,325,255)

Note 4 – Accountability

Fund balances at June 30, 2010 included the following individual fund deficit:

	Deficit Fund Balance
<i>Special Revenue Funds:</i>	
Police Pension Fund	\$2,658
Fire Pension Fund	4,409
<i>Capital Projects Fund:</i>	
Land Acquisition Fund	1,242,227

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

The land acquisition capital projects funds' deficit is the result of the issuance of short-term bond anticipation notes which are used to finance the project until bonds are issued. Once the notes are retired or bonds are issued, these deficits will be eliminated.

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

Note 5 – Change in Accounting Principles and Restatement of Prior Year Balances

Changes in Accounting Principles

For fiscal year 2010, the City has implemented Governmental Accounting Standard Board (GASB) Statement No. 51, “Accounting and Reporting for Intangible Assets” and Governmental Accounting Standard Board (GASB) Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions”.

GASB Statement No. 51 establishes accounting and financial reporting of such assets to reduce inconsistencies thereby enhancing the comparability of accounting and financial reporting of such assets among state and local governments. The implementation of this statement did not result in any change to the City’s financial statements.

GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of this statement resulted in the reclassification of certain funds and restatement of the City’s financial statements.

Restatement of Prior Year Fund Balance/Net Assets

The implementation of GASB Statement No. 54 had the following effect on fund balances of the major and nonmajor funds as they were previously reported.

	<u>General</u>	<u>Flood Control</u>	<u>Land Acquisition</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balance at					
December 31, 2009	\$4,489,703	\$1,722,408	\$16,419,782	\$3,294,861	\$25,926,754
Change in Fund Structure	<u>48,784</u>	<u>0</u>	<u>0</u>	<u>(48,784)</u>	<u>0</u>
Adjusted Fund Balance at					
December 31, 2009	<u>\$4,538,487</u>	<u>\$1,722,408</u>	<u>\$16,419,782</u>	<u>\$3,246,077</u>	<u>\$25,926,754</u>

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

Note 6 - Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Flood Control	Land Acquisition	Nonmajor Governmental Funds	Total
<i>Nonspendable</i>					
Prepays	\$78,812	\$0	\$0	\$0	\$78,812
Inventory	53,082	0	0	100,231	153,313
<i>Total Nonspendable</i>	131,894	0	0	100,231	232,125
<i>Restricted for</i>					
Sewer Rental	0	0	0	44,181	44,181
Home Improvement	0	0	0	779,177	779,177
Public Safety	0	0	0	191,068	191,068
Street Maintenance	0	0	0	54,996	54,996
Debt Service Payments	0	0	0	651,317	651,317
Street Lighting	0	0	0	22,719	22,719
Capital Improvements	0	2,192,022	0	3,381,404	5,573,426
<i>Total Restricted</i>	0	2,192,022	0	5,124,862	7,316,884
<i>Committed to</i>					
Other Purposes	3,095	0	0	0	3,095
<i>Assigned to</i>					
Other Purposes	165,513	0	0	0	165,513
<i>Unassigned (Deficit)</i>	3,829,304	0	(1,242,227)	(10,530)	2,576,547
<i>Total Fund Balances (Deficit)</i>	\$4,129,806	\$2,192,022	(\$1,242,227)	\$5,214,563	\$10,294,164

Note 7 - Deposits and Investments

The City has chosen to follow State statutes and classify monies held by the City into three categories.

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

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, 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;
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 (STAR Ohio); and
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, \$1,561,459 of the City's bank balance of \$4,099,969 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, 2010

Investments

As of December 31, 2010, the City had the following investments:

	Fair Value	Maturity	Standard & Poor's	Percent of Total Investments
Federal Home Loan Mortgage Corporation Notes	\$990,490	Less than five years	AA+	11.40 %
Federal Home Loan Bank Bonds	1,105,335	Less than one year	AA+	12.72
Money Market Accounts	199,464	Less than one year	AA+	2.30
Repurchase Agreements	<u>6,392,733</u>	Less than one year	AA+	73.58
Total Portfolio	<u>\$8,688,022</u>			

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 underlying securities of the repurchase agreements, the federal home loan mortgage corporation notes, the federal home loan bank bonds and the federal national mortgage association notes carry a rating of AA+ by Standard & Poor's. The City has no investment policy that addresses credit risk.

Concentration of Credit Risk. The City places no limit on the amount it may invest in any one issuer.

Note 8 - Receivables

Receivables at December 31, 2010, 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 for special assessments and delinquent property taxes are expected to be collected within one year.

Special assessments expected to be collected in more than one year amount to \$145,000 in the Special Assessment Bond Retirement Fund. At December 31, 2010 the total amount of delinquent special assessments was \$348,495.

Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

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 2010 for real and public utility property taxes represents collections of the 2009 taxes. Property tax payments received during 2010 for tangible personal property (other than public utility property) is for 2010 taxes.

2010 real property taxes are levied after October 1, 2010, on the assessed value as of January 1, 2010, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2010 real property taxes are collected in and intended to finance 2011.

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.

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. 2010 public utility property taxes which became a lien December 31, 2009, are levied after October 1, 2010, and are collected in 2011 with real property taxes.

Tangible personal property tax revenue received during 2010 (other than public utility property tax) represents the collection of 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in 2010 were levied after October 1, 2009, on the value as of December 31, 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all City operations for the year ended December 31, 2010, was \$13.10 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2010 property tax receipts were based are as follows:

Category	Assessed Value
Real Estate	
Residential/Agricultural	\$353,049,480
Other Real Estate	48,504,460
Tangible Personal Property	
Public Utility	6,958,830
Total Assessed Values	\$408,512,770

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, 2010 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 2010 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is deferred.

Income Taxes

The City levies a 2.0 percent income tax on substantially all income earned within the City. In addition, residents are required to pay city income tax on income earned outside of the City. The City allows a credit of seventy five percent for income tax 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 first and tenth business days of the following month. Income tax revenue is credited entirely to the general fund.

Intergovernmental Receivables

A summary of intergovernmental receivables follows:

<u>Governmental Activities</u>	<u>Amount</u>
Local Government	\$563,234
Homestead and Rollback	376,235
Gasoline and Excise Tax	208,600
State and Local Highway Tax	100,885
Permissive Motor Vehicle License Tax	63,443
Motor Vehicle License Fees	58,581
Commercial Activity Tax	22,201
Estate Tax	2,459
Cuyahoga County Auditor	1,511
City of University Heights	397
City of Richmond Heights	306
Total	<u><u>\$1,397,852</u></u>

Note 9 - Risk Management

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 Association (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.

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

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.

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 10 - 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, University Heights 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 2010, the City of South Euclid paid \$88,402 in premiums from the general fund, which represents 9.28 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.

Note 11 – Assets Held for Resale

Assets held for resale represents ten plus acres of land on Cedar Road purchased by the City which will be sold for development purposes. The City has a developer's agreement with the Coral Company who is scheduled to purchase the property by the end of 2011.

The City also has assets held for resale in the form of four homes purchased and repaired to be resold under the Community Development in-fill housing project.

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

Note 12 - Capital Assets

Capital asset activity for the year ended December 31, 2010, was as follows:

Governmental Activities	Balance 12/31/2009	Additions	Deductions	Balance 12/31/2010
Capital Assets not being Depreciated:				
Land	\$1,182,897	\$0	\$0	\$1,182,897
Construction in Progress	945,127	68,729	(1,013,856)	0
Total Capital Assets not being Depreciated	<u>2,128,024</u>	<u>68,729</u>	<u>(1,013,856)</u>	<u>1,182,897</u>
Capital Assets being Depreciated:				
Buildings and Improvements	10,986,526	144,558	0	11,131,084
Equipment	2,293,270	201,151	0	2,494,421
Vehicles	4,453,655	68,606	(90,033)	4,432,228
Infrastructure:				
Streets	21,311,990	550,978	0	21,862,968
Bridges, Sewers and Culverts	23,187,251	1,743,982	0	24,931,233
Waterlines	2,413,372	744,261	0	3,157,633
Traffic Signals	47,732	0	0	47,732
Total Capital Assets being Depreciated	<u>64,693,796</u>	<u>3,453,536</u>	<u>(90,033)</u>	<u>68,057,299</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(8,069,533)	(394,430)	0	(8,463,963)
Equipment	(1,883,763)	(74,507)	0	(1,958,270)
Vehicles	(2,976,196)	(254,541)	90,033	(3,140,704)
Infrastructure:				
Streets	(7,865,820)	(721,478)	0	(8,587,298)
Bridges, Sewers and Culverts	(2,131,526)	(427,368)	0	(2,558,894)
Waterlines	(554,037)	(52,732)	0	(606,769)
Traffic Signals	(3,603)	(955)	0	(4,558)
Total Accumulated Depreciation	<u>(23,484,478)</u>	<u>(1,926,011) *</u>	<u>90,033</u>	<u>(25,320,456)</u>
Total Capital Assets being Depreciated, Net	<u>41,209,318</u>	<u>1,527,525</u>	<u>0</u>	<u>42,736,843</u>
Governmental Activities Capital Assets, Net	<u>\$43,337,342</u>	<u>\$1,596,254</u>	<u>(\$1,013,856)</u>	<u>\$43,919,740</u>

*Depreciation expense was charged to governmental activities as follows:

General Government:	
Legislative and Executive	\$1,665
Judicial System	5,232
Security of Persons and Property:	
Police	34,665
Fire	27,180
Leisure Time Activities	11,220
Building Department	6,012
Transportation	1,112,122
Basic Utility Services	651,598
Swimming Pools	76,317
Total Depreciation Expense	<u>\$1,926,011</u>

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

Note 13 - Note Debt

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

	Balance 12/31/2009	Additions	Reductions	Balance 12/31/2010
Land Acquisition Fund				
3.30% Short Term Note	\$1,800,000	\$0	\$1,800,000	\$0
1.45% Short Term Note	0	1,800,000	0	1,800,000
1.10% Short Term Note	0	19,225,000	19,225,000	0
1.10% Short Term Note Premium	0	68,768	68,768	0
1.00% Short Term Note	0	9,595,000	0	9,595,000
1.00% Short Term Note Premium	0	23,700	5,925	17,775
1.50% Short Term Note	0	7,675,000	0	7,675,000
1.50% Short Term Note Premium	0	72,299	18,075	54,224
Total	\$1,800,000	\$38,459,767	\$21,117,768	\$19,141,999

In 2010, 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 15, 2011. The Housing Development bond anticipation notes that were issued in 2009 for \$1,800,000 matured on December 16, 2010.

The \$9,595,000 Land Acquisition Bond Anticipation note issued September 29, 2010 at 1.00 percent and the \$7,675,000 Land Acquisition Bond Anticipation note issued September 29, 2010 at 1.50 percent and outstanding at December 31, 2010, will mature September 28, 2011. The notes will be paid from the land acquisition capital projects fund.

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 14 - 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:			
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 Whitehall Road Bridge Replacement	0%	188,822	2006 to 2025
OPWC Bexley Infrastructure	0%	1,247,424	2005 to 2024
OPWC Cedar Center	0%	260,039	N/A
OPWC Nine Mile Creek Rehabilitation	0%	341,315	N/A
Land Acquisition Bond Anticipation Notes	1.00%	2,000,000	2011
OWDA Stormwater Improvement	N/A	2,052,371	N/A
Police and Fire Pension	4.25%	391,010	1973 to 2035

City of South Euclid, Ohio
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A schedule of changes in bonds and other long-term obligations of the City during 2010 follows:

	Amount Outstanding 12/31/2009	Additions	Deletions	Amount Outstanding 12/31/2010	Amounts Due In One Year
Governmental Activities					
<i>General Obligation Bonds</i>					
1998 Recreational Facilities					
Improvement Refunding Bonds					
Capital Appreciation Bonds	\$59,994	\$0	(\$33,586)	\$26,408	\$26,408
Accretion on Capital Appreciation Bonds	832,340	170,572	(541,414)	461,498	461,498
Total 1998 Recreational Facilities Bonds	<u>892,334</u>	<u>170,572</u>	<u>(575,000)</u>	<u>487,906</u>	<u>487,906</u>
2003 Various Purpose General Obligation Bonds					
Premium on Various Purpose Bonds	11,656	0	(1,295)	10,361	0
Total 2003 Various Purpose General Obligation Bonds	<u>6,186,656</u>	<u>0</u>	<u>(591,295)</u>	<u>5,595,361</u>	<u>610,000</u>
<i>Total General Obligation Bonds</i>	<u>7,078,990</u>	<u>170,572</u>	<u>(1,166,295)</u>	<u>6,083,267</u>	<u>1,097,906</u>
<i>Special Assessment Bonds</i>					
<i>with Governmental Commitment</i>					
2002 Parking Lot Improvement	230,000	0	(40,000)	190,000	45,000
<i>OPWC Loans:</i>					
Liberty Road Bridge Replacement	472,432	0	(18,897)	453,535	37,794
Whitehall Road Bridge Replacement	151,057	0	(4,720)	146,337	9,441
Bexley Infrastructure	904,382	0	(31,186)	873,196	62,371
Cedar Center	0	260,039	0	260,039	0
Nine Mile Creek Rehabilitation	341,315	161,282	0	502,597	0
Total OPWC Loans	<u>1,869,186</u>	<u>421,321</u>	<u>(54,803)</u>	<u>2,235,704</u>	<u>109,606</u>
Land Acquisition Notes Payable					
Premium on Notes Payable	8,639	3,479	(10,379)	1,739	0
Total Notes Payable	<u>18,558,639</u>	<u>2,003,479</u>	<u>(18,560,379)</u>	<u>2,001,739</u>	<u>0</u>
OWDA Stormwater Improvement	1,810,714	0	(85,888)	1,724,826	0
Police and Fire Pension	302,301	0	(6,773)	295,528	7,065
Capital Lease	254,052	108,685	(145,106)	217,631	56,666
Compensated Absences	835,678	416,739	(362,524)	889,893	78,445
<i>Total Governmental Activities</i>	<u>\$30,939,560</u>	<u>\$3,120,796</u>	<u>(\$20,421,768)</u>	<u>\$13,638,588</u>	<u>\$1,394,688</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, 2010, none 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 1991 recreational facilities improvement bonds to take advantage of lower interest rates. The bonds were issued for a fourteen year

City of South Euclid, Ohio
Notes to the Basic Financial Statements
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period with a final maturity at December 1, 2011. The bonds will be retired from the general obligation bond retirement fund.

The capital appreciation bonds remained outstanding at December 31, 2010. 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.

On March 15, 2003 the City issued \$9,400,000 in voted general obligation bonds. The bonds were issued at a premium of \$20,074 that is being amortized over the life of the bonds. The bonds were issued for a fifteen year period with a final maturity at December 1, 2018. These 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, Whitehall 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.

A line of credit has been established with the Ohio Public Works Commission in the amount of \$260,039 for improvements to the Cedar Center; however, since this loan is not finalized, the repayment schedule is not included in the schedule of debt service payments. The loan will be paid from the flood control capital projects fund.

A line of credit has been established with the Ohio Public Works Commission on the amount of \$512,000 for the Rehabilitation of Nine Mile Creek; however, since this loan is not finalized, the repayment schedule is not included in the schedule of debt service payments. This loan will be paid from the flood control capital projects fund.

