

**CITY OF SOUTH EUCLID
CUYAHOGA COUNTY, OHIO**

AUDIT REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2012**

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



Dave Yost • Auditor of State

City Council
City of South Euclid
1349 S. Green Road
South Euclid, Ohio 44121

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, 2012 through December 31, 2012. 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 27, 2013

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**CITY OF SOUTH EUCLID
CUYAHOGA COUNTY, OHIO
AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2012**

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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 the Members of City Council
City of South Euclid, Ohio

We have audited, in accordance with the 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, 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, 2012, and the related notes to the financial statements, which collectively comprise the City of South Euclid, Ohio's basic financial statements, and have issued our report thereon dated May 17, 2013, wherein we noted that the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, and restated its December 31, 2011 net position of governmental activities due to the sale of water lines and overstatement of OPWC loans in the prior year.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of South Euclid, Ohio's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the City of South Euclid, Ohio's internal control.

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 City of South Euclid, Ohio's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of South Euclid, Ohio's financial statements are free from 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*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of South Euclid, Ohio's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of South Euclid, Ohio's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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

May 17, 2013

**CITY OF SOUTH EUCLID
CUYAHOGA COUNTY, OHIO
STATUS OF PRIOR FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2012**

The prior audit report, as of December 31, 2011, included no citations or instances of noncompliance. Management letter recommendations have been corrected, repeated, or procedures instituted to prevent occurrences in this audit period.

CITY OF SOUTH EUCLID, OHIO

COMPREHENSIVE

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2012

ISSUED BY THE DEPARTMENT OF FINANCE

James Smith

FINANCE DIRECTOR

City of South Euclid, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2012
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CITY OF SOUTH EUCLID



May 17, 2013

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 2012, 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 17th largest in the United States. The City is also in the Cleveland-Akron-Canton Consolidated Metropolitan Statistical Area which is the 15th most populous 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 Community Partnership on Aging which has been determined to be a joint venture 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 2012. 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's 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.

Economic Condition and Outlook

Cedar Center North Redevelopment Project

The new \$15 million redevelopment revitalizes a once-blighted neighborhood and adds hundreds of new jobs to the City's tax base.

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 a new national anchor, Gordon Foods Marketplace, which opened in 2011, followed by the construction and opening of a new Bob Evans restaurant in April 2012. By Spring 2012, the following retailers were open for business on nearly 10 acres of the 12-acre site: Starbucks, Panera Bread, Chipotle, Menchie's Frozen Yogurt, Petsmart, Sprint, Piada Italian Street Food, China Gate Restaurant, Jimmy Johns Sandwich Shop, Little Caesar's Pizza, Five Guys Burgers and Fries, Huntington Learning Center and BuyBacks Entertainment.

Most of the restaurants and cafes will feature outdoor dining areas, which will complement a new community Civicspace area which has been built near the center of the new Cedar Center North District. The Civicspace will be utilized as a free civic space for the enjoyment of residents and for community band concerts, arts festivals, outdoor movie nights and other events. Nearly three-acres remain available for development, and the City is moving forward with marketing the remaining land with the expectation of final site development within the next 12-24 months.

Oakwood Commons \$45 Million Retail Development

On November 8, 2011, South Euclid voters approved Issue 96, affirming the unanimous votes by South Euclid's Planning Commission and City Council to rezone 63 acres of the closed Oakwood Country Club from residential to commercial use. The rezoning allows for the construction of a new 41-acre retail development by developer First Interstate Properties. Planning and construction of the new Oakwood Commons development is underway, and the first anchor retailer, Walmart Supercenter, will open by the end of 2013.

The Oakwood Commons development will be unique in that it will be one of the first "green-built" retail centers in Ohio and will set a standard for a new model of sustainable design practices in a commercial environment. First Interstate Properties has indicated that all buildings in Oakwood Commons will be LEED-certified, making it the first shopping center in the region to have LEED certification. In addition, First Interstate will be donating the remaining 21-acres to the City to be permanently preserved as greenspace, nearly doubling the amount of publicly accessible community green space in South Euclid and providing residents with a new "nature" park with trails and walking paths.

Oakwood Commons Economic Impact

Based on conservative estimates, TEAM NEO and the Greater Cleveland Partnership project that Oakwood Commons will generate new local income tax revenues of about \$460,000-\$523,000 and approximately \$1.7 million in new property tax revenues each year, benefiting the public schools, library, City and County.

Additional City Retail & Business Districts:

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 is currently on the market for lease.

In 2011, the Mayfield-Green Shopping District housed more than a dozen national and local retail stores including: CVS Pharmacy, Marc's Discount Store, The Coffee Phix, Dance 2 Shine Dance Studio, Eat at Joe's, South Euclid Hardware, Key Bank and other restaurants and shops, including a Giant Eagle Supermarket. The Red Hot Cabana, a casual gourmet restaurant, opened on the site of the former Burger King. Arby's and Taco Bell restaurants 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.

The Shopping 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.

Smaller neighborhood-based shopping districts located throughout the City serve the needs of residents and small businesses, including the Glengate, Glenmont and Cedar-Green Shopping areas.

University Suburban Health Center is a major medical facility affiliated with University Hospitals. University Suburban Health Center provides quality health care to South Euclid residents as well as to our neighboring communities and is one of South Euclid's largest employers. In addition, the nearby Cedars on the Green Pediatric Center continues to expand adding new health care related jobs to South Euclid's economy.

South Euclid is home to **Notre Dame College** (NDC), a private, four-year institution of higher learning and the City's largest employer. The college will celebrate its 90th anniversary in 2013. In 2011 NDC acquired the former Regina High School building to further expand their classroom and office space as part of the continued growth of the college. The college holds the distinction of being one of the fastest growing colleges in the country. 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 the City's largest employer, Notre Dame College also serves as one of the City's community partners, collaborating with the City on major events and activities for residents.

Industrial and Commercial Anchors

South Euclid has an industrial-commercial corridor, which is home to a variety of manufacturing industries and is also vital to maintaining the City's tax base and contributing to a stable economic environment. Anchor businesses in the district include AeroControlex Group Inc., a Division of TransDigm, Inc., a Fortune 500 company that manufactures custom components for the aerospace industry. AeroControlex Group Inc. completed the expansion to their existing facility in 2009 and as a result of the acquisition of another company is expanding again in 2013 and bringing another estimated 50 new employees to the South Euclid location. Additional anchors include Rochling Glastic Composites, LP, an international German company which manufactures thermoset polymers used in appliances, and Gent Machine Company, which manufactures Davenport and Swiss screw machine parts that are used in automotive, safety and other growing industries. In 2012, Gent Machine purchased a building next door to their current location and is expanding to meet their growing industrial clientele.

"One South Euclid" Community Development Corporation

The City has worked with business and civic leaders to incorporate a new non-profit Community Development Corporation (the Corporation) to assist the City of South Euclid with community, economic and residential advancement. The Corporation, named "One South Euclid", creates a new model to help sustain and develop the City of South Euclid and enhance the quality of life by implementing programs that strengthen the community through economic and community development, collaboration and strategic initiatives. Programs will include Commercial and Residential Initiatives to assist in the revitalization of commercial areas, a residential lot resale program to creatively manage housing foreclosures, and the management of community gardens and pocket parks.

HOUSING AND NEIGHBORHOOD REDEVELOPMENT

TRANSFORMING NEIGHBORHOODS AND CREATING OPPORTUNITY

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.

The Green Neighborhoods Initiative

South Euclid is primarily a residential bedroom community of neighbors and neighborhoods with over 9,000 single-family homes. Like many suburbs throughout the nation, the City of South Euclid has been affected by the nationwide housing and foreclosure crisis. However, the City chose to view these challenges as opportunities to create and innovate new programs to retain the desirability of our neighborhoods by creatively re-imagining and revitalizing housing stock and successfully forging opportunity out of crisis.

Since 2009, the City's Green Neighborhoods Initiative has utilized strategic public-private partnerships to re-brand neighborhoods affected by the foreclosure crises and create increased demand for existing homes - increasing property values and neighborhood pride. The award-winning program has garnered international media attention as a model for managing the housing and foreclosure crisis with coverage from Bloomberg News, TF 1 – French Television, French 2 Television and the Canadian Broadcasting Corporation.

The City has undertaken three types of revitalization projects: the green rehabilitation of formerly foreclosed homes, the creation of unique community gardens and park space, and the establishment of an infill lot redevelopment program. The Green Neighborhoods Initiative builds on the noteworthy sustainability initiatives already in place in the City, such as the Langerdale Marsh retrofit, the creation of the South Euclid Land Conservancy and numerous “green” ordinances that have been passed in recent years by City Council, such as those encouraging storm water management best practices and riparian protection. In 2012, a new “green-built” Idea Home was constructed from the ground-up – serving as another model for the private market to build affordable, new green-homes in South Euclid. The home sold for approximately \$152,000. The City has received an additional \$200,000 from National Stabilization Round 3 Funds and will be constructing another Idea Home in 2013.

Measuring Results

The objective of the Green Neighborhoods Initiative is to create demand for South Euclid's housing stock and re-brand the City as the first choice for green and sustainable living. The projects increase neighborhood pride and encourage additional investment in existing homes. At the end of 2012, five bungalow retrofits were completed and only one recently completed home remains for sale.

GNI Homes More Than Double the Value of Homes Over Street Average

A 2010-2011 analysis of home sales data on these streets reveals that, on average, a Green Neighborhoods retrofit sold for more than twice the amount of an average home on the same street (Between \$112,000 and \$122,000). This is a measurable example of the success of the unique rehab/resale program and illustrates the additional value buyers place on purchasing a “green” fully-rehabbed home.

Residential Building Permits Increase by 63 percent

The Green Neighborhoods Initiative homes are serving as models throughout South Euclid for the private rehabilitation of vacant and foreclosed homes and have led to greater confidence in South Euclid's housing market. Since the program's inception, there has been a 63 percent increase in private residential rehabilitation and construction projects. Residential building permits have increased from 827 in 2007 to 1,768 in 2012 and residential construction valuation has gone from \$5,288,766 in 2007 to \$5,927,582 in 2012.

Additional private reinvestment is expected in 2013 with the continuing private construction of new homes and potential for new senior-living residential projects underway in the next year.

Long term financial planning

The general fund balance increased in 2012 from the previous year. The net change in fund balance for the general fund was \$240,820, which represents about a 5 percent increase. The general fund balance was still a healthy \$5,112,988 at year end.

The City income tax is the largest source of revenue for the funding of the City's governmental activities. The tax rate remained constant at 1.50 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 respective properties. 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. This activity is accounted for in the land acquisition fund.

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 2012, 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 five streets were able to be reconstructed or resurfaced. There were also a number of roads where preventative maintenance work was performed. Nearly \$1,000,000 was spent from the road improvement fund and over \$2,800,000 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. Over \$1,500,000 was spent for water main replacement in 2012. There are also projects scheduled for 2013.

The 2011 Water Main Improvement and 2012 Road Improvement programs were completed in 2012. These projects included replacement or renovation of various infrastructure assets within the City. Over a dozen roads and water mains were replaced or in the process of being replaced with the inception of the above mentioned new fund. The Argonne Road Phase II and the Sheffield Road infrastructure improvement projects were completed in 2012. The Cedar Center infrastructure project was completed in 2011.

Although home construction has slowed down on a nationwide level, the Planned Unit Residential Development, (PURD), known as Cutter's Creek, still built one unit in 2011. The entire development is planned with 46 units. To date, 34 of those units have been constructed.

The Police Department purchased two new vehicles in 2012, a new police car outfitted with all the new equipment and computers and a detective car. The Fire Department purchased a new rescue squad and ladder truck in 2012. The Service Department is in a lease to own contract for two new all-purpose trucks and two new leaf machines. The City is always in the process of updating the aging computers throughout City Hall. The Community Center also had some major upgrades with a new roof and entrance doors in 2011. The roof was funded by a NOPEC grant of \$79,835.

The City entered into an agreement with the Brewer-Garrett Company for an energy conservation project throughout City facilities. The project included lighting upgrades, mechanical, heating and air conditioning upgrades and vending machine sensors. The facilities include the Municipal Complex, Service Department, Community Center and the Parks. The project was funded by a loan agreement with the Ohio Air Quality Development Authority using revenue bonds and an Energy Conservation Grant. The project is 100 percent guaranteed by the Brewer-Garrett Company. The cost of the project was just over \$1,000,000. The project started in 2011 and was completed in 2012.

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 ease of 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 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, 2011. 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.

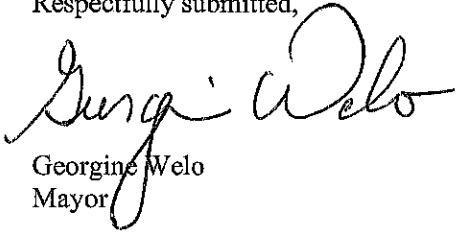
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The City of South Euclid also received the Ohio Auditor of State Award with Distinction. This award was presented for excellence in financial reporting for the Comprehensive Annual Financial Report for the fiscal year ended 2011.

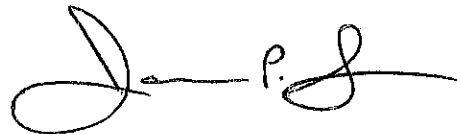
Acknowledgements

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,

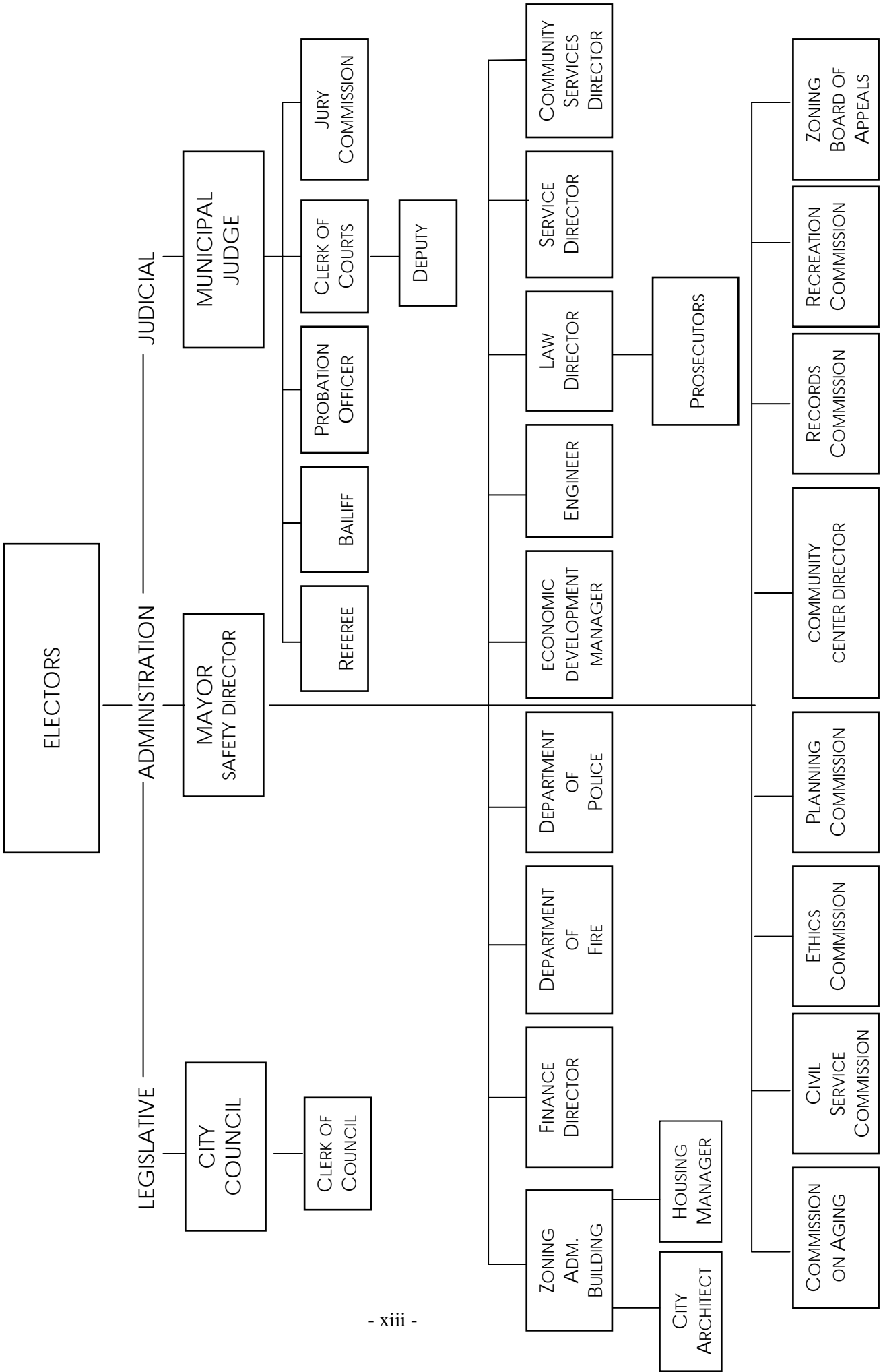


Georgine Welo
Mayor



James P. Smith
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

Marty Gelfand, At Large

Dennis Fiorelli, At Large

Edward A. Icove, Ward 3

Jane Goodman, Ward 4

MUNICIPAL JUDGE

Gayle Williams - Byers

APPOINTED OFFICIALS

James P. Smith, Director of Finance

Michael Lograsso, Director of Law

James Anderson, Director of Service

Paul Kowalczyk, Building Commissioner

Kevin Nietert, Chief of Police

Rick Huston, Chief of Fire

Andrew K. Blackley, City Engineer

Michael Love, 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, 2011

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.



Christopher P. Morille

President

Jeffrey R. Emmer

Executive Director

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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 the Members of City Council
City of South Euclid, Ohio

The Honorable David Yost
Auditor of State
State of Ohio

Report on the Financial Statements

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, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City of South Euclid, Ohio's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of South Euclid, Ohio's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2012, and the respective changes in financial position, thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 3 to the financial statements, during 2012, the City of South Euclid, Ohio, adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, and restated its December 31, 2011 net position of governmental activities due to the sale of water lines and overstatement of OPWC loans in the prior year. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis as listed in the table of contents 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.

Other Information

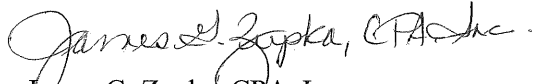
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of South Euclid, Ohio's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section, 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules and are fairly stated in all material respects in relation to the basic 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2013, 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* in considering the City of South Euclid, Ohio's internal control over financial reporting and compliance.



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

May 17, 2013

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City of South Euclid, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012
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, 2012. 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 and deferred outflows of the City of South Euclid exceeded its liabilities and deferred inflows at December 31, 2012. This is due to the addition of capital assets for Longo Sewer, Argone Road and Sheffield Road as capital projects are completed.
- During the year, the City issued general obligation bonds with an original issuance amount of \$14,130,000 and \$737,800 in OPWC loans for construction projects throughout the City. These debt issuances caused liabilities to increase from 2011 to 2012.
- The Planned Unit Residential Development, (PURD), known as Cutter's Creek, continued building in 2012. The entire development is planned with 46 units. To date, 34 of those units have been constructed.
- The second-largest shopping area in the City is located at Cedar Road between Warrensville and Fenwick Roads. Bob Evans Restaurant opened in April 2012. The City holds 2.6 acres of land related to the shopping area, which remains for sale.

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 Position 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, 2012
Unaudited

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

Statement of Net Position and the Statement of Activities

The Statement of Net Position 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 position. Over time, increases or decreases in net position 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 Position 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 Position and the Statement of Activities are divided into the following categories:

- Assets
- Deferred Outflows of Resources
- Liabilities
- Deferred Inflows of Resources
- Net Position
- Program Revenues and Expenses
- General Revenues
- Net Position 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 10. 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 Position and the Statement of Activities) and governmental funds.

City of South Euclid, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

Government-wide Financial Analysis

While this document contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2012?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by the private sector. The basis for this accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid. These two statements report the City's net position and the changes in that position. The change in position is important because it tells the reader whether, for the City as a whole, the financial position of the City has improved or diminished. As can be seen from the decrease in net position, the overall financial position has slightly deteriorated. This decrease can be attributed to the issuance of short and long-term debt for construction projects.

The City of South Euclid as a Whole

Recall that the Statement of Net Position looks at the City as a whole. Table 1 provides a summary of the City's net position for 2012 compared to 2011.

Table 1
Net Position

	Governmental Activities		
	2012	2011	Change
Assets			
Current and Other Assets	\$26,071,775	\$28,860,333	(\$2,788,558)
Capital Assets, Net	45,781,299	43,940,167	1,841,132
Total Assets	71,853,074	72,800,500	(947,426)
Deferred Outflows of Resources			
Deferred Charge on Refunding	68,314	79,860	(11,546)
Liabilities			
Current Liabilities	6,172,355	20,968,498	14,796,143
Long-Term Liabilities:			
Due Within One Year	1,012,822	1,036,864	24,042
Due in More Than One Year	26,028,087	10,371,942	(15,656,145)
Total Liabilities	33,213,264	32,377,304	(835,960)
Deferred Inflows of Resources			
Property Taxes	\$3,809,081	\$4,276,545	\$467,464

City of South Euclid, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

Table 1
Net Position - Continued

	Governmental Activities		
	2012	2011	Change
Net Position			
Net Investment in Capital Assets	\$18,625,891	\$33,707,532	(\$15,081,641)
Restricted for:			
Capital Projects	8,580,926	8,417,154	163,772
Law Enforcement	234,065	184,728	49,337
Street Maintenance	572,744	495,804	76,940
Street Lighting	482,838	443,882	38,956
Sewer Maintenance	428,476	473,661	(45,185)
Community Development	528,710	835,629	(306,919)
Other Purposes	31,371	35,863	(4,492)
Unrestricted	5,414,022	(8,367,742)	13,781,764
<i>Total Net Position</i>	<u>\$34,899,043</u>	<u>\$36,226,511</u>	<u>(\$1,327,468)</u>

Total assets decreased from 2011 to 2012 due to decreases in current and other assets in cash, intergovernmental receivable and materials and supplies inventories being slightly offset by an increase in capital assets, net of depreciation. This is due to the receipt of less grant monies as well as the continued pay down on debt, which was slightly offset by additions to capital assets with the Longo Sewer and Argone Road projects being completed.