The \$2,000,000 Land Acquisition Bond Anticipation note issued September 29, 2010 at 1.00 percent and outstanding at December 31, 2010, will mature March 29, 2011. The notes will be paid from the land acquisition capital projects fund.

A line of credit has been established with the Ohio Water Development Authority in the amount of \$2,154,990 for improvements to the Sewer system; however, since this loan is not finalized, the repayment schedule is not included in the schedule of debt service payments. The loan will be paid from the flood control capital projects fund.

The police and fire pension liability represents police and fire pension obligations and will be paid from taxes received in the general fund. The capital lease will be paid from resources received in the general capital improvements capital projects fund.

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

As of December 31, 2010, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$16,854,804 and the unvoted legal debt margin was \$2,040,573.

City of South Euclid, Ohio
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Principal and interest requirements to retire the City's long-term obligations outstanding at December 31, 2010 are as follows:

	General Obligation Bonds				Special Assessment Bonds	
	Serial		Capital Appreciation		Principal	Interest
	Principal	Interest	Principal	Accretion		
2011	\$610,000	\$189,654	\$26,408	\$461,498	\$45,000	\$12,730
2012	630,000	171,048	0	0	45,000	9,715
2013	655,000	150,888	0	0	50,000	6,700
2014	680,000	129,274	0	0	50,000	3,350
2015	705,000	106,834	0	0	0	0
2016-2018	2,305,000	169,780	0	0	0	0
Total	\$5,585,000	\$917,478	\$26,408	\$461,498	\$190,000	\$32,495

	Police and Fire Pension		OPWC Loans
	Principal	Interest	Principal
	2011	\$7,065	\$12,486
2012	7,368	12,182	109,607
2013	7,685	11,865	109,607
2014	8,015	11,535	109,607
2015	8,359	11,191	109,607
2016-2020	47,499	50,253	548,033
2021-2025	58,564	39,189	372,280
2026-2030	72,334	25,418	4,721
2031-2035	78,639	8,464	0
Total	\$295,528	\$182,583	\$1,473,068

Note 15 - Compensated Absences

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

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

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

City of South Euclid, Ohio
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Note 16 – Capital Lease

In 2010, the City entered into a capital lease for copiers. In prior years, the City had entered into a capitalized lease obligation for sixteen new Ford vehicles and a master leaf collection unit. The leases meet 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 original amounts capitalized for the capital leases and the book values as of December 31, 2010 are as follows:

	Amounts
Vehicles	\$769,465
Equipment	108,685
Total Capitalized	878,150
Less: Accumulated Depreciation	(345,532)
Current Book Value	\$532,618

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, 2010.

	Amounts
2011	\$60,935
2012	60,935
2013	60,935
2014	21,737
2015	21,737
Total Minimum Lease Payments	226,279
Less: Amount representing interest	(8,648)
Present Value of Minimum Lease Payments	\$217,631

Capital lease payments have been reclassified and are reflected as debt service in the fund financial statements for the general capital improvements capital projects fund. These expenditures are reflected as program expenditures on a budgetary basis.

Note 17 - Contingencies

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.

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

City of South Euclid, Ohio
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conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2010.

Note 18 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Plan Description – The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension 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. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, 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 Pension 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. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law and public safety employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll. For the year ended December 31, 2010, members in state and local classifications contributed 10 percent of covered payroll while public safety and law enforcement members contributed 10.5 percent and 11.1 percent, respectively. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. For 2010, member and employer contribution rates were consistent across all three plans.

The City's 2010 contribution rate was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the City's contribution was 17.87 percent of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010. Employer contribution rates are actuarially determined.

The City's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2010, 2009 and 2008 were \$322,829, \$367,021 and \$290,787, respectively. For 2010, 91.18 percent has been contributed with the balance being reported as an intergovernmental

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payable. The full amount has been contributed for 2009 and 2008. Contributions to the Member-Directed Plan for 2010 were \$2,588 made by the City and \$1,849 made by plan members.

Ohio Police and Fire Pension Fund

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

Funding Policy – The Ohio Revised Code requires plan members to contribute 10.0 percent of their annual covered salary, while employers are required to contribute 19.5 percent for police officers and 24.0 percent for firefighters.

The OP&F Pension Fund is authorized by the Ohio Revised Code to allocate a portion of the employer contributions to retiree health care benefits. The portion of employer contributions used to fund pension benefits was 12.75 percent of covered payroll for police officers and 17.25 percent of covered payroll for firefighters. The City's contributions to OP&F for police and firefighters were \$361,958 and \$456,906 for the year ended December 31, 2010, \$429,949 and \$542,440 for the year ended December 31, 2009, and \$373,253 and \$455,223 for the year ended December 31, 2008, respectively. 72.01 percent for police and 68.35 percent for firefighters has been contributed for 2010 with the balance for both police and firefighters being report as an intergovernmental payable. The full amount has been contributed for 2009 and 2008.

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, 2010, the unfunded liability of the City was \$295,528 payable in semi-annual payments through the year of 2035. This is an accounting liability of the City which will not vary.

Note 19 - Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost sharing, multiple employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio

City of South Euclid, Ohio
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Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which 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.

Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010, state and local employers contributed at a rate of 14.0 percent of covered payroll, and public safety and law enforcement employers contributed at 17.87 percent. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law and public safety employer units.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The City’s contributions allocated to fund post-employment health care benefits for the years ended December 31, 2010, 2009 and 2008 were \$209,911, \$316,203 and \$290,787, respectively. For 2010, 91.18 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2009 and 2008.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

Ohio Police and Fire Pension Fund

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost-sharing multiple-employer defined post-employment health care plan administered by OP&F. OP&F provides health care benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long-term care to retirees, qualifying benefit recipients and their eligible dependents.

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OP&F provides access to post-retirement health care coverage for 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. The health care coverage provided by OP&F meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required by Ohio Revised Code to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5 percent and 24.0 percent of covered payroll for police and fire employers, respectively. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2010, the employer contribution allocated to the health care plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions to OP&F which were allocated to fund post-employment health care benefits for police and firefighters were \$191,625 and \$178,789 for the year ended December 31, 2010, \$227,620 and \$212,259 for the year ended December 31, 2009, and \$246,188 and \$217,107 for the year ended December 31, 2008. 72.01 percent has been contributed for police and 68.35 percent has been contributed for firefighters for 2010 with the balance for both police and firefighters being report as an intergovernmental payable. The full amount has been contributed for 2009 and 2008.

Note 20 - Joint Venture

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

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cities and federal grants. The Consortium is controlled by the Council 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's continued participation; 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 2010, the City contributed \$261,542, paid from the general fund, which represented 50.2 percent of Consortium revenues. To obtain a copy of the Consortium's financial statements, write to the Tri-City Consortium on Aging, 1370 Victory Drive, South Euclid, Ohio, 44121.

YMCA of Greater Cleveland/South Euclid-Lyndhurst Recreation Commission

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

The operation of SELREC is controlled by a nine member board consisting of the following: one member appointed by the Mayor of the City of South Euclid and one member appointed by the Mayor of the City of Lyndhurst, three members that are residents of the City of South Euclid, three members that are residents of the City of Lyndhurst, and one member that is a resident of the South Euclid-Lyndhurst City School District and that lives in either the City of South Euclid or the City of Lyndhurst (jointly appointed by the Mayors of the Cities of South Euclid and Lyndhurst). The 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 2010, 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, 2008. Financial statements can be obtained by contacting the fiscal agent, South Euclid-Lyndhurst City School District, 6044 Mayfield Road, Lyndhurst, Ohio 44124.

On July 1, 2010, the YMCA of Greater Cleveland assumed operational control of SELREC. The YMCA assumed financial control of SELREC on October 1, 2010. On October 21, 2010, the Fiscal Agent provided a cash reconciliation to the YMCA and also provided them the revenue received for their summer programs totaling \$77,524. On October 31, 2010, SELREC had a negative fund balance of \$168,909 on the books of its formal fiscal agent. The South Euclid-Lyndhurst City School District and the cities of South Euclid and Lyndhurst will contribute payments equivalent of 40 percent, 36 percent and 24 percent respectively, of the remaining negative fund balance to cover the deficit. SELREC will finance the SELREC programs for eighteen months, which is through December 31, 2011. The City of South Euclid will continue its subsidy to SELREC/YMCA through that time period. On December 31, 2011, SELREC will dissolve and the City's involvement with the YMCA will end.

Note 21 - Jointly Governed Organizations

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

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electricity and natural gas. NOPEC is currently comprised of 126 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 2010. Financial information can be obtained by contacting Joseph Migliorini, Board Chairman, at 175 South Main Street, Akron, Ohio 44308 or at their website at www.nopecinfo.org.

First Suburbs Consortium of Northeast Ohio Council of Governments

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

The Council is governed by an Assembly made up of one representative from each member community. The representatives then elect the Governing Board made up of a Chair, Vice Chair and other members elected in annual elections. The Board oversees and manages the council. The degree of control exercised by any participating government is limited to its representation in the Assembly and on the Board. During 2010, the City of South Euclid contributed \$1,500 for membership 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.

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 Chapter 167. The governing body of HASRT is comprised of the five 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 2010, the City of South Euclid contributed \$4,905 to HASRT. Financial information can be obtained by contacting Heights Area Special Rescue Team, 3400 Lee Road, Shaker Heights, Ohio, 44120.

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

Note 22 - Interfund Transactions

Interfund Balances

Interfund balances at December 31, 2010 consist of the following:

Interfund Payable	Interfund Receivable
	General
Special Revenue Funds:	
Street, Construction, Maintenance and Repair	\$100,000
Capital Projects Funds:	
Land Acquisition	500,000
<i>Total</i>	\$600,000

The interfund payables are advances for grant monies that the fund will receive at a later date. They are expected to be paid within one year.

Interfund Transfers

Interfund transfers for the year ended December 31, 2010, consisted of the following:

Transfers To	Transfers From
	General
Other Governmental Funds:	
FEMA Fire Fighters Grant	\$3,478
Special Assessment Bond Retirement	20,000
General Capital Improvements	350,000
Safety Forces Vehicle	200,000
Road Improvement	100,000
<i>Total</i>	\$673,478

The transfer from the general fund to the FEMA fire fighters grant special revenue fund was to cover general operating expenditures. The special assessment bond retirement received a transfer from the general fund to help pay for debt. The general capital improvements capital projects fund received a transfer from the general fund to help cover general operating expenditures. The safety forces vehicle capital projects fund received transfers from the general fund to fund future capital purchases. Capital purchases in the safety forces vehicle fund will benefit the police and fire departments. A transfer from the general fund to the road improvement capital projects fund was made as a supplement to tax levy proceeds to cover costs.

Combining and Individual Fund Statements and Schedules

Combining Statements – Nonmajor Funds

Nonmajor Special Revenue Funds

To account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Operation Home Improvement Fund The Operation Home Improvement Fund is designed to provide financial assistance to home owners with financial need through a restricted 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 restricted grant 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 restricted 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 restricted for maintenance and repair of state highways within the City.

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

Police Range Fund The Police Range Fund accounts for restricted charges for services for the operation of the police department's firing range.

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

FEMA Firefighters Grant Fund The FEMA Firefighters Grant Fund accounts for restricted grant 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 restricted service assessment revenue to provide street lighting within the City.

Sewer Rental Fund The Sewer Rental Fund accounts for restricted 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 restricted 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 restricted for the payment of current employer's pension contributions and the long-term accounting liability.

Nonmajor Debt Service Funds

Debt Service Funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for principal and interest.

General Obligation Bond Retirement Fund The General Obligation Bond Retirement Fund accounts for property tax collections which are restricted 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 special assessment revenues restricted 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 used to account and report financial resources that are restricted, committed or assigned to expenditure for capital outlays including the acquisition or construction of major capital facilities and other capital assets, other than those financed by proprietary funds or for assets that will be held in trust.

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

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

Water Distribution Infrastructure Fund The Water Distribution Infrastructure Fund accounts for the joint economic development agreement with the City of Cleveland whereby the City of Cleveland has assumed ownership, including capital improvement and repair responsibilities, for the public water mains within the City of South Euclid, in return for South Euclid sharing a portion of any restricted tax revenue that would be generated by any business that might relocate from Cleveland to South Euclid.

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

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

Stanhope Parking Lot Fund The Stanhope Parking Lot Fund accounts for resources restricted for improving the Stanhope Parking Lot by repaving, striping and making other improvements. This fund was not budgeted since no activity was anticipated and none occurred.

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

Sewer Rehabilitation Fund The Sewer Rehabilitation Fund accounts for restricted 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, 2010

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Equity in Pooled Cash and				
Cash Equivalents	\$726,492	\$651,317	\$3,688,464	\$5,066,273
Materials and Supplies Inventory	100,231	0	0	100,231
Accounts Receivable	0	0	42,316	42,316
Intergovernmental Receivable	449,228	36,866	38,766	524,860
Property Taxes Receivable	218,594	0	913,775	1,132,369
Assets Held for Resale	557,584	0	0	557,584
Special Assessments Receivable	799,700	58,679	0	858,379
<i>Total Assets</i>	<u>\$2,851,829</u>	<u>\$746,862</u>	<u>\$4,683,321</u>	<u>\$8,282,012</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$67,715	\$0	\$0	\$67,715
Accrued Wages	12,578	0	0	12,578
Intergovernmental Payable	85,242	0	349,376	434,618
Interfund Payable	100,000	0	0	100,000
Deferred Revenue	1,404,452	95,545	952,541	2,452,538
<i>Total Liabilities</i>	<u>1,669,987</u>	<u>95,545</u>	<u>1,301,917</u>	<u>3,067,449</u>
Fund Balances				
Nonspendable	100,231	0	0	100,231
Restricted	1,092,141	651,317	3,381,404	5,124,862
Unassigned (Deficit)	(10,530)	0	0	(10,530)
<i>Total Fund Balances</i>	<u>1,181,842</u>	<u>651,317</u>	<u>3,381,404</u>	<u>5,214,563</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$2,851,829</u>	<u>\$746,862</u>	<u>\$4,683,321</u>	<u>\$8,282,012</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, 2010

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Property Taxes	\$208,124	\$447,958	\$491,317	\$1,147,399
Special Assessments	822,301	3,823	0	826,124
Intergovernmental	1,329,843	73,733	1,986,821	3,390,397
Fines and Forfeitures	19,391	0	0	19,391
Rentals	11,325	0	0	11,325
Charges for Services	61,003	0	0	61,003
Other	30,912	0	579,862	610,774
<i>Total Revenues</i>	<u>2,482,899</u>	<u>525,514</u>	<u>3,058,000</u>	<u>6,066,413</u>
Expenditures				
Current:				
General Government:				
Legislative and Executive	0	12,423	0	12,423
Security of Persons and Property:				
Police	231,669	0	0	231,669
Fire	148,600	0	0	148,600
Transportation	858,874	0	0	858,874
Basic Utility Services	881,502	0	0	881,502
Capital Outlay	0	0	1,783,280	1,783,280
Debt Service:				
Principal Retirement	0	73,586	395,106	468,692
Interest and Fiscal Charges	0	15,448	99,470	114,918
Capital Appreciation Bonds Accretion	0	541,414	0	541,414
<i>Total Expenditures</i>	<u>2,120,645</u>	<u>642,871</u>	<u>2,277,856</u>	<u>5,041,372</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>362,254</u>	<u>(117,357)</u>	<u>780,144</u>	<u>1,025,041</u>
Other Financing Sources				
Inception of Capital Lease	0	0	108,685	108,685
OPWC Loan Issued	0	0	161,282	161,282
Transfers In	3,478	20,000	650,000	673,478
<i>Total Other Financing Sources</i>	<u>3,478</u>	<u>20,000</u>	<u>919,967</u>	<u>943,445</u>
<i>Net Change in Fund Balances</i>	365,732	(97,357)	1,700,111	1,968,486
<i>Fund Balances Beginning of Year - Restated</i>	<u>816,110</u>	<u>748,674</u>	<u>1,681,293</u>	<u>3,246,077</u>
<i>Fund Balances End of Year</i>	<u><u>\$1,181,842</u></u>	<u><u>\$651,317</u></u>	<u><u>\$3,381,404</u></u>	<u><u>\$5,214,563</u></u>

City of South Euclid, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2010

	Operation Home Improvement	COPS Grant	Street Construction, Maintenance and Repair	State Highway
Assets				
Equity in Pooled Cash and				
Cash Equivalents	\$231,294	\$646	\$80,371	\$7,012
Materials and Supplies Inventory	0	0	100,231	0
Intergovernmental Receivable	0	0	341,164	27,605
Property Taxes Receivable	0	0	0	0
Assets Held for Resale	557,584	0	0	0
Special Assessments Receivable	19,964	0	0	0
<i>Total Assets</i>	<u>\$808,842</u>	<u>\$646</u>	<u>\$521,766</u>	<u>\$34,617</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$9,701	\$0	\$10,969	\$0
Accrued Wages	0	0	8,247	0
Intergovernmental Payable	0	0	13,923	0
Interfund Payable	0	0	100,000	0
Deferred Revenue	19,964	0	291,859	23,664
<i>Total Liabilities</i>	<u>29,665</u>	<u>0</u>	<u>424,998</u>	<u>23,664</u>
Fund Balances				
Nonspendable	0	0	100,231	0
Restricted	779,177	646	0	10,953
Unassigned (Deficit)	0	0	(3,463)	0
<i>Total Fund Balances (Deficit)</i>	<u>779,177</u>	<u>646</u>	<u>96,768</u>	<u>10,953</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$808,842</u>	<u>\$646</u>	<u>\$521,766</u>	<u>\$34,617</u>

Permissive Motor Vehicle License	Police Range	Law Enforcement	Street Lighting
\$34,219	\$24,987	\$165,435	\$63,507
0	0	0	0
63,443	0	0	0
0	0	0	0
0	0	0	0
0	0	0	406,119
<u>\$97,662</u>	<u>\$24,987</u>	<u>\$165,435</u>	<u>\$469,626</u>

\$0	\$0	\$0	\$40,788
0	0	0	0
0	0	0	0
0	0	0	0
53,619	0	0	406,119
<u>53,619</u>	<u>0</u>	<u>0</u>	<u>446,907</u>
0	0	0	0
44,043	24,987	165,435	22,719
0	0	0	0
<u>44,043</u>	<u>24,987</u>	<u>165,435</u>	<u>22,719</u>
<u>\$97,662</u>	<u>\$24,987</u>	<u>\$165,435</u>	<u>\$469,626</u>

(continued)

City of South Euclid, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2010

	Sewer Rental	Police Pension	Fire Pension	Total Nonmajor Special Revenue Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$62,338	\$31,092	\$25,591	\$726,492
Materials and Supplies Inventory	0	0	0	100,231
Intergovernmental Receivable	0	8,508	8,508	449,228
Property Taxes Receivable	0	109,297	109,297	218,594
Assets Held for Resale	0	0	0	557,584
Special Assessments Receivable	373,617	0	0	799,700
<i>Total Assets</i>	<u>\$435,955</u>	<u>\$148,897</u>	<u>\$143,396</u>	<u>\$2,851,829</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$6,257	\$0	\$0	\$67,715
Accrued Wages	4,331	0	0	12,578
Intergovernmental Payable	7,569	33,750	30,000	85,242
Interfund Payable	0	0	0	100,000
Deferred Revenue	373,617	117,805	117,805	1,404,452
<i>Total Liabilities</i>	<u>391,774</u>	<u>151,555</u>	<u>147,805</u>	<u>1,669,987</u>
Fund Balances				
Nonspendable	0	0	0	100,231
Restricted	44,181	0	0	1,092,141
Unassigned (Deficit)	0	(2,658)	(4,409)	(10,530)
<i>Total Fund Balances (Deficit)</i>	<u>44,181</u>	<u>(2,658)</u>	<u>(4,409)</u>	<u>1,181,842</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$435,955</u>	<u>\$148,897</u>	<u>\$143,396</u>	<u>\$2,851,829</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, 2010

	Operation Home Improvement	COPS Grant	Street Construction, Maintenance and Repair	State Highway
Revenues				
Property Taxes	\$0	\$0	\$0	\$0
Special Assessments	33,413	0	0	0
Intergovernmental	417,817	0	683,364	55,383
Fines and Forfeitures	0	0	0	0
Rentals	0	0	0	0
Charges for Services	0	0	41,143	0
Other	20,344	0	7,966	0
<i>Total Revenues</i>	<u>471,574</u>	<u>0</u>	<u>732,473</u>	<u>55,383</u>
Expenditures				
Current:				
Security of Persons and Property:				
Police	0	551	0	0
Fire	0	0	0	0
Transportation	0	0	661,562	67,311
Basic Utility Services	271	0	0	0
<i>Total Expenditures</i>	<u>271</u>	<u>551</u>	<u>661,562</u>	<u>67,311</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	471,303	(551)	70,911	(11,928)
Other Financing Sources				
Transfers In	0	0	0	0
<i>Net Change in Fund Balances</i>	471,303	(551)	70,911	(11,928)
<i>Fund Balances (Deficit)</i>				
<i>Beginning of Year - Restated</i>	<u>307,874</u>	<u>1,197</u>	<u>25,857</u>	<u>22,881</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$779,177</u>	<u>\$646</u>	<u>\$96,768</u>	<u>\$10,953</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, 2010

	Permissive Motor Vehicle License	Police Range	Law Enforcement	FEMA Firefighters Grant
Revenues				
Property Taxes	\$0	\$0	\$0	\$0
Special Assessments	0	0	0	0
Intergovernmental	127,412	0	11,837	0
Fines and Forfeitures	0	14,531	4,860	0
Rentals	0	11,325	0	0
Charges for Services	0	0	0	0
Other	0	0	2,602	0
<i>Total Revenues</i>	<u>127,412</u>	<u>25,856</u>	<u>19,299</u>	<u>0</u>
Expenditures				
Current:				
Security of Persons and Property:				
Police	0	64,399	27,369	0
Fire	0	0	0	0
Transportation	130,001	0	0	0
Basic Utility Services	0	0	0	0
<i>Total Expenditures</i>	<u>130,001</u>	<u>64,399</u>	<u>27,369</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(2,589)	(38,543)	(8,070)	0
Other Financing Sources				
Transfers In	0	0	0	3,478
<i>Net Change in Fund Balances</i>	(2,589)	(38,543)	(8,070)	3,478
<i>Fund Balances (Deficit)</i>				
<i>Beginning of Year - Restated</i>	<u>46,632</u>	<u>63,530</u>	<u>173,505</u>	<u>(3,478)</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$44,043</u>	<u>\$24,987</u>	<u>\$165,435</u>	<u>\$0</u>

Street Lighting	Sewer Rental	Police Pension	Fire Pension	Total Nonmajor Special Revenue Funds
\$0	\$0	\$104,062	\$104,062	\$208,124
452,039	336,849	0	0	822,301
0	0	17,015	17,015	1,329,843
0	0	0	0	19,391
0	0	0	0	11,325
0	19,860	0	0	61,003
0	0	0	0	30,912
<u>452,039</u>	<u>356,709</u>	<u>121,077</u>	<u>121,077</u>	<u>2,482,899</u>
0	0	139,350	0	231,669
0	0	0	148,600	148,600
0	0	0	0	858,874
<u>470,653</u>	<u>410,578</u>	<u>0</u>	<u>0</u>	<u>881,502</u>
<u>470,653</u>	<u>410,578</u>	<u>139,350</u>	<u>148,600</u>	<u>2,120,645</u>
(18,614)	(53,869)	(18,273)	(27,523)	362,254
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,478</u>
(18,614)	(53,869)	(18,273)	(27,523)	365,732
<u>41,333</u>	<u>98,050</u>	<u>15,615</u>	<u>23,114</u>	<u>816,110</u>
<u>\$22,719</u>	<u>\$44,181</u>	<u>(\$2,658)</u>	<u>(\$4,409)</u>	<u>\$1,181,842</u>

City of South Euclid, Ohio
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2010

	General Obligation Bond Retirement	Special Assessment Bond Retirement	Total Nonmajor Debt Service Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$642,371	\$8,946	\$651,317
Intergovernmental Receivable	36,866	0	36,866
Special Assessments Receivable	0	58,679	58,679
<i>Total Assets</i>	<u>\$679,237</u>	<u>\$67,625</u>	<u>\$746,862</u>
Liabilities and Fund Balances			
Liabilities			
Deferred Revenue	\$36,866	\$58,679	\$95,545
Fund Balances			
Restricted	<u>642,371</u>	<u>8,946</u>	<u>651,317</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$679,237</u>	<u>\$67,625</u>	<u>\$746,862</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, 2010

	General Obligation Bond Retirement	Special Assessment Bond Retirement	Total Nonmajor Debt Service Funds
Revenues			
Property Taxes	\$447,958	\$0	\$447,958
Special Assessments	0	3,823	3,823
Intergovernmental	73,733	0	73,733
<i>Total Revenues</i>	<u>521,691</u>	<u>3,823</u>	<u>525,514</u>
Expenditures			
General Government:			
Legislative and Executive	12,423	0	12,423
Debt Service:			
Principal Retirement	33,586	40,000	73,586
Interest and Fiscal Charges	0	15,448	15,448
Capital Appreciation Bonds Accretion	541,414	0	541,414
<i>Total Expenditures</i>	<u>587,423</u>	<u>55,448</u>	<u>642,871</u>
<i>Excess of Revenues Under Expenditures</i>	(65,732)	(51,625)	(117,357)
Other Financing Sources			
Transfers In	0	20,000	20,000
<i>Net Change in Fund Balances</i>	(65,732)	(31,625)	(97,357)
<i>Fund Balances Beginning of Year</i>	<u>708,103</u>	<u>40,571</u>	<u>748,674</u>
<i>Fund Balances End of Year</i>	<u><u>\$642,371</u></u>	<u><u>\$8,946</u></u>	<u><u>\$651,317</u></u>

City of South Euclid, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2010

	General Capital Improvements	Safety Forces Vehicle	Water Distribution Infrastructure	Road Improvement
Assets				
Equity in Pooled Cash and Cash Equivalents	\$665,225	\$994,562	\$912,370	\$647,545
Accounts Receivable	42,316	0	0	0
Intergovernmental Receivable	0	0	0	38,766
Property Taxes Receivable	0	0	0	913,775
<i>Total Assets</i>	<u>\$707,541</u>	<u>\$994,562</u>	<u>\$912,370</u>	<u>\$1,600,086</u>
 Liabilities and Fund Balances				
Liabilities				
Intergovernmental Payable	\$0	\$0	\$0	\$349,376
Deferred Revenue	0	0	0	952,541
<i>Total Liabilities</i>	0	0	0	1,301,917
 Fund Balances				
Restricted	707,541	994,562	912,370	298,169
<i>Total Liabilities and Fund Balances</i>	<u>\$707,541</u>	<u>\$994,562</u>	<u>\$912,370</u>	<u>\$1,600,086</u>

<u>Sidewalk Improvement</u>	<u>Stanhope Parking Lot</u>	<u>Issue II</u>	<u>Sewer Rehabilitation</u>	<u>Total Nonmajor Capital Projects Funds</u>
\$7	\$2,853	\$464,651	\$1,251	\$3,688,464
0	0	0	0	42,316
0	0	0	0	38,766
0	0	0	0	913,775
<u>\$7</u>	<u>\$2,853</u>	<u>\$464,651</u>	<u>\$1,251</u>	<u>\$4,683,321</u>
\$0	\$0	\$0	\$0	\$349,376
0	0	0	0	952,541
0	0	0	0	1,301,917
7	2,853	464,651	1,251	3,381,404
<u>\$7</u>	<u>\$2,853</u>	<u>\$464,651</u>	<u>\$1,251</u>	<u>\$4,683,321</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, 2010

	General Capital Improvements	Safety Forces Vehicle	Water Distribution Infrastructure	Road Improvement
Revenues				
Property Taxes	\$0	\$0	\$0	\$491,317
Intergovernmental	78,835	0	1,830,455	77,531
Other	358,370	4,900	0	216,592
<i>Total Revenues</i>	<u>437,205</u>	<u>4,900</u>	<u>1,830,455</u>	<u>785,440</u>
Expenditures				
Capital Outlay	216,976	5,414	918,085	642,805
Debt Service:				
Principal Retirement	145,106	0	0	250,000
Interest and Fiscal Charges	11,160	0	0	88,310
<i>Total Expenditures</i>	<u>373,242</u>	<u>5,414</u>	<u>918,085</u>	<u>981,115</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>63,963</u>	<u>(514)</u>	<u>912,370</u>	<u>(195,675)</u>
Other Financing Sources				
Inception of Capital Lease	108,685	0	0	0
OWPC Loan Issued	0	0	0	161,282
Transfers In	350,000	200,000	0	100,000
<i>Total Other Financing Sources</i>	<u>458,685</u>	<u>200,000</u>	<u>0</u>	<u>261,282</u>
<i>Net Change in Fund Balances</i>	522,648	199,486	912,370	65,607
<i>Fund Balances Beginning of Year</i>	<u>184,893</u>	<u>795,076</u>	<u>0</u>	<u>232,562</u>
<i>Fund Balances End of Year</i>	<u><u>\$707,541</u></u>	<u><u>\$994,562</u></u>	<u><u>\$912,370</u></u>	<u><u>\$298,169</u></u>

Sidewalk Improvement	Stanhope Parking Lot	Issue II	Sewer Rehabilitation	Total Nonmajor Capital Projects Funds
\$0	\$0	\$0	\$0	\$491,317
0	0	0	0	1,986,821
0	0	0	0	579,862
0	0	0	0	3,058,000
0	0	0	0	1,783,280
0	0	0	0	395,106
0	0	0	0	99,470
0	0	0	0	2,277,856
0	0	0	0	780,144
0	0	0	0	108,685
0	0	0	0	161,282
0	0	0	0	650,000
0	0	0	0	919,967
0	0	0	0	1,700,111
7	2,853	464,651	1,251	1,681,293
\$7	\$2,853	\$464,651	\$1,251	\$3,381,404

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 ensure 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, 2010