Total liabilities increased due to the additional outstanding debt obligations. The City issued general obligation bonds with the original issuance amount of \$14,130,000 and \$737,800 in OPWC loans for construction projects throughout the City. Current liabilities such as accrued wages, contracts payable and vacation benefits payable increased due to wage increases and the City undergoing additional capital projects. The bonding of the fund liability notes in 2012 resulted in the decrease in current liabilities.

Table 2 shows the changes in net position for the years ended December 31, 2012 and 2011 and corresponds to the Statement of Activities on page 15.

City of South Euclid, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

Table 2
Changes in Net Position

	Governmental Activities		
	2012	2011	Change
Revenues			
Program Revenues:			
Charges for Services and			
Operating Assessments	\$5,212,396	\$4,966,892	\$245,504
Operating Grants	930,169	1,269,232	(339,063)
Capital Grants	894,761	1,992,124	(1,097,363)
Total Program Revenues	<u>7,037,326</u>	<u>8,228,248</u>	<u>(1,190,922)</u>
General Revenues:			
Property Taxes	4,793,234	4,589,032	204,202
Income Taxes	8,633,358	8,914,416	(281,058)
Grants and Entitlements	1,487,408	2,520,328	(1,032,920)
Interest	35,813	50,287	(14,474)
Gain on Sale of Capital Assets	81,862	260,082	(178,220)
Miscellaneous	474,843	603,868	(129,025)
Total General Revenues	<u>15,506,518</u>	<u>16,938,013</u>	<u>(1,431,495)</u>
<i>Total Revenues</i>	<u>22,543,844</u>	<u>25,166,261</u>	<u>(2,622,417)</u>
Program Expenses			
General Government:			
Legislative and Executive	2,805,130	2,622,344	(182,786)
Judicial System	756,170	567,380	(188,790)
Security of Persons and Property:			
Police	5,608,603	6,251,799	643,196
Fire	4,547,123	4,817,587	270,464
Public Health Services	131,696	125,129	(6,567)
Leisure Time Activities	277,716	450,164	172,448
Community Development	198,062	241,334	43,272
Building Department	701,612	640,481	(61,131)
Transportation	3,499,610	3,625,163	125,553
Basic Utility Services	4,500,720	5,612,047	1,111,327
Swimming Pools	344,435	331,283	(13,152)
Interest and Fiscal Charges	500,435	575,742	75,307
Total Program Expenses	<u>23,871,312</u>	<u>25,860,453</u>	<u>1,989,141</u>
<i>Decrease in Net Position</i>			
<i>Before Special Item</i>	(1,327,468)	(694,192)	(633,276)
Special Item - Loss on Sale of Capital Assets	0	(11,843,873)	11,843,873
<i>Change in Net Position</i>	(1,327,468)	(12,538,065)	11,210,597
<i>Net Position Beginning of Year</i>	<u>36,226,511</u>	<u>48,764,576</u>	<u>(12,538,065)</u>
<i>Net Position End of Year</i>	<u>\$34,899,043</u>	<u>\$36,226,511</u>	<u>(\$1,327,468)</u>

Program revenues decreased in 2012 due to decreases in operating assessments and fewer capital grants being received. General revenues decreased mainly due to decreases in income tax and grants and

City of South Euclid, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

entitlements from the State of Ohio. The decrease in income tax can be contributed to a decrease in jobs within the City. The decrease in grants and entitlements from the State of Ohio is due to cuts in State funding. Total program expenses decreased due to the decreased costs of providing transportation, leisure time activities and basic utility services.

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 2012 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 increased in 2012 and remained the City's third largest source of revenues. Revenues from grants and entitlements represented approximately seven 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.

The City continued its commitment to providing quality roads and sidewalks to our residents. The expiring 3-mill property tax levy was reduced to 2.5-mills and approved by the voters in May 2010. Using the proceeds from that 2.5-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 16. These funds are accounted for using the modified accrual basis of accounting. Overall, governmental funds had a decrease in total revenues and decreases in expenditures from 2011. Revenues decreased due to less intergovernmental revenues from the State. Expenditures decreased due to fewer capital expenditures being made during 2012. The general fund experienced a decrease in revenues from 2011 in income taxes and intergovernmental revenues which was slightly offset by an increase in property taxes. The City maintained general fund expenditures with the 2011 levels. General fund revenues exceeded expenditures, resulting in the general fund balance increase over 2011.

During 2012, the flood control capital projects fund balance decreased as a result of the City spending more on capital projects during the year. During 2012, the land acquisition capital projects fund balance increased due to the City issuing general obligation bonds to retire the 2011 general obligation bond anticipation notes.

City of South Euclid, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012
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 2012, the City amended its general fund budget numerous times. The actual revenue amount was less than the final budget. This variance is made up of lower than expected charges for services. 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 Long-Term Obligations

Capital Assets

Table 3 shows 2012 balances of capital assets as compared to 2011.

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

	Governmental Activities	
	2012	2011
Land	\$919,007	\$919,007
Buildings and Improvements	3,600,569	3,462,268
Equipment	576,085	569,841
Vehicles	1,671,083	1,263,766
Infrastructure		
Streets	14,986,600	13,973,831
Bridges, Sewers and Culverts	23,986,691	23,709,235
Traffic Signals	41,264	42,219
Total Capital Assets	\$45,781,299	\$43,940,167

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 Argonne Road project and the Cedar Center Infrastructure project as well as improvements to buildings and structures.

City of South Euclid, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012
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 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	
	2012	2011
General Obligation Bonds	\$15,567,051	\$0
Various Purpose Refunding Bonds	4,408,661	5,062,238
Special Assessment Bonds	100,000	145,000
OPWC Loans	3,289,882	2,661,689
OWDA Loans	1,544,518	1,636,125
OAQDA Loans	749,236	403,400
Police and Fire Pension Liability	281,095	288,463
Capital Lease	351,238	465,025
Compensated Absences	749,228	746,866
Total	\$27,040,909	\$11,408,806

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 Fiscal Officer. These bonds were refinanced in 1998 to take advantage of lower interest rates.

The general obligation bonds with the original issuance amount of \$14,130,000 were issued for construction projects throughout the City and will be repaid with revenues from the road improvement and flood control capital projects funds.

City of South Euclid, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

The various purpose improvement bonds with the original issuance amount of \$5,430,000 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 eight, 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; in fiscal year 2010, the City began the Cedar Center OPWC project; in fiscal year 2011, the City began the Rainbow Creek and Green Road OPWC projects; and in fiscal year 2012, the City began the Argonne Road OPWC project. As of December 31, 2012 none of the projects were finalized.

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.

The City of South Euclid's overall legal debt margin is \$15,286,142 with an unvoted debt margin of \$1,626,551 on December 31, 2012. 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 2012. 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. The City will see flat or decreased income tax collections in 2013 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 James Smith, 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.

City of South Euclid, Ohio

Statement of Net Position

December 31, 2012

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$10,059,067
Cash and Cash Equivalents In Segregated Accounts	60,680
Accounts Receivable	66,273
Accrued Interest Receivable	5,413
Intergovernmental Receivable	1,409,885
Prepaid Items	102,980
Materials and Supplies Inventory	149,217
Income Taxes Receivable	4,335,569
Property Taxes Receivable	4,364,248
Special Assessments Receivable	3,557,891
Assets Held for Resale	1,960,552
Nondepreciable Capital Assets	919,007
Depreciable Capital Assets	44,862,292
	<hr/>
<i>Total Assets</i>	71,853,074
Deferred Outflows of Resources	
Deferred Charge on Refunding	68,314
	<hr/>
Liabilities	
Accounts Payable	189,111
Accrued Wages	220,536
Contracts Payable	622,080
Intergovernmental Payable	530,982
Retainage Payable	26,272
Matured Compensated Absences Payable	2,481
Accrued Interest Payable	92,966
Vacation Benefits Payable	576,209
Notes Payable	3,911,718
Long-Term Liabilities:	
Due Within One Year	1,012,822
Due In More Than One Year	26,028,087
	<hr/>
<i>Total Liabilities</i>	33,213,264
Deferred Inflows of Resources	
Property Taxes	3,809,081
	<hr/>
Net Position	
Net Investment in Capital Assets	18,625,891
Restricted for:	
Capital Projects	8,580,926
Law Enforcement	234,065
Street Maintenance	572,744
Street Lighting	482,838
Sewer Maintenance	428,476
Community Development	528,710
Other Purposes	31,371
Unrestricted	5,414,022
	<hr/>
<i>Total Net Position</i>	\$34,899,043
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See accompanying notes to the basic financial statements

City of South Euclid, Ohio

Balance Sheet

Governmental Funds

December 31, 2012

	General	Flood Control	Land Acquisition	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$4,004,804	\$1,990,272	\$1,698,398	\$2,365,593	\$10,059,067
Cash and Cash Equivalents In Segregated Accounts	60,680	0	0	0	60,680
Materials and Supplies Inventory	53,549	0	0	95,668	149,217
Accrued Interest Receivable	5,413	0	0	0	5,413
Accounts Receivable	65,573	0	0	700	66,273
Interfund Receivable	816,750	0	0	0	816,750
Intergovernmental Receivable	900,152	0	0	509,733	1,409,885
Prepaid Items	102,980	0	0	0	102,980
Income Taxes Receivable	4,335,569	0	0	0	4,335,569
Property Taxes Receivable	3,331,488	0	0	1,032,760	4,364,248
Assets Held for Resale	0	0	1,600,000	360,552	1,960,552
Special Assessments Receivable	64,657	2,578,662	0	914,572	3,557,891
<i>Total Assets</i>	<u>\$13,741,615</u>	<u>\$4,568,934</u>	<u>\$3,298,398</u>	<u>\$5,279,578</u>	<u>\$26,888,525</u>
Liabilities					
Accounts Payable	\$141,219	\$4,047	\$0	\$43,845	\$189,111
Accrued Wages	202,874	0	0	17,662	220,536
Contracts Payable	89,732	415,231	0	117,117	622,080
Retainage Payable	0	20,492	0	5,780	26,272
Intergovernmental Payable	450,232	0	0	80,750	530,982
Matured Compensated Absences Payable	2,481	0	0	0	2,481
Interfund Payable	0	0	700,000	116,750	816,750
Accrued Interest Payable	0	0	8,596	0	8,596
Notes Payable	0	0	3,911,718	0	3,911,718
<i>Total Liabilities</i>	<u>886,538</u>	<u>439,770</u>	<u>4,620,314</u>	<u>381,904</u>	<u>6,328,526</u>
Deferred Inflows of Resources					
Property Taxes	2,907,695	0	0	901,386	3,809,081
Unavailable Revenue	4,834,394	2,578,662	0	1,486,158	8,899,214
<i>Total Deferred Inflows of Resources</i>	<u>7,742,089</u>	<u>2,578,662</u>	<u>0</u>	<u>2,387,544</u>	<u>12,708,295</u>
Fund Balances					
Nonspendable	156,529	0	0	95,668	252,197
Restricted	0	1,550,502	0	2,468,610	4,019,112
Assigned	377,704	0	0	0	377,704
Unassigned (Deficit)	4,578,755	0	(1,321,916)	(54,148)	3,202,691
<i>Total Fund Balances (Deficit)</i>	<u>5,112,988</u>	<u>1,550,502</u>	<u>(1,321,916)</u>	<u>2,510,130</u>	<u>7,851,704</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$13,741,615</u>	<u>\$4,568,934</u>	<u>\$3,298,398</u>	<u>\$5,279,578</u>	<u>\$26,888,525</u>

See accompanying notes to the basic financial statements

City of South Euclid, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 December 31, 2012*

Total Governmental Fund Balances	\$7,851,704
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*Amounts reported for governmental activities in the
 statement of net position are different because*

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	45,781,299
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Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds.