	Beginning Balance 12/31/09	Additions	Deductions	Ending Balance 12/31/10
<i>Deposits Fund</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	<u>\$1,172,399</u>	<u>\$429,025</u>	<u>\$595,313</u>	<u>\$1,006,111</u>
Liabilities				
Deposits Held and Due to Others	<u>\$1,172,399</u>	<u>\$429,025</u>	<u>\$595,313</u>	<u>\$1,006,111</u>

**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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$3,685,491	\$3,685,491	\$3,752,692	\$67,201
Income Taxes	8,063,111	8,063,111	8,210,134	147,023
Special Assessments	68,373	68,373	69,620	1,247
Intergovernmental	2,435,374	2,435,370	2,479,707	44,337
Interest	10,184	10,184	10,370	186
Fees, Licenses and Permits	22,601	22,601	23,013	412
Fines and Forfeitures	1,113,798	1,113,798	1,134,107	20,309
Rentals	112,831	112,831	114,888	2,057
Charges for Services	548,805	548,027	545,573	(2,454)
Other	55,742	55,742	56,876	1,134
<i>Total Revenues</i>	16,116,310	16,115,528	16,396,980	281,452
Expenditures				
Current:				
General Government:				
Legislative and Executive:				
Council				
Personal Services	99,350	100,350	97,860	2,490
Materials and Supplies	4,520	3,520	142	3,378
Total Council	103,870	103,870	98,002	5,868
Mayor				
Personal Services	162,562	165,562	162,797	2,765
Contractual Services	4,145	3,329	2,411	918
Materials and Supplies	2,880	2,310	1,823	487
Other	8,681	7,067	4,586	2,481
Total Mayor	178,268	178,268	171,617	6,651
Finance Department				
Personal Services	287,566	287,566	273,570	13,996
Contractual Services	32,693	32,693	29,751	2,942
Materials and Supplies	7,076	7,076	6,612	464
Other	1,851	1,851	1,850	1
Total Finance Department	329,186	329,186	311,783	17,403
Law Director				
Personal Services	139,847	141,847	137,231	4,616
Contractual Services	198,307	194,709	183,706	11,003
Materials and Supplies	16,467	16,228	14,932	1,296
Other	8,799	8,636	8,535	101
Total Law Director	363,420	361,420	344,404	17,016
Civil Service				
Personal Services	8,222	10,222	7,739	2,483
Contractual Services	21,251	19,492	9,670	9,822
Materials and Supplies	54	50	24	26
Other	3,338	3,101	1,444	1,657
Total Civil Service	\$32,865	\$32,865	\$18,877	\$13,988

(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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Municipal Complex				
Personal Services	\$26,329	\$28,329	\$21,050	\$7,279
Contractual Services	462,686	460,953	420,327	40,626
Materials and Supplies	62,886	62,676	49,206	13,470
Other	21,538	21,481	21,476	5
Total Municipal Complex	573,439	573,439	512,059	61,380
Engineer				
Personal Services	18,841	20,841	18,830	2,011
Contractual Services	22,648	20,648	14,375	6,273
Total Engineer	41,489	41,489	33,205	8,284
Mandated				
Contractual Services	506,450	556,450	475,179	81,271
Other	50,000	50,000	0	50,000
Total Mandated	556,450	606,450	475,179	131,271
General Services				
Personal Services	104,322	104,322	64,122	40,200
Contractual Services	660,884	613,664	388,998	224,666
Other	40,356	37,576	25,224	12,352
Total General Services	805,562	755,562	478,344	277,218
Total Legislative and Executive	2,984,549	2,982,549	2,443,470	539,079
Judicial System:				
Municipal Court				
Personal Services	528,124	528,124	499,574	28,550
Contractual Services	5,792	5,792	3,559	2,233
Materials and Supplies	42,221	42,221	31,562	10,659
Other	8,978	8,978	5,380	3,598
Total Judicial System	585,115	585,115	540,075	45,040
Total General Government	3,569,664	3,567,664	2,983,545	584,119
Security of Persons and Property:				
Police:				
Police Department				
Personal Services	4,705,395	4,744,396	4,470,437	273,959
Contractual Services	110,815	98,884	98,845	39
Materials and Supplies	124,668	110,195	99,899	10,296
Other	159,663	202,623	141,433	61,190
Total Police Department	5,100,541	5,156,098	4,810,614	345,484
Dispatchers				
Personal Services	515,469	515,468	459,003	56,465
Other	8,607	8,607	7,568	1,039
Total Dispatchers	524,076	524,075	466,571	57,504
Total Police	\$5,624,617	\$5,680,173	\$5,277,185	\$402,988

(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, 2010

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Fire:				
Fire Department				
Personal Services	\$4,067,089	\$4,087,089	\$4,040,770	\$46,319
Contractual Services	119,541	114,902	93,309	21,593
Materials and Supplies	52,139	49,934	38,752	11,182
Other	57,689	55,233	55,169	64
Total Fire Department	4,296,458	4,307,158	4,228,000	79,158
Fire Hydrants				
Contractual Services	41,500	41,500	25,666	15,834
Total Fire	4,337,958	4,348,658	4,253,666	94,992
Total Security of Persons and Property	9,962,575	10,028,831	9,530,851	497,980
Public Health Services:				
Health and Human Services				
Contractual Services	156,271	156,271	140,481	15,790
Leisure Time Activities:				
Recreation Department				
Personal Services	98,535	98,535	94,999	3,536
Contractual Services	237,167	271,669	39,892	231,777
Materials and Supplies	3,249	3,575	288	3,287
Other	12,637	13,809	4,621	9,188
Total Recreation Department	351,588	387,588	139,800	247,788
Community Center				
Personal Services	139,783	142,782	137,604	5,178
Contractual Services	58,516	56,955	28,572	28,383
Materials and Supplies	10,487	10,250	6,423	3,827
Other	49,072	47,870	24,497	23,373
Total Community Center	257,858	257,857	197,096	60,761
Total Leisure Time Activities	609,446	645,445	336,896	308,549
Community Development:				
Boards and Commissions				
Personal Services	36,057	39,057	35,163	3,894
Contractual Services	1,650	1,650	700	950
Total Boards and Commissions	37,707	40,707	35,863	4,844
Community Relations				
Personal Services	93,475	93,475	85,217	8,258
Contractual Services	1,601	1,368	1,037	331
Materials and Supplies	256	215	167	48
Other	33,293	30,567	20,395	10,172
Total Community Relations	\$128,625	\$125,625	\$106,816	\$18,809

(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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Economic Development Department:				
Economic Development Department				
Personal Services	\$68,344	\$73,344	\$63,711	\$9,633
Contractual Services	41,950	41,827	41,817	10
Materials and Supplies	164	150	128	22
Other	55,283	50,420	12,777	37,643
Total Economic Development Department	165,741	165,741	118,433	47,308
Total Community Development	332,073	332,073	261,112	70,961
Building Department:				
Building Department				
Personal Services	639,829	639,830	622,053	17,777
Contractual Services	19,203	20,547	13,151	7,396
Materials and Supplies	22,187	23,803	15,401	8,402
Other	19,137	20,475	14,950	5,525
Total Building Department	700,356	704,655	665,555	39,100
Transportation:				
Service Department				
Personal Services	607,261	607,261	559,215	48,046
Contractual Services	68,006	68,006	63,074	4,932
Materials and Supplies	47,569	47,569	47,434	135
Other	9,624	9,624	7,667	1,957
Total Service Department	732,460	732,460	677,390	55,070
Service Garage				
Personal Services	163,204	168,204	162,181	6,023
Contractual Services	59,936	58,577	47,704	10,873
Materials and Supplies	173,635	170,123	145,471	24,652
Other	5,642	5,513	4,530	983
Total Service Garage	402,417	402,417	359,886	42,531
Total Transportation	1,134,877	1,134,877	1,037,276	97,601
Basic Utility Services:				
Refuse Collection and Disposal				
Contractual Services	1,538,637	1,538,637	1,376,715	161,922
Materials and Supplies	7,113	7,113	2,442	4,671
Other	1,800	1,800	618	1,182
Total Refuse Collection and Disposal	1,547,550	1,547,550	1,379,775	167,775
Curbside Recycling				
Personal Services	151,223	151,224	140,933	10,291
Contractual Services	43,948	43,948	42,379	1,569
Total Curbside Recycling	195,171	195,172	183,312	11,860
Total Basic Utility Services	\$1,742,721	\$1,742,722	\$1,563,087	\$179,635

(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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Swimming Pools:				
Swimming Pools				
Personal Services	\$192,618	\$192,618	\$162,973	\$29,645
Contractual Services	90,775	106,820	79,841	26,979
Materials and Supplies	11,823	13,913	10,593	3,320
Other	10,552	12,417	10,994	1,423
Total Swimming Pools	305,768	325,768	264,401	61,367
<i>Total Expenditures</i>	18,513,751	18,638,306	16,783,204	1,855,102
<i>Excess of Revenues Under Expenditures</i>	(2,397,441)	(2,522,778)	(386,224)	2,136,554
Other Financing Sources (Uses)				
Sale of Capital Assets	6,447	6,447	6,447	0
Advances In	125,770	125,770	128,000	2,230
Advances Out	(400,000)	(400,000)	(400,000)	0
Transfers Out	(325,796)	(629,014)	(673,478)	(44,464)
<i>Total Other Financing Sources (Uses)</i>	(593,579)	(896,797)	(939,031)	(42,234)
<i>Net Change in Fund Balance</i>	(2,991,020)	(3,419,575)	(1,325,255)	2,094,320
<i>Fund Balance Beginning of Year</i>	3,788,851	3,788,851	3,788,851	0
Prior Year Encumbrances Appropriated	463,403	463,403	463,403	0
<i>Fund Balance End of Year</i>	\$1,261,234	\$832,679	\$2,926,999	\$2,094,320

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, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues				
Special Assessments	\$1,769,082	\$1,820,728	\$1,826,114	\$5,386
Expenditures				
Capital Outlay:				
Contractual Services	1,682,491	1,682,491	1,341,488	341,003
Other	5,367	5,367	3,608	1,759
Total Capital Outlay	1,687,858	1,687,858	1,345,096	342,762
Debt Service:				
Principal Retirement	715,014	715,014	480,691	234,323
Interest and Fiscal Charges	268,541	268,541	180,535	88,006
Total Debt Service	983,555	983,555	661,226	322,329
<i>Total Expenditures</i>	<u>2,671,413</u>	<u>2,671,413</u>	<u>2,006,322</u>	<u>665,091</u>
<i>Excess of Revenues Under Expenditures</i>	(902,331)	(850,685)	(180,208)	670,477
Other Financing Sources				
OPWC Loan Issued	251,918	259,272	260,039	767
<i>Net Change in Fund Balance</i>	(650,413)	(591,413)	79,831	671,244
<i>Fund Balance Beginning of Year</i>	1,465,812	1,465,812	1,465,812	0
Prior Year Encumbrances Appropriated	261,096	261,096	261,096	0
<i>Fund Balance End of Year</i>	<u>\$1,076,495</u>	<u>\$1,135,495</u>	<u>\$1,806,739</u>	<u>\$671,244</u>

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Land Acquisition Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Debt Service:				
Principal Retirement	20,531,622	39,732,576	39,575,000	157,576
Interest and Fiscal Charges	483,378	935,429	931,719	3,710
Other	115,558	223,625	222,738	887
Total Debt Service	21,130,558	40,891,630	40,729,457	162,173
<i>Total Expenditures</i>	21,130,558	40,891,630	40,729,457	162,173
<i>Excess of Revenues Under Expenditures</i>	(21,130,558)	(40,891,630)	(40,729,457)	162,173
Other Financing Sources				
Bond Anticipation Notes Issued	20,831,235	40,295,000	40,295,000	0
Premium on Bond Anticipation Notes	86,978	168,246	168,246	0
Advances In	206,787	400,000	400,000	0
<i>Total Other Financing Sources</i>	21,125,000	40,863,246	40,863,246	0
<i>Net Change in Fund Balance</i>	(5,558)	(28,384)	133,789	162,173
<i>Fund Balance Beginning of Year</i>	28,384	28,384	28,384	0
<i>Fund Balance End of Year</i>	\$22,826	\$0	\$162,173	\$162,173

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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Special Assessments	\$30,212	\$30,212	\$33,413	\$3,201
Intergovernmental	419,700	419,700	417,817	(1,883)
Other	20,344	20,344	20,344	0
<i>Total Revenues</i>	<u>470,256</u>	<u>470,256</u>	<u>471,574</u>	<u>1,318</u>
Expenditures				
Current:				
Basic Utility Services:				
Refuse Collection and Disposal:				
Contractual Services	191	191	191	0
Other	302,601	760,601	629,914	130,687
<i>Total Expenditures</i>	<u>302,792</u>	<u>760,792</u>	<u>630,105</u>	<u>130,687</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	167,464	(290,536)	(158,531)	132,005
Other Financing Uses				
Advances Out	(15,000)	(15,000)	(15,000)	0
<i>Net Change in Fund Balance</i>	152,464	(305,536)	(173,531)	132,005
<i>Fund Balance Beginning of Year</i>	148,524	148,524	148,524	0
Prior Year Encumbrances Appropriated	175,792	175,792	175,792	0
<i>Fund Balance End of Year</i>	<u>\$476,780</u>	<u>\$18,780</u>	<u>\$150,785</u>	<u>\$132,005</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, 2010

	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:				
Other	1,197	1,197	1,197	0
<i>Net Change in Fund Balance</i>	(1,197)	(1,197)	(1,197)	0
<i>Fund Balance Beginning of Year</i>	907	907	907	0
Prior Year Encumbrances Appropriated	290	290	290	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</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, 2010*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$639,499	\$653,502	\$690,200	\$36,698
Charges for Services	38,121	38,955	41,143	2,188
Other	7,380	7,543	7,966	423
<i>Total Revenues</i>	685,000	700,000	739,309	39,309
Expenditures				
Current:				
Transportation:				
Street Maintenance:				
Personal Services	592,886	594,387	588,462	5,925
Contractual Services	26,205	25,659	25,659	0
Materials and Supplies	133,097	132,143	126,230	5,913
<i>Total Expenditures</i>	752,188	752,189	740,351	11,838
<i>Net Change in Fund Balance</i>	(67,188)	(52,189)	(1,042)	51,147
<i>Fund Balance Beginning of Year</i>	54,281	54,281	54,281	0
Prior Year Encumbrances Appropriated	16,812	16,812	16,812	0
<i>Fund Balance End of Year</i>	\$3,905	\$18,904	\$70,051	\$51,147

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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$52,000	\$55,000	\$55,962	\$962
Expenditures				
Current:				
Transportation:				
Street Maintenance:				
Personal Services	40	40	20	20
Materials and Supplies	70,000	70,000	67,954	2,046
<i>Total Expenditures</i>	70,040	70,040	67,974	2,066
<i>Net Change in Fund Balance</i>	(18,040)	(15,040)	(12,012)	3,028
<i>Fund Balance Beginning of Year</i>	18,984	18,984	18,984	0
Prior Year Encumbrances Appropriated	40	40	40	0
<i>Fund Balance End of Year</i>	\$984	\$3,984	\$7,012	\$3,028

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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$110,000	\$128,000	\$128,079	\$79
Expenditures				
Current:				
Transportation:				
Materials and Supplies	136,300	136,300	134,221	2,079
<i>Excess of Revenues Under Expenditures</i>	(26,300)	(8,300)	(6,142)	2,158
Other Financing Uses				
Advances Out	(60,000)	(60,000)	(60,000)	0
<i>Net Change in Fund Balance</i>	(86,300)	(68,300)	(66,142)	2,158
<i>Fund Balance Beginning of Year</i>	94,061	94,061	94,061	0
Prior Year Encumbrances Appropriated	6,300	6,300	6,300	0
<i>Fund Balance End of Year</i>	<u>\$14,061</u>	<u>\$32,061</u>	<u>\$34,219</u>	<u>\$2,158</u>

City of South Euclid, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Police Range Fund
For the Year Ended December 31, 2010*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeitures	\$10,116	\$14,050	\$14,531	\$481
Rentals	7,884	10,950	11,325	375
<i>Total Revenues</i>	18,000	25,000	25,856	856
Expenditures				
Current:				
Security of Persons and Property:				
Police Department:				
Contractual Services	101,048	101,048	88,017	13,031
Materials and Supplies	3,876	3,876	3,823	53
Other	29,264	29,264	28,300	964
<i>Total Expenditures</i>	134,188	134,188	120,140	14,048
<i>Net Change in Fund Balance</i>	(116,188)	(109,188)	(94,284)	14,904
<i>Fund Balance Beginning of Year</i>	3,183	3,183	3,183	0
Prior Year Encumbrances Appropriated	116,088	116,088	116,088	0
<i>Fund Balance End of Year</i>	\$3,083	\$10,083	\$24,987	\$14,904

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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$12,267	\$11,654	\$11,837	\$183
Fines and Forfeitures	5,037	4,785	4,860	75
Other	2,696	2,561	2,602	41
<i>Total Revenues</i>	20,000	19,000	19,299	299
Expenditures				
Current:				
Security of Persons and Property:				
Police Department:				
Contractual Services	41,195	41,195	15,033	26,162
Other	48,988	48,988	12,336	36,652
<i>Total Expenditures</i>	90,183	90,183	27,369	62,814
<i>Net Change in Fund Balance</i>	(70,183)	(71,183)	(8,070)	63,113
<i>Fund Balance Beginning of Year</i>	158,322	158,322	158,322	0
Prior Year Encumbrances Appropriated	15,183	15,183	15,183	0
<i>Fund Balance End of Year</i>	\$103,322	\$102,322	\$165,435	\$63,113

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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$0	\$0	\$0	\$0
Expenditures	0	0	0	0
<i>Excess of Revenues Over Expenditures</i>	0	0	0	0
Other Financing Sources (Uses)				
Advances Out	(49,522)	(49,522)	(53,000)	(3,478)
Transfers In	0	0	3,478	3,478
<i>Total Other Financing Sources (Uses)</i>	(49,522)	(49,522)	(49,522)	0
<i>Net Change in Fund Balance</i>	(49,522)	(49,522)	(49,522)	0
<i>Fund Balance Beginning of Year</i>	49,522	49,522	49,522	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Special Assessments	\$380,000	\$450,000	\$452,039	\$2,039
Expenditures				
Current:				
Basic Utility Services:				
Street Maintenance:				
Contractual Services	455,000	475,000	468,052	6,948
Other	791	791	0	791
<i>Total Expenditures</i>	455,791	475,791	468,052	7,739
<i>Net Change in Fund Balance</i>	(75,791)	(25,791)	(16,013)	9,778
<i>Fund Balance Beginning of Year</i>	78,729	78,729	78,729	0
Prior Year Encumbrances Appropriated	791	791	791	0
<i>Fund Balance End of Year</i>	\$3,729	\$53,729	\$63,507	\$9,778

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, 2010

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Special Assessments	\$330,514	\$330,514	\$336,849	\$6,335
Charges for Services	19,486	19,486	19,860	374
<i>Total Revenues</i>	<u>350,000</u>	<u>350,000</u>	<u>356,709</u>	<u>6,709</u>
Expenditures				
Current:				
Basic Utility Services:				
Sewer Maintenance:				
Personal Services	331,978	336,979	322,294	14,685
Contractual Services	98,554	93,554	89,084	4,470
Materials and Supplies	21,628	21,628	11,781	9,847
Other	600	600	600	0
<i>Total Expenditures</i>	<u>452,760</u>	<u>452,761</u>	<u>423,759</u>	<u>29,002</u>
<i>Net Change in Fund Balance</i>	(102,760)	(102,761)	(67,050)	35,711
<i>Fund Balance Beginning of Year</i>	114,789	114,789	114,789	0
Prior Year Encumbrances Appropriated	<u>3,142</u>	<u>3,142</u>	<u>3,142</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$15,171</u></u>	<u><u>\$15,170</u></u>	<u><u>\$50,881</u></u>	<u><u>\$35,711</u></u>

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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$99,080	\$99,080	\$104,062	\$4,982
Intergovernmental	16,200	16,200	17,015	815
<i>Total Revenues</i>	115,280	115,280	121,077	5,797
Expenditures				
Current:				
Security of Persons and Property:				
Police:				
Contractual Services	141,000	141,000	140,600	400
<i>Net Change in Fund Balance</i>	(25,720)	(25,720)	(19,523)	6,197
<i>Fund Balance Beginning of Year</i>	50,615	50,615	50,615	0
<i>Fund Balance End of Year</i>	<u>\$24,895</u>	<u>\$24,895</u>	<u>\$31,092</u>	<u>\$6,197</u>

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Fire Pension Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$99,080	\$99,080	\$104,062	\$4,982
Intergovernmental	16,200	16,200	17,015	815
<i>Total Revenues</i>	115,280	115,280	121,077	5,797
Expenditures				
Current:				
Security of Persons and Property:				
Fire:				
Contractual Services	153,000	153,000	143,600	9,400
<i>Net Change in Fund Balance</i>	(37,720)	(37,720)	(22,523)	15,197
<i>Fund Balance Beginning of Year</i>	48,114	48,114	48,114	0
<i>Fund Balance End of Year</i>	<u>\$10,394</u>	<u>\$10,394</u>	<u>\$25,591</u>	<u>\$15,197</u>

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Obligation Bond Retirement Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$428,939	\$428,939	\$447,958	\$19,019
Intergovernmental	70,603	70,603	73,733	3,130
<i>Total Revenues</i>	499,542	499,542	521,691	22,149
Expenditures				
Current:				
General Government:				
Legislative and Executive:				
Contractual Services	23,000	23,000	7,948	15,052
Other	13,156	13,156	4,475	8,681
Total General Government	36,156	36,156	12,423	23,733
Debt Service:				
Principal Retirement	33,586	33,586	33,586	0
Capital Appreciation Bonds Accretion	670,414	670,414	541,414	129,000
Total Debt Service	704,000	704,000	575,000	129,000
<i>Total Expenditures</i>	740,156	740,156	587,423	152,733
<i>Net Change in Fund Balance</i>	(240,614)	(240,614)	(65,732)	174,882
<i>Fund Balance Beginning of Year</i>	708,103	708,103	708,103	0
<i>Fund Balance End of Year</i>	\$467,489	\$467,489	\$642,371	\$174,882

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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Special Assessments	\$0	\$3,000	\$3,823	\$823
Expenditures				
Debt Service:				
Principal Retirement	40,000	40,000	40,000	0
Interest and Fiscal Charges	20,000	20,000	15,448	4,552
<i>Total Expenditures</i>	<u>60,000</u>	<u>60,000</u>	<u>55,448</u>	<u>4,552</u>
<i>Excess of Revenues Under Expenditures</i>	(60,000)	(57,000)	(51,625)	5,375
Other Financing Sources				
Transfers In	20,000	20,000	20,000	0
<i>Net Change in Fund Balance</i>	(40,000)	(37,000)	(31,625)	5,375
<i>Fund Balance Beginning of Year</i>	<u>40,571</u>	<u>40,571</u>	<u>40,571</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$571</u></u>	<u><u>\$3,571</u></u>	<u><u>\$8,946</u></u>	<u><u>\$5,375</u></u>

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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$82,975	\$77,859	\$78,835	\$976
Other	332,654	312,141	316,054	3,913
<i>Total Revenues</i>	415,629	390,000	394,889	4,889
Expenditures				
Capital Outlay:				
Capital Outlay	350,307	374,307	302,699	71,608
<i>Excess of Revenues Over Expenditures</i>	65,322	15,693	92,190	76,497
Other Financing Sources				
Transfers In	0	350,000	350,000	0
<i>Net Change in Fund Balance</i>	65,322	365,693	442,190	76,497
<i>Fund Balance Beginning of Year</i>	178,760	178,760	178,760	0
Prior Year Encumbrances Appropriated	6,133	6,133	6,133	0
<i>Fund Balance End of Year</i>	<u>\$250,215</u>	<u>\$550,586</u>	<u>\$627,083</u>	<u>\$76,497</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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Other	\$0	\$9,000	\$9,400	\$400
Expenditures				
Capital Outlay:				
Capital Outlay	222,460	222,460	27,874	194,586
<i>Excess of Revenues Under Expenditures</i>	(222,460)	(213,460)	(18,474)	194,986
Other Financing Sources				
Transfers In	200,000	200,000	200,000	0
<i>Net Change in Fund Balance</i>	(22,460)	(13,460)	181,526	194,986
<i>Fund Balance Beginning of Year</i>	768,116	768,116	768,116	0
Prior Year Encumbrances Appropriated	22,460	22,460	22,460	0
<i>Fund Balance End of Year</i>	<u>\$768,116</u>	<u>\$777,116</u>	<u>\$972,102</u>	<u>\$194,986</u>

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Water Distribution Infrastructure Fund
For the Year Ended December 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$1,830,455	\$1,830,455	\$1,830,455	\$0
Expenditures				
Capital Outlay:				
Contractual Services	<u>1,830,455</u>	<u>1,830,455</u>	<u>966,061</u>	<u>864,394</u>
<i>Net Change in Fund Balance</i>	0	0	864,394	864,394
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$864,394</u></u>	<u><u>\$864,394</u></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, 2010*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Property Taxes	\$392,075	\$814,259	\$491,317	(\$322,942)
Intergovernmental	61,870	128,492	77,531	(50,961)
Other	172,842	358,957	216,592	(142,365)
<i>Total Revenues</i>	<u>626,787</u>	<u>1,301,708</u>	<u>785,440</u>	<u>(516,268)</u>
Expenditures				
Capital Outlay:				
Contractual Services	463,007	813,007	309,687	503,320
Debt Service:				
Principal Retirement	400,000	700,000	250,000	450,000
Interest and Fiscal Charges	94,310	283,710	88,310	195,400
Total Debt Service	<u>494,310</u>	<u>983,710</u>	<u>338,310</u>	<u>645,400</u>
<i>Total Expenditures</i>	<u>957,317</u>	<u>1,796,717</u>	<u>647,997</u>	<u>1,148,720</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(330,530)</u>	<u>(495,009)</u>	<u>137,443</u>	<u>632,452</u>
Other Financing Sources				
OPWC Loans Issued	128,704	267,292	161,282	(106,010)
Transfers In	79,801	165,730	100,000	(65,730)
<i>Total Other Financing Sources</i>	<u>208,505</u>	<u>433,022</u>	<u>261,282</u>	<u>(171,740)</u>
<i>Net Change in Fund Balance</i>	(122,025)	(61,987)	398,725	460,712
<i>Fund Balance Beginning of Year</i>	219,555	219,555	219,555	0
Prior Year Encumbrances Appropriated	<u>13,007</u>	<u>13,007</u>	<u>13,007</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$110,537</u>	<u>\$170,575</u>	<u>\$631,287</u>	<u>\$460,712</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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay:				
Contractual Services	7	7	0	7
<i>Net Change in Fund Balance</i>	(7)	(7)	0	7
<i>Fund Balance Beginning of Year</i>	7	7	7	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, 2010

	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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay:				
Contractual Services	464,651	464,651	0	464,651
<i>Net Change in Fund Balance</i>	(464,651)	(464,651)	0	464,651
<i>Fund Balance Beginning of Year</i>	464,651	464,651	464,651	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$464,651</u>	<u>\$464,651</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, 2010

	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>

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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 – S11</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>S12 – S14</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>S16 – S21</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>S22 – S25</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>S26 – S31</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 Ten Years

(Accrual Basis of Accounting)

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Governmental Activities				
Invested in Capital Assets, Net of Related Debt	\$33,940,171	\$32,938,396	\$30,383,626	\$28,853,662
Restricted:				
Capital Projects	8,191,218	6,012,190	6,357,363	5,732,147
Debt Service	674,337	817,326	840,410	1,205,795
Street Maintenance	330,710	238,023	437,529	618,196
Street Lighting	428,838	437,834	514,248	551,299
Sewer Maintenance	390,003	435,148	384,037	398,264
Other Purposes (1)	1,145,337	851,859	646,835	304,415
Unrestricted	<u>3,567,056</u>	<u>4,164,412</u>	<u>5,754,886</u>	<u>7,541,936</u>
<i>Total Governmental Activities Net Assets</i>	<u>\$48,667,670</u>	<u>\$45,895,188</u>	<u>\$45,318,934</u>	<u>\$45,205,714</u>

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

2006	2005	2004	2003	2002	2001
\$22,453,546	\$20,848,365	\$18,556,099	\$17,806,555	\$14,677,992	\$16,110,371
10,817,930	12,072,013	13,586,656	9,536,999	12,337,811	10,221,386
1,228,773	1,230,674	1,209,362	4,689,143	4,624,328	564,075
868,767	767,151	745,178	619,840	0	0
564,263	581,334	616,735	638,139	0	0
361,298	398,185	374,740	386,731	0	0
338,842	295,348	404,799	449,460	2,340,095	2,507,471
6,233,264	5,772,223	5,689,409	6,886,696	6,541,579	6,937,209
<u>\$42,866,683</u>	<u>\$41,965,293</u>	<u>\$41,182,978</u>	<u>\$41,013,563</u>	<u>\$40,521,805</u>	<u>\$36,340,512</u>