Delinquent Property Taxes	555,167	
Income Taxes	3,732,377	
Special Assessments	3,557,266	
Intergovernmental	1,054,404	
	1,054,404	

Total	8,899,214
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In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(84,370)
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Vacation benefits payable is not expected to be paid with expendable available financial resources and therefore are not reported in the funds.	(576,209)
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

General Obligation Bonds	(19,975,712)	
Special Assessment Bonds	(100,000)	
OPWC Loans Payable	(3,289,882)	
Deferred Charge on Refunding	68,314	
OWDA Loans Payable	(1,544,518)	
OAQDA Loans Payable	(749,236)	
Police and Fire Pension Loan	(281,095)	
Capital Leases Payable	(351,238)	
Compensated Absences	(749,228)	
	(749,228)	

Total	(26,972,595)
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<i>Net Position of Governmental Activities</i>	\$34,899,043
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See accompanying notes to the basic financial statements

City of South Euclid, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2012

	General	Flood Control	Land Acquisition	Other Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	\$3,737,471	\$0	\$0	\$1,062,016	\$4,799,487
Income Taxes	8,662,240	0	0	0	8,662,240
Special Assessments	47,530	2,096,390	0	847,310	2,991,230
Intergovernmental	1,717,985	0	0	1,854,203	3,572,188
Interest	35,068	0	0	745	35,813
Fees, Licenses and Permits	726,128	0	0	0	726,128
Fines and Forfeitures	608,966	0	0	74,685	683,651
Rentals	110,799	0	0	12,780	123,579
Charges for Services	639,067	0	0	46,082	685,149
Contributions and Donations	10,378	0	0	0	10,378
Other	27,950	0	286,822	160,071	474,843
<i>Total Revenues</i>	<u>16,323,582</u>	<u>2,096,390</u>	<u>286,822</u>	<u>4,057,892</u>	<u>22,764,686</u>
Expenditures					
Current:					
General Government:					
Legislative and Executive	2,351,939	0	0	250	2,352,189
Judicial System	770,977	0	0	0	770,977
Security of Persons and Property:					
Police	5,221,926	0	0	196,948	5,418,874
Fire	3,815,552	0	0	122,110	3,937,662
Public Health Services	131,696	0	0	0	131,696
Leisure Time Activities	239,857	0	0	0	239,857
Community Development	198,062	0	0	0	198,062
Building Department	687,476	0	0	0	687,476
Transportation	866,917	0	0	818,201	1,685,118
Basic Utility Services	1,199,660	0	0	1,263,883	2,463,543
Swimming Pools	252,428	0	0	0	252,428
Capital Outlay	0	2,901,293	16,828	3,861,128	6,779,249
Debt Service:					
Principal Retirement	7,368	557,714	0	450,892	1,015,974
Interest and Fiscal Charges	12,182	140,571	90,418	122,000	365,171
Issuance Costs	0	0	317,786	0	317,786
<i>Total Expenditures</i>	<u>15,756,040</u>	<u>3,599,578</u>	<u>425,032</u>	<u>6,835,412</u>	<u>26,616,062</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>567,542</u>	<u>(1,503,188)</u>	<u>(138,210)</u>	<u>(2,777,520)</u>	<u>(3,851,376)</u>
Other Financing Sources (Uses)					
Sale of Capital Assets	8,278	0	0	81,862	90,140
General Obligation Bonds Issued	0	0	14,130,000	0	14,130,000
Premium on General Obligation Bonds Issued	0	0	1,449,127	0	1,449,127
OPWC Loan Issued	0	737,800	0	0	737,800
OAQDA Loan Issued	0	0	0	374,441	374,441
Transfers In	0	464,651	0	335,000	799,651
Transfers Out	(335,000)	0	0	(464,651)	(799,651)
<i>Total Other Financing Sources (Uses)</i>	<u>(326,722)</u>	<u>1,202,451</u>	<u>15,579,127</u>	<u>326,652</u>	<u>16,781,508</u>
<i>Net Change in Fund Balances</i>	240,820	(300,737)	15,440,917	(2,450,868)	12,930,132
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>4,872,168</u>	<u>1,851,239</u>	<u>(16,762,833)</u>	<u>4,960,998</u>	<u>(5,078,428)</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$5,112,988</u>	<u>\$1,550,502</u>	<u>(\$1,321,916)</u>	<u>\$2,510,130</u>	<u>\$7,851,704</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, 2012*

Net Change in Fund Balances - Total Governmental Funds \$12,930,132

*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	4,065,818
Depreciation	<u>(2,173,743)</u>

Total 1,892,075

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

(50,943)

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

Delinquent Property Taxes	(6,253)
Income Taxes	(28,882)
Intergovernmental	(270,228)
Special Assessments	<u>2,659</u>

Total (302,704)

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

1,015,974

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	(169,371)
Amortization of Premium	45,653
Amortization of Deferred Charge on Refunding	<u>(11,546)</u>

Total (135,264)

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	(2,362)
Vacation Benefits	<u>16,992</u>

Total 14,630

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

OWPC Loan Issued	(737,800)
OAQDA Loan Issued	(374,441)
General Obligation Bonds Issued	(14,130,000)
Premium on General Obligation Bonds Issued	<u>(1,449,127)</u>

Total (16,691,368)

Change in Net Position of Governmental Activities (\$1,327,468)

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, 2012

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Property Taxes	\$3,661,223	\$3,737,471	\$3,737,471	\$0
Income Taxes	8,516,534	8,693,897	8,693,897	0
Special Assessments	46,254	47,217	47,217	0
Intergovernmental	1,576,644	1,612,145	1,611,457	(688)
Interest	158,840	162,148	162,148	0
Fees, Licenses and Permits	707,542	722,277	722,277	0
Fines and Forfeitures	613,901	626,686	626,686	0
Rentals	96,734	98,749	98,749	0
Charges for Services	566,971	569,712	558,362	(11,350)
Contributions and Donations	10,166	10,378	10,378	0
Other	26,991	27,550	27,550	0
<i>Total Revenues</i>	<u>15,981,800</u>	<u>16,308,230</u>	<u>16,296,192</u>	<u>(12,038)</u>
Expenditures				
Current:				
General Government:				
Legislative and Executive	2,729,369	2,851,965	2,513,086	338,879
Judicial System	768,647	768,647	699,537	69,110
Security of Persons and Property:				
Police	5,409,519	5,484,019	5,264,453	219,566
Fire	4,032,824	4,092,824	3,820,687	272,137
Public Health Services	136,984	136,984	133,955	3,029
Leisure Time Activities	530,826	533,826	251,615	282,211
Community Development	343,179	349,679	305,499	44,180
Building Department	718,233	722,233	673,635	48,598
Transportation	1,012,456	1,024,456	896,403	128,053
Basic Utility Services	1,772,640	1,772,640	1,331,539	441,101
<i>Total Expenditures</i>	<u>17,454,677</u>	<u>17,737,273</u>	<u>15,890,409</u>	<u>1,846,864</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,472,877)</u>	<u>(1,429,043)</u>	<u>405,783</u>	<u>1,834,826</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	8,106	8,278	8,278	0
Advances Out	(16,248)	(18,178)	(16,750)	1,428
Transfers Out	(540,000)	(540,000)	(385,000)	155,000
<i>Total Other Financing Sources (Uses)</i>	<u>(548,142)</u>	<u>(549,900)</u>	<u>(393,472)</u>	<u>156,428</u>
<i>Net Change in Fund Balance</i>	(2,021,019)	(1,978,943)	12,311	1,991,254
<i>Fund Balance Beginning of Year</i>	2,972,114	2,972,114	2,972,114	0
Prior Year Encumbrances Appropriated	516,516	516,516	516,516	0
<i>Fund Balance End of Year</i>	<u>\$1,467,611</u>	<u>\$1,509,687</u>	<u>\$3,500,941</u>	<u>\$1,991,254</u>

See accompanying notes to the basic financial statements

City of South Euclid, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Fund
December 31, 2012

Assets	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$1,786,740</u></u>
Liabilities	
Deposits Held and Due to Others	<u><u>\$1,786,740</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, 2012

Note 1 – Description of the City and Reporting Entity

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

Reporting Entity

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

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

The City is associated with five organizations: one shared risk pool, one joint venture and three defined as jointly governed organizations. The Northern Ohio Risk Management Association is a shared risk pool. The joint venture is the Community Partnership on Aging. 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 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, 2012

Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a statement of net position 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 position 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 position 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 deferred outflows of resources and liabilities and deferred inflows of resources is reported as fund balance. The following are the City's major governmental funds:

General Fund - The general fund accounts for and reports all financial resources except those required to be accounted for and reported 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, 2012

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

Land Acquisition Fund – The land acquisition fund accounts for and reports restricted debt proceeds that are to be used on capital projects for future economic growth and 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 position and changes in net position. 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 Position. The Statement of Activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

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, in the recording of deferred outflows/inflows of resources and in the presentation of expenses versus expenditures.

Revenues - Exchange and Nonexchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

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 Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources include a deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2012, but which were levied to finance year 2013 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City unavailable revenue includes delinquent property taxes, income taxes, special assessments and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

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.

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

Cash and Cash Equivalents

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

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

During the year, the City invested in negotiable certificates of deposit, 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 and safety forces vehicle capital projects fund. Interest revenue credited to the general fund during 2012 amounted to \$35,068, which includes \$23,212 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, 2012, 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, 2012, the City has nine lots with houses on Greenvale and two 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 position 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 of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

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

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings	50 years
Improvements	20 years
Vehicles and Equipment	10 years
Streets	30 years
Bridges, Sewers and Culverts	60 years
Traffic Signals	50 years

The City's infrastructure consists of streets, bridges, sewers, culverts 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 position.

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 position 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.

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

On the fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the fund from which the employee who has accumulated unpaid leave will be paid.

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

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, compensated absences 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.

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, as both are equally binding) 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, as both are equally binding) 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 is 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.

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

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. These amounts are assigned by council. In the general fund, assigned amounts represent intended uses established by policies of the City Council or a City official delegated that authority by City Charter or ordinance, or by State statute. State statute authorizes the finance director to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

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.

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.

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets 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 position is 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 position restricted for other purposes include resources restricted for police range and police and fire pensions.

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

Deferred Charge on Refunding

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

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

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 reported in the year the bonds/notes are issued.

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

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

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

Note 3 – Change in Accounting Principles and Restatement

Change in Accounting Principles

For 2012, the City has implemented Governmental Accounting Standard Board (GASB) Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements," Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements," Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position," Statement No. 64, "Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53" Fund Balance Reporting and Governmental Fund Type Definitions," Statement No. 65, "Items Previously Reported as Assets and Liabilities" and Statement No. 66, "Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62."

City of South Euclid, Ohio
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GASB Statement No. 60 improves financial reporting by addressing issues related to service concession arrangements, which are a type of public-private or public-public partnership. The implementation of this statement did not result in any change in the City's financial statements.

GASB Statement No. 62 incorporates into GASB's authoritative literature certain FASB and AICPA pronouncements issued on or before November 30, 1989. The implementation of this statement did not result in any change in the City's financial statements.

GASB Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related note disclosures. These changes were incorporated in the City's 2012 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 64 clarifies whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The implementation of this statement did not result in any change in the City's financial statements.

GASB Statement No. 65 properly classifies certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or recognizes certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). The implementation of this statement resulted in issuance costs being expensed rather than being deferred. This change had the effect of restating beginning net position for governmental activities from \$39,491,920 to \$39,400,524.

GASB Statement No. 66 resolves conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. The implementation of this statement did not result in any change in the City's financial statements.

Restatement of Prior Year Balances and Net Position

During 2012, the City determined capital assets and OPWC loans were overstated. In addition, deferred charges were eliminated due to the implementation of GASB 65. These changes had the following effect on net position as previously reported.

	Governmental Activities
Net Position at December 31, 2011	\$39,491,920
Adjustments:	
Capital assets	(3,318,967)
Deferred Charges	(91,396)
OPWC loans	144,954
Adjusted Net Position at December 31, 2011	\$36,226,511

Note 4 - 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

City of South Euclid, Ohio
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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).
5. Advances-In and Advances-Out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).
6. Unreported cash represents amounts received but not included as revenue on the budgetary statements, but which are reported on the operating statements prepared using GAAP.
7. Budgetary revenues and expenditures of the parking lots and meters and swimming pools funds are classified to the general fund for GAAP reporting.

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	<u>General</u>
GAAP Basis	\$240,820
Net Adjustment for Revenue Accruals	103,866
Beginning Fair Value Adjustment for Investments	(131,631)
Ending Unrecorded Cash	(20)
Excess of revenues under expenditures:	
Parking Lots and Meters	(10,347)
Swimming Pools	(125,746)
Net Adjustment for Expenditure Accruals	407,639
Advances Out	(16,750)
Encumbrances	(455,520)
Budget Basis	<u><u>\$12,311</u></u>

Note 5 – Accountability

Fund balances at December 31, 2012 included the following individual fund deficits:

	<u>Deficit Fund Balances</u>
<i>Special Revenue Funds:</i>	
COPS Grant	\$16,237
Police Pension	18,955
Fire Pension	18,956
<i>Capital Projects Fund:</i>	
Land Acquisition	1,321,916

City of South Euclid, Ohio
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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 fund 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.

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	Other Governmental Funds	Total
<i>Nonspendable</i>					
Prepays	\$102,980	\$0	\$0	\$0	\$102,980
Inventory	53,549	0	0	95,668	149,217
<i>Total Nonspendable</i>	156,529	0	0	95,668	252,197
<i>Restricted for</i>					
Sewer Rental	0	0	0	74,496	74,496
Home Improvement	0	0	0	485,677	485,677
Public Safety	0	0	0	260,527	260,527
Street Maintenance	0	0	0	181,944	181,944
Debt Service Payments	0	0	0	69,684	69,684
Street Lighting	0	0	0	56,357	56,357
Capital Improvements	0	1,550,502	0	1,339,925	2,890,427
<i>Total Restricted</i>	0	1,550,502	0	2,468,610	4,019,112
<i>Assigned to</i>					
Purchases on Order	307,003	0	0	0	307,003
Swimming Pools	34,764	0	0	0	34,764
Basic Utility Services	35,937	0	0	0	35,937
<i>Total Assigned</i>	377,704	0	0	0	377,704
<i>Unassigned (Deficit)</i>	4,578,755	0	(1,321,916)	(54,148)	3,202,691
<i>Total Fund Balances (Deficit)</i>	\$5,112,988	\$1,550,502	(\$1,321,916)	\$2,510,130	\$7,851,704

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.

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

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

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

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

1. United States Treasury 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, \$1,473,814 of the City's bank balance of \$8,221,476 was uninsured and

City of South Euclid, Ohio
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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.

Investments

As of December 31, 2012, the City had the following investments:

	<u>Fair Value</u>	<u>Maturity</u>	<u>Standard & Poor's</u>	<u>Percent of Total Investments</u>
Certificates of Deposit	\$3,257,565	Less than three years	AA+	77.66 %
Money Market Accounts	289,704	Less than one year	AA+	6.91
Repurchase Agreements	<u>647,453</u>	Less than one year	AA+	15.43
Total Portfolio	<u><u>\$4,194,722</u></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, 2012, 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.

City of South Euclid, Ohio
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Special assessments expected to be collected in more than one year amount to \$50,000 in the special assessment bond retirement fund. At December 31, 2012 the total amount of delinquent special assessments was \$493,661. These delinquencies will be collected in the flood control, sewer rental and street lighting special revenue funds.

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

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2012 for real and public utility property taxes represents collections of 2011 taxes.

2012 real property taxes were levied after October 1, 2012, on the assessed value as of January 1, 2012, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2012 real property taxes are collected in and intended to finance 2013.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates 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. 2012 public utility property taxes which became a lien December 31, 2011, are levied after October 1, 2012, and are collected in 2013 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2012, was \$13.10 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2012 property tax receipts were based are as follows:

Category	Assessed Value
Real Estate	
Residential/Agricultural	\$300,236,400
Other Real Estate	49,362,240
Tangible Personal Property	
Public Utility	7,793,190
Total Assessed Values	\$357,391,830

The County Fiscal Officer collects property taxes on behalf of all taxing districts in the county, including the City. The County Fiscal Officer periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and public utility property taxes and outstanding delinquencies which were measurable as of December 31, 2012, and for which there was an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2012 operations is offset to deferred inflows of resources – property taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

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For The Year Ended December 31, 2012

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>
Homestead and Rollback	\$365,344
Estate Tax	342,715
Local Government	253,344
Gasoline and Excise Tax	197,071
State and Local Highway Tax	102,422
Permissive Motor Vehicle License Tax	62,046
Motor Vehicle License Fees	58,224
State of Ohio	10,277
South Euclid-Lyndhurst City School District	8,500
Cuyahoga County Fiscal Officer	5,537
Commercial Activity Tax	3,514
City of University Heights	891
Total	<u><u>\$1,409,885</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.

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

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

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 2012, the City of South Euclid paid \$132,189 in premiums from the general fund, which represents 10.44 percent of total NORMA 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

The City of South Euclid carries assets, such as land and houses, which are held for resale.

Just over 2.6 of the ten plus acres of land on Cedar Road, that was previously purchased by the City, remains for sale. This land will be sold for development purposes and is currently being marketed by a Real Estate Broker.

As of December 31, 2012 the City has nine lots with houses on Greenvale remaining which are being held for resale.

The City also has assets held for resale in the form of two 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, 2012

Note 12 - Capital Assets

Capital asset activity for the year ended December 31, 2012, was as follows:

Governmental Activities	Balance 12/31/2011	Additions	Deductions	Balance 12/31/2012
Capital Assets not being Depreciated:				
Land	\$919,007	\$0	\$0	\$919,007
Capital Assets being Depreciated:				
Buildings and Improvements	12,363,551	604,494	0	12,968,045
Equipment	2,551,033	107,976	0	2,659,009
Vehicles	4,230,211	762,552	(248,540)	4,744,223
Infrastructure:				
Streets	23,331,054	1,843,529	0	25,174,583
Bridges, Sewers and Culverts	26,725,461	747,267	0	27,472,728
Traffic Signals	47,732	0	0	47,732
Total Capital Assets being Depreciated	69,249,042	4,065,818	(248,540)	73,066,320
Less Accumulated Depreciation:				
Buildings and Improvements	(8,901,283)	(466,193)	0	(9,367,476)
Equipment	(1,981,192)	(101,732)	0	(2,082,924)
Vehicles	(2,966,445)	(304,292)	197,597	(3,073,140)
Infrastructure:				
Streets	(9,357,223)	(830,760)	0	(10,187,983)
Bridges, Sewers and Culverts	(3,016,226)	(469,811)	0	(3,486,037)
Traffic Signals	(5,513)	(955)	0	(6,468)
Total Accumulated Depreciation	(26,227,882)	(2,173,743) *	197,597	(28,204,028)
Total Capital Assets being Depreciated, Net	43,021,160	1,892,075	(50,943)	44,862,292
Governmental Activities Capital Assets, Net	\$43,940,167	\$1,892,075	(\$50,943)	\$45,781,299

*Depreciation expense was charged to governmental activities as follows:

General Government:	
Legislative and Executive	\$2,007
Judicial System	6,308
Security of Persons and Property:	
Police	41,792
Fire	32,768
Leisure Time Activities	13,527
Building Department	7,248
Transportation	1,301,519
Basic Utility Services	676,567
Swimming Pools	92,007
Total Depreciation Expense	\$2,173,743

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

Note 13 - Note Debt

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

	Balance 12/31/2011	Additions	Reductions	Balance 12/31/2012
Land Acquisition Bond Anticipation Note	9,595,000	\$0	\$9,595,000	\$0
Land Acquisition Bond Anticipation Note Premium	58,865	0	58,865	0
Land Acquisition Bond Anticipation Note	7,675,000	0	7,675,000	0
Land Acquisition Bond Anticipation Note Premium	45,705	0	45,705	0
2011 Housing Development Bond Anticipation Note	1,800,000	0	1,800,000	0
2012 Housing Development Bond Anticipation Note	0	1,800,000	0	1,800,000
GO Bond Anticipation Note	0	2,100,000	0	2,100,000
GO Bond Anticipation Note Premium	0	15,624	3,906	11,718
Total	\$19,174,570	\$3,915,624	\$19,178,476	\$3,911,718

In 2012, 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 14, 2013. The Housing Development bond anticipation notes that were issued in 2011 for \$1,800,000 matured on December 14, 2012. The notes were paid from the land acquisition capital projects fund.

In 2012, the City retired the \$9,595,000 Land Acquisition Bond Anticipation note issued September 27, 2011 at 1.38 percent and the \$7,675,000 Land Acquisition Bond Anticipation note issued September 27, 2011 at 1.25 percent. The notes were paid from the land acquisition capital projects fund.

In 2012, the City issued \$2,100,000 in general obligation bond anticipation notes. These notes mature on December 14, 2013.

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.