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

	2010	2009	2008	2007	2006
Program Revenues					
Governmental Activities:					
Charges for Services and Operating Assessments:					
General Government:					
Legislative and Executive	\$266,024	\$276,698	\$345,357	\$317,840	\$235,896
Judicial System	58,507	59,178	57,596	62,730	44,503
Security of Persons and Property:					
Police	594,913	607,784	693,554	663,424	475,520
Fire	468,368	436,945	495,777	495,329	328,461
Public Health Services	14,323	18,024	16,474	18,029	12,693
Leisure Time Activities	40,072	35,970	49,565	53,397	35,031
Community Development	24,134	25,565	36,442	31,376	19,959
Building Department	72,724	77,024	93,325	94,543	62,304
Transportation	150,034	140,916	188,751	98,837	96,845
Basic Utility Services	2,865,154	2,776,764	2,953,380	3,200,213	2,952,317
Swimming Pools	77,065	86,512	119,300	114,041	121,333
Operating Grants, Contributions and Interest	1,354,082	1,262,066	1,107,332	910,810	1,032,575
Capital Grants, Contributions and Capital Assessments	1,987,926	95,906	245,873	693,176	86,335
<i>Total Governmental Activities Program Revenues</i>	<u>7,973,326</u>	<u>5,899,352</u>	<u>6,402,726</u>	<u>6,753,745</u>	<u>5,503,772</u>
Expenses					
Governmental Activities:					
General Government:					
Legislative and Executive	2,388,528	2,653,976	2,819,870	2,402,438	2,423,252
Judicial System	528,283	571,587	467,629	490,694	463,068
Security of Persons and Property:					
Police	5,341,130	5,566,689	5,477,289	5,282,303	5,202,341
Fire	4,354,968	4,389,709	4,228,508	3,934,595	3,583,897
Public Health Services	127,799	129,249	133,196	135,702	130,178
Leisure Time Activities	368,780	356,693	585,200	1,065,090	377,023
Community Development	215,342	244,319	294,638	236,405	204,704
Building Department	654,922	743,044	770,710	737,700	646,628
Transportation	2,945,127	3,318,990	3,579,503	3,322,800	3,138,160
Basic Utility Services	3,173,606	2,464,808	3,928,628	3,028,247	3,322,453
Swimming Pools	339,938	406,544	420,665	379,311	371,225
Interest and Fiscal Charges	920,508	1,185,865	1,418,744	1,497,241	496,930
<i>Total Governmental Activities Expenses</i>	<u>21,358,931</u>	<u>22,031,473</u>	<u>24,124,580</u>	<u>22,512,526</u>	<u>20,359,859</u>
<i>Total Primary Government Net Expense</i>	<u>(13,385,605)</u>	<u>(16,132,121)</u>	<u>(17,721,854)</u>	<u>(15,758,781)</u>	<u>(14,856,087)</u>
General Revenues and Other Changes in Net Assets					
Governmental Activities					
Taxes:					
Property Taxes Levied For:					
General Purposes	3,768,986	4,295,069	4,256,560	4,318,695	4,005,660
Debt Service	407,046	520,995	442,310	456,913	487,938
Capital Projects	530,252	517,143	511,338	546,189	549,010
Other Purposes	209,102	242,234	239,886	250,978	229,592
Municipal Income Taxes	8,151,305	8,332,487	9,085,439	8,997,144	7,309,426
Grants and Entitlements not Restricted to Specific Programs					
Increase in Investment in Joint Venture	0	0	0	0	27,217
Investment Earnings	71,301	155,891	426,403	1,014,924	766,878
Gain on Sale of Capital Assets	6,447	0	0	0	42,525
Miscellaneous	668,973	500,572	521,451	220,916	152,374
<i>Total Governmental Activities</i>	<u>16,158,087</u>	<u>16,708,375</u>	<u>17,835,074</u>	<u>18,097,812</u>	<u>15,757,477</u>
<i>Total Primary Government Change in Net Assets</i>	<u>\$2,772,482</u>	<u>\$576,254</u>	<u>\$113,220</u>	<u>\$2,339,031</u>	<u>\$901,390</u>

2005	2004	2003	2002	2001
\$214,236	\$212,514	\$81,257	\$64,126	\$117,227
42,818	42,712	480,593	448,288	436,864
444,970	438,192	63,961	26,077	49,710
326,040	327,875	331,904	268,318	1,621
12,796	100,210	0	0	0
74,440	13,590	37,390	36,367	38,942
22,012	107,106	109,337	98,144	70,682
57,307	140,534	357,593	304,627	147,740
89,006	55,040	9,202	5,943	13,074
2,934,578	2,951,856	2,938,776	2,735,584	37,958
142,634	132,144	156,078	162,915	166,060
928,712	968,392	926,987	797,868	3,740,595
24,468	262,868	653,384	2,690,808	672,508
5,314,017	5,753,033	6,146,462	7,639,065	5,492,981
2,149,780	2,142,448	1,978,940	1,953,365	1,895,080
439,808	453,624	460,425	373,524	371,504
4,600,120	4,501,705	4,342,704	4,085,718	3,853,772
3,552,050	3,314,684	3,139,703	2,854,567	2,665,347
127,609	136,516	168,765	132,411	157,173
385,161	525,902	522,564	387,883	415,552
219,507	182,993	207,347	307,024	243,728
587,553	619,424	734,635	657,134	563,338
2,732,270	2,587,269	3,382,764	2,167,781	1,928,058
2,590,425	2,656,146	3,098,100	2,368,217	2,019,669
442,493	702,414	769,297	773,327	746,909
491,110	495,871	308,094	445,494	364,455
18,317,886	18,318,996	19,113,338	16,506,445	15,224,585
(13,003,869)	(12,565,963)	(12,966,876)	(8,867,380)	(9,731,604)
3,945,778	3,935,438	3,597,642	3,683,343	3,553,391
491,236	525,600	480,622	490,604	481,170
558,422	559,713	549,291	557,055	549,581
228,914	228,606	208,170	207,014	207,006
5,889,209	5,258,353	6,005,698	5,573,741	5,897,127
2,132,798	2,032,457	2,271,565	1,921,190	2,324,610
0	0	64,400	103,518	163,469
459,995	163,416	264,118	472,003	635,777
0	0	0	9,800	149,725
79,832	31,795	17,128	30,405	32,623
13,786,184	12,735,378	13,458,634	13,048,673	13,994,479
\$782,315	\$169,415	\$491,758	\$4,181,293	\$4,262,875

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

	2010	2009
General Fund		
Nonspendable	\$131,894	\$136,237
Committed	3,095	0
Assigned	165,513	373,928
Unassigned	3,829,304	4,028,322
Total General Fund	4,129,806	4,538,487
All Other Governmental Funds		
Nonspendable	100,231	58,558
Restricted	7,316,884	21,333,187
Unassigned	(1,252,757)	(3,478)
Total All Other Governmental Funds	6,164,358	21,388,267
<i>Total Governmental Funds</i>	<u>\$10,294,164</u>	<u>\$25,926,754</u>

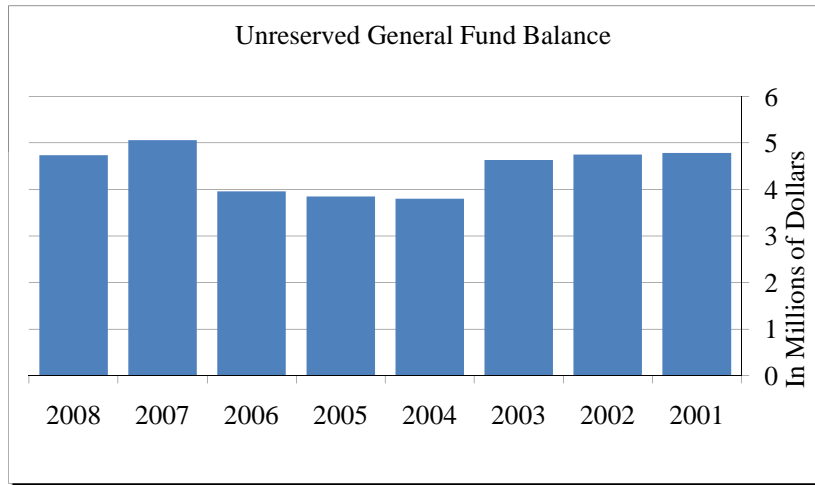
Note: The City implemented GASB 54 in 2010.

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City of South Euclid, Ohio
Fund Balances, Governmental Funds
 2008 and Prior Seven Years
 (Modified Accrual Basis of Accounting)

	2008	2007	2006
General Fund			
Reserved	\$208,058	\$246,721	\$98,956
Unreserved	4,739,743	5,060,371	3,957,818
Total General Fund	4,947,801	5,307,092	4,056,774
All Other Governmental Funds			
Reserved	19,172,102	19,430,616	1,772,610
Unreserved, Undesignated, Reported in:			
Special Revenue funds	659,747	718,116	946,986
Debt Service funds	736,311	776,932	772,589
Capital Projects funds	1,119,988	1,901,173	6,952,753
Total All Other Governmental Funds	21,688,148	22,826,837	10,444,938
Total Governmental Funds	\$26,635,949	\$28,133,929	\$14,501,712

Note: The City implemented GASB 54 in 2010.



2005	2004	2003	2002	2001
\$99,302	\$151,359	\$161,318	\$145,434	\$204,815
3,848,239	3,801,648	4,634,250	4,751,166	4,789,106
3,947,541	3,953,007	4,795,568	4,896,600	4,993,921
1,868,745	932,454	1,012,722	247,085	1,355,357
851,780	943,201	1,117,585	1,456,501	1,041,451
735,471	678,299	631,875	576,357	522,235
7,962,465	10,286,763	10,268,190	14,016,454	12,057,860
11,418,461	12,840,717	13,030,372	16,296,397	14,976,903
\$15,366,002	\$16,793,724	\$17,825,940	\$21,192,997	\$19,970,824

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

	2010	2009	2008	2007	2006
Revenues					
Property Taxes	\$4,900,091	\$5,534,076	\$5,453,873	\$5,501,086	\$5,268,129
Income Taxes	8,290,533	8,311,273	8,463,897	8,674,233	6,741,479
Special Assessments	2,721,858	2,863,451	2,725,157	3,019,836	2,841,329
Intergovernmental	5,687,247	3,745,257	3,444,675	3,965,660	3,311,300
Interest	71,301	155,891	426,403	1,014,924	766,878
Fees, Licenses and Permits	27,587	474,395	451,096	416,655	606,335
Fines and Forfeitures	1,151,835	686,194	643,670	547,248	578,346
Rentals	126,271	130,790	122,628	620,707	158,687
Charges for Services	608,561	640,340	996,316	587,344	306,598
Other	668,973	500,572	521,451	220,916	152,374
<i>Total Revenues</i>	<u>24,254,257</u>	<u>23,042,239</u>	<u>23,249,166</u>	<u>24,568,609</u>	<u>20,731,455</u>
Expenditures					
Current:					
General Government:					
Legislative and Executive	2,364,218	2,631,006	2,793,959	2,383,974	2,424,399
Judicial System	520,867	541,010	490,556	472,870	453,396
Security of Persons and Property:					
Police	5,236,295	5,482,855	5,393,378	5,116,404	4,842,681
Fire	4,326,610	4,298,797	4,130,488	3,867,768	3,484,989
Public Health Services	127,799	129,249	133,196	135,702	130,178
Leisure Time Activities	356,328	351,427	403,482	400,970	370,605
Community Development	215,342	244,319	294,638	236,405	204,704
Building Department	639,842	716,900	773,098	714,860	643,659
Transportation	1,830,847	2,089,754	2,247,498	2,237,033	1,748,928
Basic Utility Services	2,335,128	2,282,521	2,480,311	2,280,720	2,135,250
Swimming Pools	263,621	318,555	330,541	298,761	274,413
Capital Outlay	2,738,593	2,654,497	4,004,012	10,014,436	3,821,801
Debt Service:					
Principal Retirement	19,506,156	19,466,247	18,361,773	1,315,524	1,175,441
Interest and Fiscal Charges	1,200,981	1,252,209	1,398,321	520,804	415,518
Capital Appreciation Bonds Accretion	541,414	0	0	0	0
Note Issuance Costs	222,738	0	0	0	0
<i>Total Expenditures</i>	<u>42,426,779</u>	<u>42,459,346</u>	<u>43,235,251</u>	<u>29,996,231</u>	<u>22,125,962</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(18,172,522)</u>	<u>(19,417,107)</u>	<u>(19,986,085)</u>	<u>(5,427,622)</u>	<u>(1,394,507)</u>
Other Financing Sources (Uses)					
Sale of Capital Assets	6,447	0	5,423	7,468	173,253
Inception of Capital Lease	108,685	0	174,902	0	356,964
Premium on Bond Anticipation Notes Issued	3,479	103,670	0	0	0
Bond Anticipation Notes Issued	2,000,000	18,550,000	18,010,000	17,000,000	0
OPWC Loans Issued	421,321	43,535	297,780	0	0
OWDA Loan Proceeds	0	0	0	2,052,371	0
General Obligation Bonds Issued	0	0	0	0	0
General Obligation Notes Issued	0	0	0	0	0
Premium on General Obligation Notes	0	0	0	0	0
Compensation for Loss of Asset	0	10,707	0	0	0
Transfers In	673,478	1,110,000	1,257,232	1,650,547	945,000
Transfers Out	(673,478)	(1,110,000)	(1,257,232)	(1,650,547)	(945,000)
<i>Total Other Financing Sources (Uses)</i>	<u>2,539,932</u>	<u>18,707,912</u>	<u>18,488,105</u>	<u>19,059,839</u>	<u>530,217</u>
<i>Net Change in Fund Balances</i>	<u>(\$15,632,590)</u>	<u>(\$709,195)</u>	<u>(\$1,497,980)</u>	<u>\$13,632,217</u>	<u>(\$864,290)</u>
Debt Service as a Percentage of Noncapital Expenditures (a)	53.6%	52.7%	48.5%	8.8%	9.5%

(a) The fluctuations in debt service as a percentage of noncapital expenditures is the result of the City paying off bond anticipation notes until bonds can be issued.

2005	2004	2003	2002	2001
\$5,279,878	\$5,265,227	\$4,767,851	\$4,942,050	\$4,733,663
5,594,529	5,349,183	5,739,236	5,729,709	5,480,272
2,891,889	2,879,471	2,731,482	2,810,566	2,838,353
3,205,613	3,026,880	3,733,712	5,664,588	3,917,807
459,995	163,416	264,118	472,003	679,836
638,644	534,101	748,651	604,012	169,739
472,986	521,519	489,830	450,711	467,915
184,116	166,792	105,893	42,530	97,359
257,754	346,546	303,336	276,359	284,989
79,832	31,795	17,128	71,598	48,570
<u>19,065,236</u>	<u>18,284,930</u>	<u>18,901,237</u>	<u>21,064,126</u>	<u>18,718,503</u>
2,140,190	2,171,553	1,955,867	1,954,740	1,914,256
426,959	437,166	444,559	365,555	370,071
4,522,458	4,376,502	4,178,466	3,887,106	3,853,690
3,400,649	3,279,987	2,978,482	2,777,117	2,569,171
127,609	136,516	168,765	111,483	102,938
341,400	393,217	467,343	360,608	334,721
219,507	185,669	207,345	139,688	130,464
569,766	572,410	719,646	630,633	544,835
1,940,539	1,779,840	1,675,861	1,547,080	1,480,690
1,840,926	1,930,402	1,968,487	1,918,152	1,930,490
266,658	351,821	461,665	498,134	493,966
3,208,757	2,583,885	7,510,874	8,339,672	2,443,991
1,070,655	1,019,245	9,342,841	6,318,734	1,394,639
427,297	460,865	431,485	385,878	260,248
0	0	0	0	0
0	0	0	0	0
<u>20,503,370</u>	<u>19,679,078</u>	<u>32,511,686</u>	<u>29,234,580</u>	<u>17,824,170</u>
(1,438,134)	(1,394,148)	(13,610,449)	(8,170,454)	894,333
10,412	6,023	2,731	32,677	211,625
0	0	0	0	0
0	0	20,074	0	0
0	0	0	0	0
0	355,909	820,587	446,333	665,490
0	0	0	0	0
0	0	9,400,000	0	0
0	0	0	8,900,000	5,900,000
0	0	0	13,617	6,195
0	0	0	0	0
732,917	407,500	348,103	1,403,833	1,802,751
(732,917)	(407,500)	(348,103)	(1,403,833)	(1,802,751)
<u>10,412</u>	<u>361,932</u>	<u>10,243,392</u>	<u>9,392,627</u>	<u>6,783,310</u>
<u>(\$1,427,722)</u>	<u>(\$1,032,216)</u>	<u>(\$3,367,057)</u>	<u>\$1,222,173</u>	<u>\$7,677,643</u>
9.5%	9.5%	64.2%	47.2%	12.1%

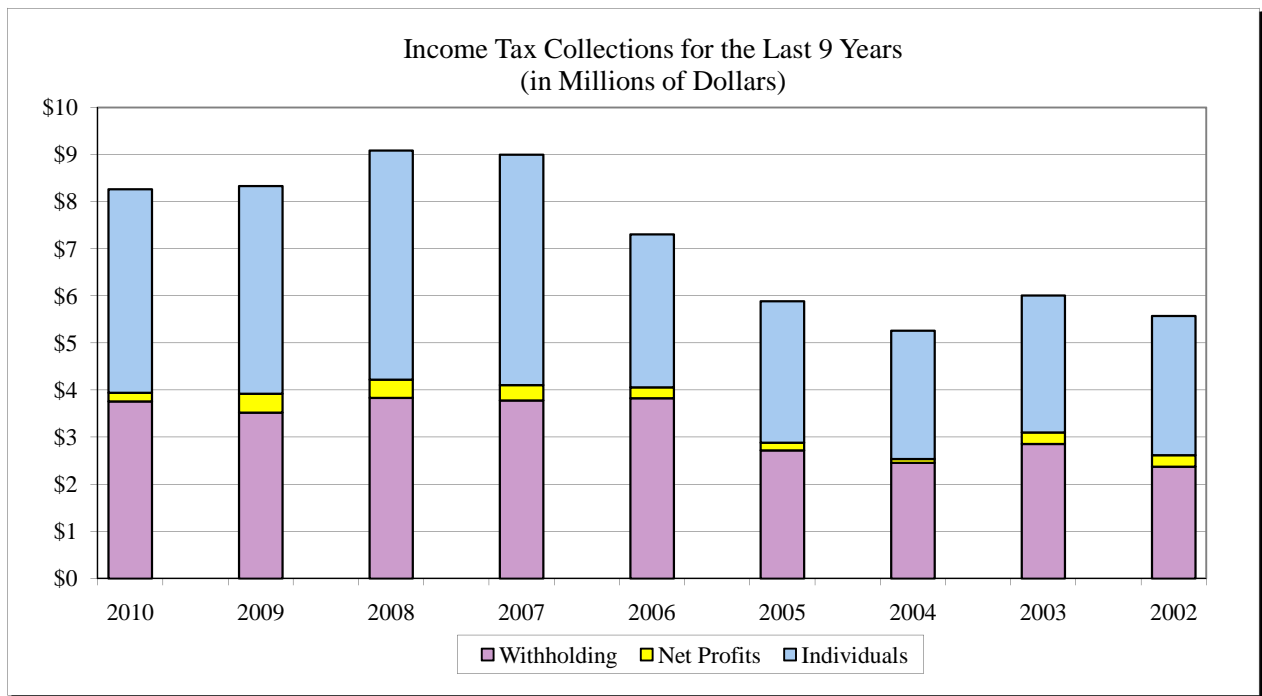
City of South Euclid, Ohio
Income Tax Revenue Base and Collections
Last Nine Years (1)

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
2010	2.00 %	\$8,267,892	\$3,761,738	45.50%	\$180,464	2.18%	\$4,325,690	52.32%
2009	2.00	8,332,487	3,525,243	42.31	395,796	4.75	4,411,448	52.94
2008	2.00	9,085,439	3,835,277	42.21	387,804	4.27	4,862,358	53.52
2007	2.00	8,997,144	3,777,901	41.99	327,496	3.64	4,891,747	54.37
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 2010 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

2009 and 2001

2009 (1)

<u>Income Range</u>	<u>Number of Filers</u>	<u>Percent of Filers</u>	<u>Taxable Income</u>	<u>Percent of Taxable Income</u>
\$0 - \$24,999	2,421	34.45%	\$25,239,335	7.24%
\$25,000 - \$49,999	1,779	25.31	65,852,753	18.89
\$50,000 - \$74,999	1,304	18.56	80,118,155	22.98
\$75,000 - \$99,999	733	10.43	62,753,595	18.00
Over \$100,000	791	11.25	114,730,486	32.89
Total	<u>7,028</u>	<u>100.00%</u>	<u>\$348,694,324</u>	<u>100.00%</u>

2001 (2)

<u>Income Range</u>	<u>Number of Filers</u>	<u>Percent of Filers</u>	<u>Taxable Income</u>	<u>Percent of Taxable Income</u>
\$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>100.00%</u>	<u>\$333,138,690</u>	<u>100.00%</u>

(1) Information for 2009 is the most current available.

(2) Information prior to 2001 is not available.

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

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

2010 Taxpayers	Ranking
South Euclid-Lyndhurst Board of Education	1
University Hospitals Health System	2
Notre Dame College	3
City of South Euclid	4
University Suburban Health Center	5
Cuyahoga County Auditors	6
AeroControlex Group Inc.	7
Rochling Glastic Composites, LP	8
Riser Foods	9
University Dermatologists Inc.	10

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

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

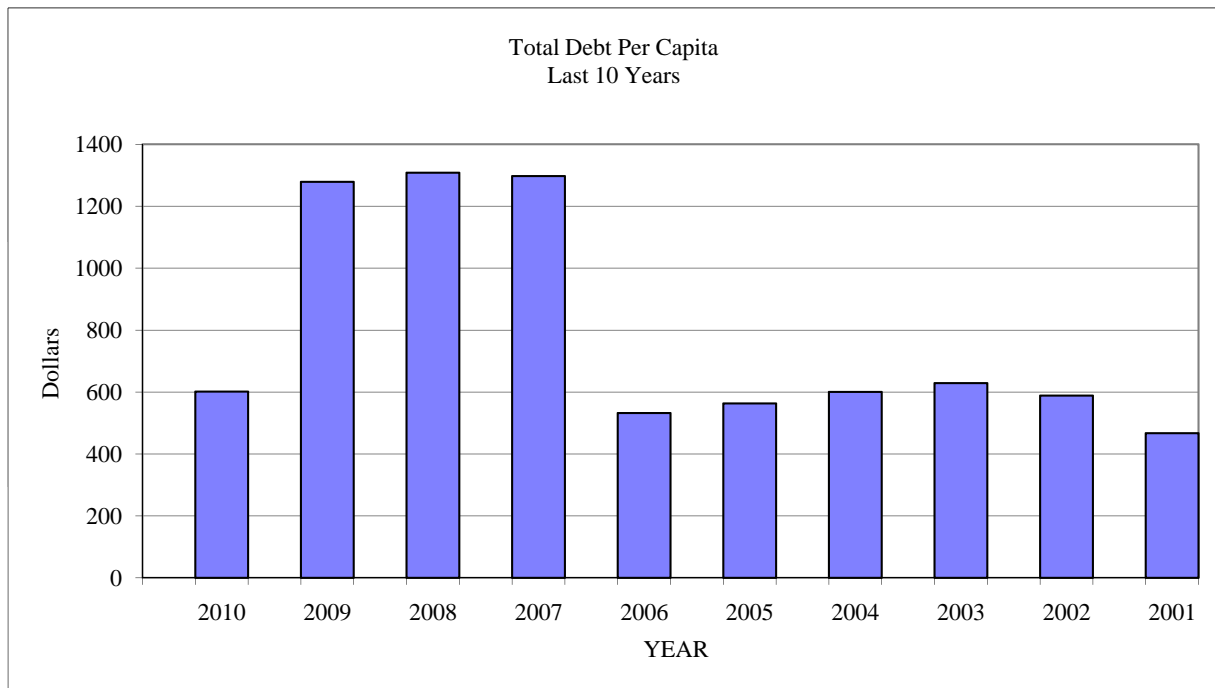
(1) Information prior to 2003 is not available.

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

Year	General Obligation Bonds	Special Assessment Bonds	OPWC Loans	OWDA Loans	Capital Leases	Police and Fire Pension	General Obligation Bond Anticipation Notes
2010	\$6,083,267	\$190,000	\$2,235,704	\$1,724,826	\$217,631	\$295,528	\$2,001,739
2009	7,078,990	230,000	1,869,186	1,810,714	254,052	302,301	18,558,639
2008	7,973,354	270,000	1,935,257	1,893,877	406,035	308,796	18,010,000
2007	8,842,976	305,000	1,747,086	1,974,401	356,546	315,023	17,000,000
2006	9,711,038	340,000	1,856,693	0	291,856	320,994	0
2005	10,586,506	375,000	1,966,300	0	0	326,720	0
2004	11,174,994	405,000	2,216,053	0	0	332,209	0
2003	12,089,994	435,000	1,929,124	0	0	337,474	0
2002	3,005,000	460,000	1,146,332	0	0	342,520	8,900,000
2001	3,542,458	485,000	718,895	0	0	347,358	5,901,549

(1) The personal income and population can be found on S24.



<u>Total Debt</u>	<u>Percentage of Personal Income (1)</u>	<u>Per Capita (1)</u>
\$12,748,695	2.35%	\$601
30,103,882	6.06	1,279
30,797,319	6.19	1,308
30,541,032	6.14	1,298
12,520,581	2.38	532
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

City of South Euclid, Ohio
*Ratio of General Obligation Bonded Debt to Estimated
 True Values and Bonded Debt Per Capita
 Last Ten Years*

Year	Population (1)		Estimated True Values of Taxable Property (2)	Bonded Debt (3)	Ratio of Bonded Debt to Estimated True Values of Taxable Property	Bonded Debt Per Capita
2010	21,209	b	\$1,258,638,251	\$6,083,267	0.48 %	\$286.82
2009	23,537	a	1,250,127,423	7,078,990	0.57	300.76
2008	23,537	a	1,411,689,760	7,973,354	0.56	338.76
2007	23,537	a	1,313,072,481	8,842,976	0.67	375.71
2006	23,537	a	1,336,234,226	9,711,038	0.73	412.59
2005	23,537	a	1,224,421,930	10,586,506	0.86	449.78
2004	23,537	a	1,221,430,277	11,174,994	0.91	474.78
2003	23,537	a	1,211,632,103	12,089,994	1.00	513.66
2002	23,537	a	1,114,318,570	3,005,000	0.27	127.67
2001	23,537	a	1,110,215,623	3,542,458	0.32	150.51

Sources:

(1) U. S. Bureau of Census, Census of Population

(a) 2000 Federal Census

(b) 2010 Federal Census

(2) Cuyahoga County Auditor

(3) Includes all general obligation bonded debt

City of South Euclid, Ohio
Computation of Direct and Overlapping Governmental Activities Debt
 December 31, 2010

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	\$6,083,267	100.00%	\$6,083,267
Special Assessment Bonds	190,000	100.00%	190,000
OPWC Loans	2,235,704	100.00%	2,235,704
OWDA Loans	1,724,826	100.00%	1,724,826
Capital Leases	217,631	100.00%	217,631
Police and Fire Pension	295,528	100.00%	295,528
Notes Payable	<u>21,143,738</u>	100.00%	<u>21,143,738</u>
<i>Total Direct</i>	<u>31,890,694</u>		<u>31,890,694</u>
Overlapping			
South Euclid-Lyndhurst City School District			
General Obligation Bonds	7,326,185	93.49%	6,849,250
Cleveland Heights School District			
General Obligation Bonds	9,390,000	6.51%	611,289
Energy Conservation Bonds	5,500,000	6.51%	358,050
Capital Lease Obligations	1,271,932	6.51%	82,803
Cuyahoga County (2)			
General Obligation Bonds	141,947,000	1.37%	1,944,674
Revenue Bonds	88,220,000	1.37%	1,208,614
Capital Lease Obligations	20,863,000	1.37%	285,823
Loans Payable	4,103,000	1.37%	56,211
Cleveland Heights University Heights Public Library			
Capital Lease Obligations	548,568	6.51%	35,712
Greater Cleveland Regional Transit Authority			
General Obligation Bonds	157,545,585	1.37%	2,158,375
Bond Anticipation Notes	8,000,000	1.37%	109,600
Capital Lease Obligations	20,869,675	1.37%	285,915
SIB Loan	<u>2,459,509</u>	1.37%	<u>33,695</u>
<i>Total Overlapping Debt</i>	<u>468,044,454</u>		<u>14,020,011</u>
Total	<u><u>\$499,935,148</u></u>		<u><u>\$45,910,705</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

Legal Debt Margin

Last Ten Years

	2010	2009	2008	2007
Population	21,209	23,537	23,537	23,537
Total Assessed Property Value	<u>\$408,512,770</u>	<u>\$407,015,640</u>	<u>\$458,340,285</u>	<u>\$459,486,360</u>
General Bonded Debt Outstanding:				
General Obligation Bonds	\$5,611,408	\$6,234,994	\$7,299,994	\$8,304,994
Special Assessment Bonds	190,000	230,000	270,000	305,000
Bond Anticipation Notes	21,070,000	20,358,639	19,810,000	18,800,000
OPWC Loans	2,235,704	1,869,186	1,935,257	1,747,086
OWDA Loans	<u>1,724,826</u>	<u>1,810,714</u>	<u>1,893,877</u>	<u>1,974,401</u>
Total Gross Indebtedness	30,831,938	30,503,533	31,209,128	31,131,481
Less:				
Special Assessment Bonds	(190,000)	(230,000)	(270,000)	(305,000)
OPWC Loans	(2,235,704)	(1,869,186)	(1,935,257)	(1,747,086)
OWDA Loans	(1,724,826)	(1,810,714)	(1,893,877)	(1,974,401)
General Obligation Bond Retirement Fund Balance	<u>(642,371)</u>	<u>(708,103)</u>	<u>(640,146)</u>	<u>(631,492)</u>
Total Net Debt Applicable to Debt Limit	<u>26,039,037</u>	<u>25,885,530</u>	<u>26,469,848</u>	<u>26,473,502</u>
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	<u>42,893,841</u>	<u>42,736,642</u>	<u>48,125,730</u>	<u>48,246,068</u>
Legal Debt Margin Within 10 ½ % Limitations	<u>\$16,854,804</u>	<u>\$16,851,112</u>	<u>\$21,655,882</u>	<u>\$21,772,566</u>
Legal Debt Margin as a Percentage of the Debt Limit	39.29%	39.43%	45.00%	45.13%
Unvoted Debt Limitation 5 ½ % of Assessed Valuation	<u>\$22,468,202</u>	<u>\$22,385,860</u>	<u>\$25,208,716</u>	<u>\$25,271,750</u>
Total Gross Indebtedness	30,831,938	30,503,533	31,209,128	31,131,481
Less:				
Special Assessment Bonds	(190,000)	(230,000)	(270,000)	(305,000)
OPWC Loans	(2,235,704)	(1,869,186)	(1,935,257)	(1,747,086)
OWDA Loans	(1,724,826)	(1,810,714)	(1,893,877)	(1,974,401)
Voted General Obligation Bonds	(5,611,408)	(6,234,994)	(7,299,994)	(8,304,994)
General Obligation Bond Retirement Fund Balance	<u>(642,371)</u>	<u>(708,103)</u>	<u>(640,146)</u>	<u>(631,492)</u>
Net Debt Within 5 ½ % Limitations	<u>20,427,629</u>	<u>19,650,536</u>	<u>19,169,854</u>	<u>18,168,508</u>
Unvoted Legal Debt Margin Within 5 ½ % Limitations	<u>\$2,040,573</u>	<u>\$2,735,324</u>	<u>\$6,038,862</u>	<u>\$7,103,242</u>
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	9.08%	12.22%	23.96%	28.11%