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

Debt Issue	Interest Rate	Original Issue	Year of Maturity
2012 Various Purpose Bonds	2.0% to 5.0%	\$14,130,000	2042
2010 Various Purpose Refunding Bonds	2.0% to 4.0%	5,430,000	2018
2002 Parking Lot Improvement Special Assessment Bond	4.0% to 6.7%	630,000	1994 to 2014
<i>OPWC Loans</i>			
Liberty Road Bridge Replacement	0%	755,891	2002 to 2022
Whitehall Road Bridge Replacement	0%	188,822	2006 to 2025
Bexley Infrastructure	0%	1,247,424	2005 to 2024
Cedar Center	0%	260,039	N/A
Nine Mile Creek Rehabilitation	0%	341,315	N/A
Rainbow Creek	0%	132,399	N/A
Green Road	0%	543,801	N/A
Argone Road	0%	692,186	N/A
<i>OWDA Stormwater Improvement</i>	N/A	2,052,371	N/A
<i>OAQDA Series A</i>	3.15%	386,146	2020
<i>OAQDA Series B</i>	5.45%	386,145	2026
Police and Fire Pension	4.25%	391,010	1973 to 2035

A schedule of changes in bonds and other long-term obligations of the City during 2012 follows:

	Amount Outstanding 12/31/2011	Additions	Deletions	Amount Outstanding 12/31/2012	Amounts Due In One Year
Governmental Activities					
<i>General Obligation Bonds</i>					
2012 Various Purpose					
Current Interest Serial Bonds	\$0	\$3,245,000	\$0	\$3,245,000	\$0
Term Bonds	0	10,885,000	0	10,885,000	0
Premium on Various Purpose Bonds	0	1,449,127	(12,076)	1,437,051	0
Total 2012 Various Purpose General Obligation Bonds	0	15,579,127	(12,076)	15,567,051	0
2010 Various Purpose					
General Obligation Refunding Bonds	4,830,000	0	(620,000)	4,210,000	645,000
Premium on Various Purpose Bonds	232,238	0	(33,577)	198,661	0
Total 2010 Various Purpose General Obligation Refunding Bonds	5,062,238	0	(653,577)	4,408,661	645,000
<i>Total General Obligation Bonds</i>	<i>5,062,238</i>	<i>15,579,127</i>	<i>(665,653)</i>	<i>19,975,712</i>	<i>645,000</i>
<i>Special Assessment Bonds</i>					
<i>with Governmental Commitment</i>					
2002 Parking Lot Improvement	\$145,000	\$0	(\$45,000)	\$100,000	\$50,000

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

	Amount Outstanding 12/31/2011	Additions	Deletions	Amount Outstanding 12/31/2012	Amounts Due In One Year
Governmental Activities - Continued					
<i>OPWC Loans:</i>					
Liberty Road Bridge Replacement	\$415,741	\$0	(\$37,795)	\$377,946	\$37,795
Whitehall Road Bridge Replacement	136,896	0	(9,441)	127,455	9,441
Bexley Infrastructure	810,825	0	(62,371)	748,454	62,371
Cedar Center	264,384	0	0	264,384	0
Nine Mile Creek Rehabilitation	263,935	0	0	263,935	0
Rainbow Creek	64,826	45,614	0	110,440	0
Green Road	705,082	0	0	705,082	0
Argone Road	0	692,186	0	692,186	0
Total OPWC Loans	<u>2,661,689</u>	<u>737,800</u>	<u>(109,607)</u>	<u>3,289,882</u>	<u>109,607</u>
OWDA Stormwater Improvement	<u>1,636,125</u>	<u>0</u>	<u>(91,607)</u>	<u>1,544,518</u>	<u>0</u>
<i>OAQDA Loans:</i>					
OAQDA 2011 Series A	201,700	187,221	(28,605)	360,316	43,630
OAQDA 2011 Series B	201,700	187,220	0	388,920	0
Total OAQDA Loans	<u>403,400</u>	<u>374,441</u>	<u>(28,605)</u>	<u>749,236</u>	<u>43,630</u>
Police and Fire Pension	288,463	0	(7,368)	281,095	7,685
Capital Lease	465,025	0	(113,787)	351,238	117,632
Compensated Absences	746,866	114,859	(112,497)	749,228	39,268
<i>Total Governmental Activities</i>	<u>\$11,408,806</u>	<u>\$16,806,227</u>	<u>(\$1,174,124)</u>	<u>\$27,040,909</u>	<u>\$1,012,822</u>

During 2012, the City issued \$14,130,000 in Various Purpose General Obligation Bonds for the construction projects throughout the City. The bonds were sold at a premium of \$1,449,127. These Various Purpose General Obligation bonds will be paid with revenues from the road improvement and flood control capital projects funds.

The Various Purpose General Obligation Bonds maturing on December 1, 2027, 2032 and 2042 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

Year	Issue		
	\$1,205,000	\$2,460,000	\$7,220,000
2025	\$380,000	\$0	\$0
2026	400,000	0	0
2028	0	445,000	0
2029	0	465,000	0
2030	0	490,000	0
2031	0	515,000	0
2033	0	0	570,000
2034	0	0	600,000
2035	0	0	630,000
2036	0	0	665,000
2037	0	0	695,000
2038	0	0	735,000
2039	0	0	770,000
2040	0	0	810,000
2041	0	0	850,000
Total	<u>\$780,000</u>	<u>\$1,915,000</u>	<u>\$6,325,000</u>
<i>Stated Maturity</i>	<i>12/1/2027</i>	<i>12/1/2032</i>	<i>12/1/2042</i>

The remaining principal amount of the term bonds (\$425,000, \$545,000 and \$895,000) will mature at the stated maturity.

During 2010, the City issued \$5,430,000 in Various Purpose General Obligation Bonds for the purpose of refunding the 2003 General Obligation Bonds in order to take advantage of lower interest rates and for construction projects throughout the City.

The bonds were sold at a premium of \$265,815. Proceeds of \$5,687,729 were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded portion of the various bonds. These Various Purpose General Obligation bonds will be paid with revenues from the road improvement and flood control capital projects funds. On December 31, 2012, \$4,901,776 of the refunded bonds remained outstanding.

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 \$264,384 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.

The City has entered into a contractual agreement for construction loans from the Ohio Public Works Commission (OPWC). Under the terms of this agreement, OPWC will reimburse, advance or directly pay the construction costs of the approved projects. OPWC will capitalize administrative costs and construction

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

interest and then add them to the total amounts of the final loans. These loans will not have an accurate repayment schedule until the loans are finalized and, therefore, are not included in the schedule of future annual debt service requirements.

	Balance	Line of Credit
Cedar Center	\$264,384	\$264,384
Nine Mile Creek Rehabilitation	263,935	512,000
Rainbow Creek Rehabilitation	110,440	135,144
Green Road Rehabilitation	705,082	839,400
Argone Road Rehabilitation	692,186	732,522
Total	\$2,036,027	\$2,483,450

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.

A line of credit has been established with the Ohio Air Quality Development Authority in the amount of \$388,921 in Series A and \$388,920 in Series B Ohio Air Quality Development Authority loans, (OAQDA); however, since these loans are not finalized, the repayment schedules are not included in the schedule of debt service payments. The loans will be paid from the general capital improvements 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 and the sewer rental special revenue funds.

As of December 31, 2012, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$15,286,142 and the unvoted legal debt margin was \$1,626,551. Principal and interest requirements to retire the City's long-term obligations outstanding at December 31, 2012 are as follows:

	General Obligation Bonds		Special Assessment Bonds	
	Principal	Interest	Principal	Interest
	2013	\$645,000	\$872,839	\$50,000
2014	665,000	739,297	50,000	3,350
2015	970,000	715,072	0	0
2016	995,000	685,822	0	0
2017	1,045,000	648,822	0	0
2018-2022	2,415,000	2,889,816	0	0
2023-2027	1,925,000	2,533,026	0	0
2028-2032	2,460,000	2,061,887	0	0
2033-2037	0	1,403,250	0	0
2038-2042	7,220,000	519,375	0	0
Total	\$18,340,000	\$13,069,206	\$100,000	\$10,050

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

	Police and Fire Pension		OPWC Loans
	Principal	Interest	Principal
2013	\$7,685	\$11,865	\$109,607
2014	8,015	11,535	109,607
2015	8,359	11,191	109,607
2016	8,718	10,833	109,607
2017	9,093	10,458	109,607
2018-2022	51,616	46,136	548,033
2023-2027	63,758	33,992	157,787
2028-2032	78,681	19,073	0
2033-2035	45,170	2,832	0
Total	\$281,095	\$157,915	\$1,253,855

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.

Note 16 – Capital Lease

In prior years, the City had entered into a capitalized lease obligation for two leaf box collection vehicles and two stainless steel dump bodies and vbox spreaders classified as equipment, sixteen new Ford vehicles, a master leaf collection unit and copiers. The leases meet the criteria for a capital lease and has been recorded on the government-wide statements. The original amounts capitalized for the capital leases and the book values as of December 31, 2012 are as follows:

	Amounts
Vehicles	\$358,040
Equipment	229,607
Total Capitalized	587,647
Less: Accumulated Depreciation	(180,869)
Current Book Value	\$406,778

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, 2012.

City of South Euclid, Ohio
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For The Year Ended December 31, 2012

	Amounts
2013	\$129,897
2014	90,699
2015	90,699
2016	68,961
Total Minimum Lease Payments	380,256
Less: Amount representing interest	(29,018)
Present Value of Minimum Lease Payments	\$351,238

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 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, 2012.

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.

City of South Euclid, Ohio
Notes to the Basic Financial Statements
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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 visiting <https://www.opers.org/investments/cafr.shtml>, 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. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll for members in State and local divisions. For the year ended December 31, 2012, members in state and local divisions contributed 10 percent of covered payroll. Members in the state and local divisions may participate in all three plans. For 2012, member and employer contribution rates were consistent across all three plans.

The City's 2012 contribution rate was 14.0 percent. 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 4.00 percent for 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for 2012. 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, 2012, 2011, and 2010 were \$353,368, \$336,634 and \$322,829, respectively. For 2012, 89.89 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2011 and 2010. Contributions to the Member-Directed Plan for 2012 were \$2,416 made by the City and \$1,726 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 pension were \$390,132 and \$437,916 for the year ended December 31, 2012, \$371,355 and \$418,957 for the year ended December 31, 2011, and \$361,958 and \$456,906 for the year ended December 31, 2010, respectively. For 2012, 73.87 percent for police and 74.09 percent for firefighters has been contributed with the balance for both police and firefighters being report as an intergovernmental payable. The full amount has been contributed for 2011 and 2010.

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

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, 2012, the unfunded liability of the City was \$281,095 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 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 visiting <https://www.opers.org/investments/cafr.shtml>, 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 2012, state and local employers contributed at a rate of 14.0 percent of covered payroll. These are the maximum employer contribution rates permitted by the Ohio Revised Code.

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 4.0 percent for 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for 2012. Effective January 1, 2013, the portion of employer contributions allocated to healthcare was lowered to 1 percent for both plans, as recommended by the OPERS Actuary.

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.

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2012, 2011 and 2010 were \$141,347, \$134,653 and \$209,911, respectively. For 2012, 89.89 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2011 and 2010.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

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.

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. That report is also available on OP&F's website at www.op-f.org.

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 administered 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, 2012, 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).

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

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 \$206,540 and \$171,358 for the year ended December 31, 2012, \$196,600 and \$163,940 for the year ended December 31, 2011, and \$191,625 and \$178,789 for the year ended December 31, 2010. For 2012, 73.87 percent has been contributed for police and 74.09 percent has been contributed for firefighters with the balance for both police and firefighters being reported as an intergovernmental payable. The full amount has been contributed for 2011 and 2010.

Note 20 - Joint Venture

Community Partnership on Aging

The Community Partnership on Aging (Partnership) is a joint venture among the Cities of South Euclid, Lyndhurst Mayfield Heights and Highland Heights, formed for the purpose of coordinating among the cities all matters related to assistance and programs for the aged. Partnership revenues consist of contributions from the member cities and federal grants. The Partnership is controlled by the Council composed of the Mayors of the Cities of South Euclid, Lyndhurst, Mayfield Heights and Highland Heights, with the advice of a nine member commission. Continued existence of the Partnership is dependent on the City's continued participation; however the City of South Euclid has no explicit and measurable equity interest in the Partnership. The Partnership is not accumulating financial resources or experiencing fiscal stress which would cause additional financial benefit to or burden on the City. In 2012, the City contributed \$245,530, paid from the general fund, which represented 34.34 percent of Partnership revenues. To obtain a copy of the Partnership's financial statements, write to the Community Partnership on Aging, 1370 Victory Drive, South Euclid, Ohio, 44121.