Source: City Financial Records

2006	2005	2004	2003	2002	2001
23,537	23,537	23,537	23,537	23,537	23,537
<u>\$465,051,645</u>	<u>\$428,196,500</u>	<u>\$428,020,457</u>	<u>\$424,956,568</u>	<u>\$389,649,944</u>	<u>\$388,535,868</u>
\$9,279,994	\$10,239,994	\$11,174,994	\$12,089,994	\$3,005,000	\$3,542,458
340,000	375,000	405,000	435,000	460,000	485,000
1,800,000	0	0	0	8,900,000	5,901,549
1,856,693	1,966,300	2,216,053	1,929,124	1,146,332	718,895
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
13,276,687	12,581,294	13,796,047	14,454,118	13,511,332	10,647,902
(340,000)	(375,000)	(405,000)	(435,000)	(460,000)	(485,000)
(1,856,693)	(1,966,300)	(2,216,053)	(1,929,124)	(1,146,332)	(718,895)
0	0	0	0	0	0
<u>(624,400)</u>	<u>(586,697)</u>	<u>(528,218)</u>	<u>(480,323)</u>	<u>(429,268)</u>	<u>(373,139)</u>
10,455,594	9,653,297	10,646,776	11,609,671	11,475,732	9,070,868
48,830,423	44,960,633	44,942,148	44,620,440	40,913,244	40,796,266
<u>\$38,374,829</u>	<u>\$35,307,336</u>	<u>\$34,295,372</u>	<u>\$33,010,769</u>	<u>\$29,437,512</u>	<u>\$31,725,398</u>
78.59%	78.53%	76.31%	73.98%	71.95%	77.77%
\$25,577,840	\$23,550,808	\$23,541,125	\$23,372,611	\$21,430,747	\$21,369,473
13,276,687	12,581,294	13,796,047	14,454,118	13,511,332	10,647,902
(340,000)	(375,000)	(405,000)	(435,000)	(460,000)	(485,000)
(1,856,693)	(1,966,300)	(2,216,053)	(1,929,124)	(1,146,332)	(718,895)
0	0	0	0	0	0
(9,279,994)	(10,239,994)	(11,174,994)	(12,089,994)	(3,005,000)	(3,542,458)
<u>(624,400)</u>	<u>(586,697)</u>	<u>(528,218)</u>	<u>(480,323)</u>	<u>(429,268)</u>	<u>(373,139)</u>
1,175,600	0	0	0	8,470,732	5,528,410
<u>\$24,402,240</u>	<u>\$23,550,808</u>	<u>\$23,541,125</u>	<u>\$23,372,611</u>	<u>\$12,960,015</u>	<u>\$15,841,063</u>
95.40%	100.00%	100.00%	100.00%	60.47%	74.13%

City of South Euclid
Principal Employers
Current Year and Four Years Ago (1)

2010	
Employer	Number of Employees
Notre Dame College	1,222
South Euclid-Lyndhurst Board of Education	436
University Hospitals Health System	410
City of South Euclid	296
AeroControlex Group Inc	218
Riser Foods Company	175
Rochling Glastic Composites LP	163
University Suburban Health Center	161
University Dermatologists Inc	46
Allergy Immunology Assoc. Inc.	23
Total	<u>3,150</u>
Total Employment within the City	<u>n/a</u>

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
Total	<u>2,541</u>
Total Employment within the City	<u>n/a</u>

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)
2010	21,209	b	\$541,402,143	\$25,527	\$67,358	35
2009	23,537	a	526,828,671	22,383	48,346	38
2008	23,537	a	526,828,671	22,383	48,346	38
2007	23,537	a	526,828,671	22,383	48,346	38
2006	23,537	a	526,828,671	22,383	48,346	38
2005	23,537	a	526,828,671	22,383	48,346	38
2004	23,537	a	526,828,671	22,383	48,346	38
2003	23,537	a	526,828,671	22,383	48,346	38
2002	23,537	a	526,828,671	22,383	48,346	38
2001	23,537	a	526,828,671	22,383	48,346	38

(1) Source: U. S. Census

(a) Years 2001 through 2009 - 2000 Federal Census

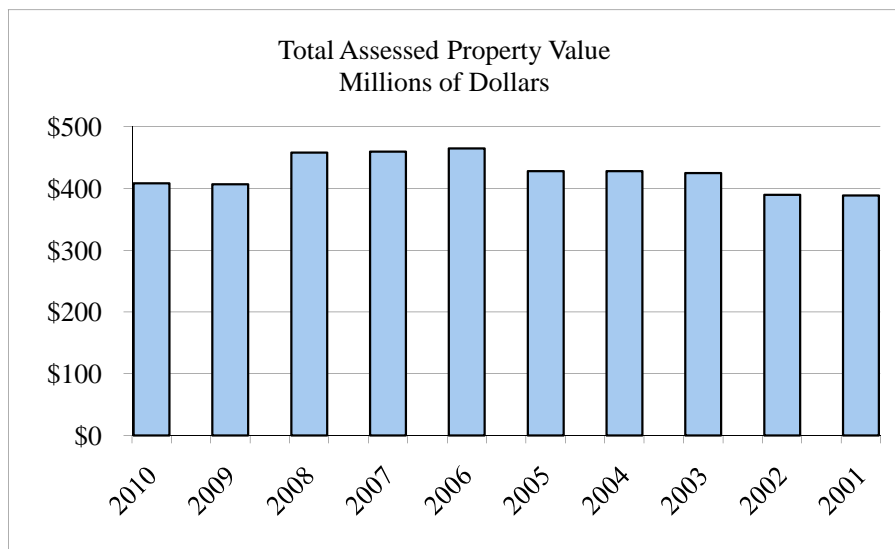
(b) Year 2010 - 2010 Federal Census

(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%	4,296	8.6%	\$408,512,770
67.0	4,269	9.0	407,015,640
67.0	4,336	7.1	458,340,285
67.0	4,307	6.1	459,486,360
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

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

Function/Program	2010	2009	2008	2007	2006
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	2.00
Finance	4.00	4.00	4.00	5.00	5.00
Law	2.50	2.50	2.50	3.00	3.00
Civil Service	2.00	2.00	2.00	2.00	2.00
Municipal Complex	1.00	1.00	2.00	3.00	3.00
Engineering	1.00	1.00	1.00	1.00	1.00
Judicial System					
Municipal Court	12.00	12.00	12.00	10.00	10.00
Security of Persons and Property					
Police	58.00	58.00	58.00	59.00	58.00
Fire	38.00	38.00	38.00	37.00	36.00
Leisure Time Activities					
Recreation	1.00	1.00	2.00	3.00	3.00
Community Center	6.00	6.00	6.00	6.00	6.00
Community Development					
Boards and Commissions	9.00	9.00	9.00	10.00	10.00
Community Relations	1.50	1.50	1.50	1.00	2.00
Economic Development	1.00	0.50	1.00	1.00	0.00
Building Department	10.00	10.00	12.00	11.00	11.00
Transportation					
Service Department	21.00	21.00	22.00	23.00	23.00
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	30.00	30.00	30.00	30.00	35.00
Totals:	<u>208.00</u>	<u>207.50</u>	<u>213.00</u>	<u>215.00</u>	<u>218.00</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.

2005	2004	2003	2002
4.00	4.00	4.00	4.00
2.00	2.00	2.00	3.00
5.00	5.00	5.00	5.00
2.00	2.00	2.00	2.00
2.00	2.00	2.00	2.00
2.00	3.00	3.00	3.00
1.00	1.00	1.00	1.00
10.00	11.00	12.00	9.00
64.00	64.00	65.00	64.00
34.00	34.00	33.00	33.00
3.00	3.00	3.00	3.00
4.00	4.00	6.00	6.00
10.00	10.00	10.00	10.00
2.00	1.00	1.00	1.00
0.00	0.00	0.00	0.00
11.00	11.00	11.00	12.00
21.00	21.00	20.00	20.00
2.00	2.00	2.00	2.00
2.00	2.00	2.00	2.00
52.00	52.00	52.00	52.00
233.00	234.00	236.00	234.00

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

Function/Program	2010	2009	2008	2007
General Government				
<i>City Council</i>				
Ordinances Introduced	64	56	59	72
Resolutions Introduced	90	71	62	75
<i>Municipal Court</i>				
Revenues Distributed to City General Fund	619,696	622,913	592,391	515,782
Operating Expenses Paid from General Fund	540,075	609,914	502,549	473,410
Traffic Charges Filed	5,284	5,380	5,300	5,302
Parking Tickets Processed	3,661	4,038	4,648	4,318
Criminal Charges Filed	1,181	1,681	2,023	2,098
Housing Code Charges Filed	478	807	1,112	1,134
Civil Cases Filed	1,010	1,320	1,179	1,042
Marriages Performed	13	6	10	9
Security of Persons & Property				
<i>Police</i>				
Number of Stations	1	1	1	1
Policemen and Officers	39	40	41	42
Bike Patrol Fleet	4	4	4	4
S.W.A.T. Members	0	0	7	8
K-9 Units	2	2	2	2
School Guards	0	13	13	13
Hours of Training	2,976	1,695	3,336	2,792
Number of Persons Arrested	963	1,050	1,092	1,063
Number of Traffic Citations Issued	5,537	5,163	5,757	5,376
Number of Parking Violations/Arrests	3,654	4,034	4,641	4,316
Police Responses	17,754	17,380	19,558	18,541
9-1-1 Emergency Calls Received	N/A	N/A	7,303	5,807
<i>Fire</i>				
Number of Stations	1	1	1	1
Firemen and Officers	37	37	37	37
Paramedics	27	25	26	27
Hours of Training	5,135	7,520	6,290	5,641
Number of Incidents	3,063	3,200	3,139	2,929
EMS Responses	1,983	2,093	2,052	1,955
Total Fire Loss	\$534,032	\$317,000	\$291,600	\$231,000
Building Department				
Residential Building Permits Issued	1,850	889	784	827
Estimated Value of Residential Construction	\$6,274,662	\$4,203,729	\$5,444,223	\$5,288,766
Commercial Building Permits Issued	18	45	63	63
Estimated Value of Commercial Construction	\$481,500	\$1,575,011	\$16,068,205	\$14,281,819
Transportation				
Number of Trees Planted	116	15	170	311
Tons of Salt Purchased	3,622	3,300	7,417	9,500
Basic Utility Services				
Tons Paper Recycling Picked Up	381	480	521	580
Tons of Plastic Recycling Picked Up	317	317	316	330
Swimming Pools				
Number of Pools	2	2	2	2
Swimming Pool Receipts	\$82,220	\$86,512	\$119,300	\$114,041
Swimming Pool Expenditures	\$264,402	\$315,554	\$328,423	\$304,882

Source: City of South Euclid

(1) Information prior to 2002 is not available.

2006	2005	2004	2003	2002
88	78	94	103	80
44	66	58	41	49
520,000	454,176	466,201	480,000	430,000
447,133	422,141	427,404	441,679	365,917
4,602	4,304	4,239	4,708	4,446
6,036	N/A	N/A	N/A	N/A
1,613	1,294	1,018	1,141	552
886	480	386	399	78
1,028	943	906	932	811
9	9	6	15	18
1	1	1	1	1
41	41	41	41	41
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
2	1	1	1	1
13	16	18	17	17
1,967	1,655	2,300	2,600	2,400
947	997	990	965	872
4,787	4,467	4,239	4,838	4,447
5,709	4,756	4,115	4,299	5,272
16,874	17,984	15,196	N/A	14,412
5,545	5,576	N/A	N/A	N/A
1	1	1	1	1
35	34	33	32	32
23	22	21	20	20
5,703	3,485	3,296	3,994	4,131
2,926	2,938	2,894	3,056	2,882
2,022	2,065	2,065	2,091	1,685
\$335,450	\$225,200	\$363,600	\$363,050	\$850,100
976	983	1,027	1,011	1,178
\$5,725,155	\$7,032,396	\$5,608,679	\$7,003,250	\$6,861,206
36	39	38	45	70
\$2,807,093	\$995,007	\$1,104,551	\$3,557,985	\$7,595,022
74	3	397	N/A	N/A
7,743	4,196	7,321	10,492	8,060
507	563	N/A	N/A	N/A
459	314	N/A	N/A	N/A
2	2	3	3	3
\$121,334	\$142,635	\$132,913	\$155,454	\$162,770
\$273,248	\$270,526	\$350,436	\$456,467	\$505,710

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

Function/Program	2010	2009	2008	2007
General Government				
Total Square Footage (2)	54,002	54,002	54,002	54,002
Vehicles	1	1	1	1
Security of Persons and Property				
<i>Police</i>				
Number of Stations	1	1	1	1
Vehicles	24	24	25	35
<i>Fire</i>				
Number of Stations	1	1	1	1
Vehicles	10	10	10	11
Leisure Time Activities				
Number of Parks	3	3	3	3
Number of Playgrounds	2	2	2	2
Number of Swimming Pools	2	2	2	2
Number of Tennis Courts	4	4	4	4
Number of Community Centers	1	1	1	1
Square Footage of Community Center	10,582	10,582	10,582	10,582
Building Department				
Vehicles	9	9	9	10
Transportation				
Street Miles	67	67	67	67
Storm Sewer Miles	60	60	60	60
Sanitary Sewer Miles	64	64	64	64
Water Line Miles	70	70	70	70
Square Footage of Service Garage	13,897	13,897	13,897	13,897
Square Footage of Parking Garage	17,542	17,542	17,542	17,542
Vehicles	28	28	32	32
Basic Utility Services				
Vehicles	16	16	21	19

Source: City of South Euclid

(1) Information prior to 2002 is not available.

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

2006	2005	2004	2003	2002
54,002	54,002	54,002	54,002	54,002
1	1	1	1	1
1	1	1	1	1
30	28	28	28	28
1	1	1	1	1
10	10	9	9	9
3	3	3	3	3
2	2	2	2	2
2	2	3	3	3
4	4	4	4	8
1	1	1	1	1
10,582	10,582	10,582	10,582	10,582
8	8	8	8	8
67	61	61	61	61
60	N/A	N/A	N/A	56
64	N/A	N/A	N/A	56
70	N/A	N/A	N/A	61
13,897	13,897	13,897	13,897	13,897
17,542	17,542	17,542	17,542	17,542
32	29	29	27	27
19	19	19	19	19

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Dave Yost • 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 5, 2011