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 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 community 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 2012. 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.

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

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 2012, 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 2012, 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.

Note 22 - Interfund Transactions

Interfund Balances

Interfund balances at December 31, 2012, consist of the following:

Interfund Payable	Interfund Receivable
	General
Major Fund:	
Land Acquisition	\$700,000
Special Revenue Funds:	
COPS Grant	16,750
Street, Construction, Maintenance and Repair	100,000
<i>Total</i>	\$816,750

The interfund payables in the COPS Grant and Street, Construction, Maintenance and Repair special revenue funds are advances for grant monies that the fund will receive at a later date. The interfund payable in the land acquisition fund is for the payment of debt. They are expected to be paid within one year.

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

Interfund Transfers

Interfund transfers for the year ended December 31, 2012, consisted of the following:

Transfers To	Transfers From		
	General	Issue II Projects	Total
Flood Control	\$0	\$464,651	\$464,651
Other Governmental Funds:			
General Obligation Bond Retirement	50,000	0	50,000
Special Assessment Bond Retirement	50,000	0	50,000
General Capital Improvements	235,000	0	235,000
<i>Total</i>	<u>\$335,000</u>	<u>\$464,651</u>	<u>\$799,651</u>

The general obligation and special assessment bond retirement funds received a transfer from the general fund to help pay for debt. The general capital improvement capital projects fund received transfers from the general fund to fund capital purchases. The flood control capital projects fund received transfers from the issue II projects capital projects fund to fund capital purchases and to close out the issue II projects fund.

Note 23 – Significant Commitments

Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

General Fund	\$455,520
Flood Control	1,186,689
Land Acquisition	12,844
Nonmajor Funds	497,984
<i>Total</i>	<u>\$2,153,037</u>

Contracts

As of December 31, 2012, the City had the following contractual construction commitments outstanding:

Vendor Name	Contract Amount	Amount Paid To Date	Remaining Contract
Longo Sewer Construction	\$1,432,935	\$715,950	\$716,985
Trax Construction	1,690,784	1,153,643	537,141
C.A. Agresta	524,268	492,391	31,877
<i>Total</i>	<u>\$3,647,987</u>	<u>\$2,361,984</u>	<u>\$1,286,003</u>

**Combining and Individual
Fund Statements and Schedules**

Combining Statements – Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

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

Operation Home Improvement Fund The Operation Home Improvement Fund is designed to account for and report 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 and reports 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 and reports 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 and reports 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 and reports additional motor vehicle registration fees restricted for maintenance and repair of streets within the City.

Police Range Fund The Police Range Fund accounts for and reports restricted fines and forfeitures for the operation of the police department's firing range.

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

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

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

Parking Lots and Meters Fund The Parking Lots and Meters Fund accounts for and reports the operations of the parking lots within the City. This fund is included with the general fund for GAAP reporting as it does not have a revenue source.

Swimming Pools Fund The Swimming Pools Fund accounts for and reports the operations of the City's three pools. This fund is assigned within the general fund for GAAP reporting as it does not have a revenue source.

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 and reports 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 and reports 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 and reports restricted grant and loan monies to be used for expenditures restricted for capital construction and the acquisition of capital assets.

Safety Forces Vehicle Fund The Safety Forces Vehicle Fund accounts for and reports a portion of general fund emergency medical transport fees which are restricted, by City ordinance, for the acquisition of police and fire vehicles.

Water Distribution Infrastructure Fund The Water Distribution Infrastructure Fund accounts for and reports 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 and reports 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 and reports resources restricted for the inspection and improvement of City sidewalks.

Stanhope Parking Lot Fund The Stanhope Parking Lot Fund accounts for and reports 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 and reports 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.

Police Vehicles Fund The Police Vehicles Fund accounts for and reports restricted monies received from penalties for traffic violations where expenditures are restricted to be used for police vehicle and equipment expenditures.

Sewer Rehabilitation Fund The Sewer Rehabilitation Fund accounts for and reports 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, 2012

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$827,961	\$69,684	\$1,467,948	\$2,365,593
Materials and Supplies Inventory	95,668	0	0	95,668
Accounts Receivable	700	0	0	700
Intergovernmental Receivable	437,157	0	72,576	509,733
Property Taxes Receivable	199,888	0	832,872	1,032,760
Assets Held for Resale	360,552	0	0	360,552
Special Assessments Receivable	862,175	52,397	0	914,572
<i>Total Assets</i>	<u>\$2,784,101</u>	<u>\$122,081</u>	<u>\$2,373,396</u>	<u>\$5,279,578</u>
Liabilities				
Accounts Payable	\$38,719	\$0	\$5,126	\$43,845
Accrued Wages	17,662	0	0	17,662
Contracts Payable	0	0	117,117	117,117
Retainage Payable	0	0	5,780	5,780
Intergovernmental Payable	80,750	0	0	80,750
Interfund Payable	116,750	0	0	116,750
<i>Total Liabilities</i>	<u>253,881</u>	<u>0</u>	<u>128,023</u>	<u>381,904</u>
Deferred Inflows of Resources				
Property Taxes	174,462	0	726,924	901,386
Unavailable Revenue	1,255,237	52,397	178,524	1,486,158
<i>Total Deferred Inflows of Resources</i>	<u>1,429,699</u>	<u>52,397</u>	<u>905,448</u>	<u>2,387,544</u>
Fund Balances				
Nonspendable	95,668	0	0	95,668
Restricted	1,059,001	69,684	1,339,925	2,468,610
Unassigned (Deficit)	(54,148)	0	0	(54,148)
<i>Total Fund Balances</i>	<u>1,100,521</u>	<u>69,684</u>	<u>1,339,925</u>	<u>2,510,130</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$2,784,101</u>	<u>\$122,081</u>	<u>\$2,373,396</u>	<u>\$5,279,578</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, 2012

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Property Taxes	\$205,550	\$0	\$856,466	\$1,062,016
Special Assessments	844,169	3,141	0	847,310
Intergovernmental	958,724	0	895,479	1,854,203
Interest	0	0	745	745
Fines and Forfeitures	74,685	0	0	74,685
Rentals	12,780	0	0	12,780
Charges for Services	46,082	0	0	46,082
Other	30,455	6,082	123,534	160,071
<i>Total Revenues</i>	<u>2,172,445</u>	<u>9,223</u>	<u>1,876,224</u>	<u>4,057,892</u>
Expenditures				
Current:				
General Government:				
Legislative and Executive	0	250	0	250
Security of Persons and Property:				
Police	196,948	0	0	196,948
Fire	122,110	0	0	122,110
Transportation	818,201	0	0	818,201
Basic Utility Services	1,263,883	0	0	1,263,883
Capital Outlay	0	0	3,861,128	3,861,128
Debt Service:				
Principal Retirement	0	73,605	377,287	450,892
Interest and Fiscal Charges	0	42,504	79,496	122,000
<i>Total Expenditures</i>	<u>2,401,142</u>	<u>116,359</u>	<u>4,317,911</u>	<u>6,835,412</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(228,697)</u>	<u>(107,136)</u>	<u>(2,441,687)</u>	<u>(2,777,520)</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	81,862	0	0	81,862
OAQDA Loan Issued	0	0	374,441	374,441
Transfers In	0	100,000	235,000	335,000
Transfers Out	0	0	(464,651)	(464,651)
<i>Total Other Financing Sources (Uses)</i>	<u>81,862</u>	<u>100,000</u>	<u>144,790</u>	<u>326,652</u>
<i>Net Change in Fund Balances</i>	<u>(146,835)</u>	<u>(7,136)</u>	<u>(2,296,897)</u>	<u>(2,450,868)</u>
<i>Fund Balances Beginning of Year</i>	<u>1,247,356</u>	<u>76,820</u>	<u>3,636,822</u>	<u>4,960,998</u>
<i>Fund Balances End of Year</i>	<u><u>\$1,100,521</u></u>	<u><u>\$69,684</u></u>	<u><u>\$1,339,925</u></u>	<u><u>\$2,510,130</u></u>

City of South Euclid, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2012

	Operation Home Improvement	COPS Grant	Street Construction, Maintenance and Repair	State Highway
Assets				
Equity in Pooled Cash and Cash Equivalents	\$125,195	\$513	\$136,599	\$17,226
Materials and Supplies Inventory	0	0	95,668	0
Accounts Receivable	0	0	0	0
Intergovernmental Receivable	0	0	330,888	26,829
Property Taxes Receivable	0	0	0	0
Assets Held for Resale	360,552	0	0	0
Special Assessments Receivable	43,033	0	0	0
<i>Total Assets</i>	<u>\$528,780</u>	<u>\$513</u>	<u>\$563,155</u>	<u>\$44,055</u>
Liabilities				
Accounts Payable	\$70	\$0	\$1,395	\$0
Accrued Wages	0	0	9,970	0
Intergovernmental Payable	0	0	12,229	0
Interfund Payable	0	16,750	100,000	0
<i>Total Liabilities</i>	<u>70</u>	<u>16,750</u>	<u>123,594</u>	<u>0</u>
Deferred Inflows of Resources				
Property Taxes	0	0	0	0
Unavailable Revenue	43,033	0	275,765	22,360
<i>Total Deferred Inflows of Resources</i>	<u>43,033</u>	<u>0</u>	<u>275,765</u>	<u>22,360</u>
Fund Balances				
Nonspendable	0	0	95,668	0
Restricted	485,677	0	68,128	21,695
Unassigned (Deficit)	0	(16,237)	0	0
<i>Total Fund Balances (Deficit)</i>	<u>485,677</u>	<u>(16,237)</u>	<u>163,796</u>	<u>21,695</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$528,780</u>	<u>\$513</u>	<u>\$563,155</u>	<u>\$44,055</u>

<u>Permissive Motor Vehicle License</u>	<u>Police Range</u>	<u>Law Enforcement</u>	<u>Street Lighting</u>
\$82,504	\$27,630	\$234,065	\$92,041
0	0	0	0
0	0	0	0
62,046	0	0	0
0	0	0	0
0	0	0	0
0	312	0	426,481
<u>\$144,550</u>	<u>\$27,942</u>	<u>\$234,065</u>	<u>\$518,522</u>
\$0	\$1,480	\$0	\$35,684
0	0	0	0
0	0	0	0
0	0	0	0
0	1,480	0	35,684
0	0	0	0
52,429	0	0	426,481
52,429	0	0	426,481
0	0	0	0
92,121	26,462	234,065	56,357
0	0	0	0
92,121	26,462	234,065	56,357
<u>\$144,550</u>	<u>\$27,942</u>	<u>\$234,065</u>	<u>\$518,522</u>

(continued)

City of South Euclid, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2012

	Sewer Rental	Police Pension	Fire Pension	Total Nonmajor Special Revenue Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$90,099	\$11,045	\$11,044	\$827,961
Materials and Supplies Inventory	0	0	0	95,668
Accounts Receivable	700	0	0	700
Intergovernmental Receivable	0	8,697	8,697	437,157
Property Taxes Receivable	0	99,944	99,944	199,888
Assets Held for Resale	0	0	0	360,552
Special Assessments Receivable	392,349	0	0	862,175
<i>Total Assets</i>	<u>\$483,148</u>	<u>\$119,686</u>	<u>\$119,685</u>	<u>\$2,784,101</u>
Liabilities				
Accounts Payable	\$90	\$0	\$0	\$38,719
Accrued Wages	7,692	0	0	17,662
Intergovernmental Payable	8,521	30,000	30,000	80,750
Interfund Payable	0	0	0	116,750
<i>Total Liabilities</i>	<u>16,303</u>	<u>30,000</u>	<u>30,000</u>	<u>253,881</u>
Deferred Inflows of Resources				
Property Taxes	0	87,231	87,231	174,462
Unavailable Revenue	392,349	21,410	21,410	1,255,237
<i>Total Deferred Inflows of Resources</i>	<u>392,349</u>	<u>108,641</u>	<u>108,641</u>	<u>1,429,699</u>
Fund Balances				
Nonspendable	0	0	0	95,668
Restricted	74,496	0	0	1,059,001
Unassigned (Deficit)	0	(18,955)	(18,956)	(54,148)
<i>Total Fund Balances (Deficit)</i>	<u>74,496</u>	<u>(18,955)</u>	<u>(18,956)</u>	<u>1,100,521</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$483,148</u>	<u>\$119,686</u>	<u>\$119,685</u>	<u>\$2,784,101</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, 2012

	Operation Home Improvement	COPS Grant	Street Construction, Maintenance and Repair	State Highway
Revenues				
Property Taxes	\$0	\$0	\$0	\$0
Special Assessments	33,137	0	0	0
Intergovernmental	57,659	2,284	683,422	55,443
Fines and Forfeitures	0	0	0	0
Rentals	0	0	0	0
Charges for Services	0	0	21,047	0
Other	240	0	6,300	0
<i>Total Revenues</i>	<u>91,036</u>	<u>2,284</u>	<u>710,769</u>	<u>55,443</u>
Expenditures				
Current:				
Security of Persons and Property:				
Police	0	19,032	0	0
Fire	0	0	0	0
Transportation	0	0	684,455	54,919
Basic Utility Services	410,508	0	0	0
<i>Total Expenditures</i>	<u>410,508</u>	<u>19,032</u>	<u>684,455</u>	<u>54,919</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(319,472)	(16,748)	26,314	524
Other Financing Sources				
Sale of Fixed Assets	81,862	0	0	0
<i>Net Change in Fund Balances</i>	(237,610)	(16,748)	26,314	524
<i>Fund Balances (Deficit)</i>				
<i>Beginning of Year</i>	<u>723,287</u>	<u>511</u>	<u>137,482</u>	<u>21,171</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$485,677</u>	<u>(\$16,237)</u>	<u>\$163,796</u>	<u>\$21,695</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, 2012

	Permissive Motor Vehicle License	Police Range	Law Enforcement	Street Lighting
Revenues				
Property Taxes	\$0	\$0	\$0	\$0
Special Assessments	0	312	0	465,034
Intergovernmental	126,448	0	0	0
Fines and Forfeitures	0	10,542	64,143	0
Rentals	0	12,780	0	0
Charges for Services	0	0	0	0
Other	0	0	19,047	4,868
<i>Total Revenues</i>	<u>126,448</u>	<u>23,634</u>	<u>83,190</u>	<u>469,902</u>
Expenditures				
Current:				
Security of Persons and Property:				
Police	0	21,953	33,853	0
Fire	0	0	0	0
Transportation	78,827	0	0	0
Basic Utility Services	0	0	0	437,238
<i>Total Expenditures</i>	<u>78,827</u>	<u>21,953</u>	<u>33,853</u>	<u>437,238</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	47,621	1,681	49,337	32,664
Other Financing Sources				
Sale of Fixed Assets	0	0	0	0
<i>Net Change in Fund Balances</i>	47,621	1,681	49,337	32,664
<i>Fund Balances (Deficit)</i>				
<i>Beginning of Year</i>	<u>44,500</u>	<u>24,781</u>	<u>184,728</u>	<u>23,693</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>\$92,121</u></u>	<u><u>\$26,462</u></u>	<u><u>\$234,065</u></u>	<u><u>\$56,357</u></u>

Sewer Rental	Police Pension	Fire Pension	Total Nonmajor Special Revenue Funds
\$0	\$102,775	\$102,775	\$205,550
345,686	0	0	844,169
0	16,734	16,734	958,724
0	0	0	74,685
0	0	0	12,780
25,035	0	0	46,082
0	0	0	30,455
<u>370,721</u>	<u>119,509</u>	<u>119,509</u>	<u>2,172,445</u>
0	122,110	0	196,948
0	0	122,110	122,110
0	0	0	818,201
<u>416,137</u>	<u>0</u>	<u>0</u>	<u>1,263,883</u>
<u>416,137</u>	<u>122,110</u>	<u>122,110</u>	<u>2,401,142</u>
(45,416)	(2,601)	(2,601)	(228,697)
<u>0</u>	<u>0</u>	<u>0</u>	<u>81,862</u>
(45,416)	(2,601)	(2,601)	(146,835)
<u>119,912</u>	<u>(16,354)</u>	<u>(16,355)</u>	<u>1,247,356</u>
<u>\$74,496</u>	<u>(\$18,955)</u>	<u>(\$18,956)</u>	<u>\$1,100,521</u>

City of South Euclid, Ohio
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2012

	General Obligation Bond Retirement	Special Assessment Bond Retirement	Total Nonmajor Debt Service Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$56,963	\$12,721	\$69,684
Special Assessments Receivable	0	52,397	52,397
<i>Total Assets</i>	<u>\$56,963</u>	<u>\$65,118</u>	<u>\$122,081</u>
Deferred Inflows of Resources			
Unavailable Revenue	\$0	\$52,397	\$52,397
Fund Balances			
Restricted	<u>56,963</u>	<u>12,721</u>	<u>69,684</u>
<i>Total Deferred Inflows of Resources and Fund Balances</i>	<u>\$56,963</u>	<u>\$65,118</u>	<u>\$122,081</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, 2012

	General Obligation Bond Retirement	Special Assessment Bond Retirement	Total Nonmajor Debt Service Funds
Revenues			
Special Assessments	\$0	\$3,141	\$3,141
Other	6,082	0	6,082
<i>Total Revenues</i>	<u>6,082</u>	<u>3,141</u>	<u>9,223</u>
Expenditures			
General Government:			
Legislative and Executive	250	0	250
Debt Service:			
Principal Retirement	28,605	45,000	73,605
Interest and Fiscal Charges	32,758	9,746	42,504
<i>Total Expenditures</i>	<u>61,613</u>	<u>54,746</u>	<u>116,359</u>
<i>Excess of Revenues Under Expenditures</i>	(55,531)	(51,605)	(107,136)
Other Financing Sources			
Transfers In	50,000	50,000	100,000
<i>Net Change in Fund Balances</i>	(5,531)	(1,605)	(7,136)
<i>Fund Balances Beginning of Year</i>	<u>62,494</u>	<u>14,326</u>	<u>76,820</u>
<i>Fund Balances End of Year</i>	<u><u>\$56,963</u></u>	<u><u>\$12,721</u></u>	<u><u>\$69,684</u></u>

City of South Euclid, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2012

	General Capital Improvements	Safety Forces Vehicle	Water Distribution Infrastructure	Road Improvement
Assets				
Equity in Pooled Cash and Cash Equivalents	\$69,958	\$666,156	\$406,648	\$318,947
Intergovernmental Receivable	0	0	0	72,576
Property Taxes Receivable	0	0	0	832,872
<i>Total Assets</i>	<u>\$69,958</u>	<u>\$666,156</u>	<u>\$406,648</u>	<u>\$1,224,395</u>
Liabilities				
Accounts Payable	\$1,846	\$1,844	\$1,436	\$0
Contracts Payable	0	0	0	117,117
Retainage Payable	0	0	0	5,780
<i>Total Liabilities</i>	<u>1,846</u>	<u>1,844</u>	<u>1,436</u>	<u>122,897</u>
Deferred Inflows of Resources				
Property Taxes	0	0	0	726,924
Unavailable Revenue	0	0	0	178,524
<i>Total Deferred Inflows of Resources</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>905,448</u>
Fund Balances				
Restricted	68,112	664,312	405,212	196,050
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$69,958</u>	<u>\$666,156</u>	<u>\$406,648</u>	<u>\$1,224,395</u>

Sidewalk Improvement	Stanhope Parking Lot	Police Vehicles	Sewer Rehabilitation	Total Nonmajor Capital Projects Funds
\$7	\$2,853	\$2,128	\$1,251	\$1,467,948
0	0	0	0	72,576
0	0	0	0	832,872
<u>\$7</u>	<u>\$2,853</u>	<u>\$2,128</u>	<u>\$1,251</u>	<u>\$2,373,396</u>
\$0	\$0	\$0	\$0	\$5,126
0	0	0	0	117,117
0	0	0	0	5,780
0	0	0	0	128,023
0	0	0	0	726,924
0	0	0	0	178,524
0	0	0	0	905,448
7	2,853	2,128	1,251	1,339,925
<u>\$7</u>	<u>\$2,853</u>	<u>\$2,128</u>	<u>\$1,251</u>	<u>\$2,373,396</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, 2012

	General Capital Improvements	Safety Forces Vehicle	Water Distribution Infrastructure	Road Improvement
Revenues				
Property Taxes	\$0	\$0	\$0	\$856,466
Intergovernmental	46,427	0	709,602	139,450
Interest	0	745	0	0
Other	123,534	0	0	0
<i>Total Revenues</i>	<u>169,961</u>	<u>745</u>	<u>709,602</u>	<u>995,916</u>
Expenditures				
Capital Outlay	857,018	811,321	1,447,000	724,251
Debt Service:				
Principal Retirement	113,787	0	0	263,500
Interest and Fiscal Charges	16,110	0	0	63,386
<i>Total Expenditures</i>	<u>986,915</u>	<u>811,321</u>	<u>1,447,000</u>	<u>1,051,137</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(816,954)</u>	<u>(810,576)</u>	<u>(737,398)</u>	<u>(55,221)</u>
Other Financing Sources (Uses)				
OAQDA Loan Issued	374,441	0	0	0
Transfers In	235,000	0	0	0
Transfers Out	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>609,441</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	<u>(207,513)</u>	<u>(810,576)</u>	<u>(737,398)</u>	<u>(55,221)</u>
<i>Fund Balances Beginning of Year</i>	<u>275,625</u>	<u>1,474,888</u>	<u>1,142,610</u>	<u>251,271</u>
<i>Fund Balances End of Year</i>	<u><u>\$68,112</u></u>	<u><u>\$664,312</u></u>	<u><u>\$405,212</u></u>	<u><u>\$196,050</u></u>

Sidewalk Improvement	Stanhope Parking Lot	Issue II	Police Vehicles	Sewer Rehabilitation	Total Nonmajor Capital Projects Funds
\$0	\$0	\$0	\$0	\$0	\$856,466
0	0	0	0	0	895,479
0	0	0	0	0	745
0	0	0	0	0	123,534
0	0	0	0	0	1,876,224
0	0	0	21,538	0	3,861,128
0	0	0	0	0	377,287
0	0	0	0	0	79,496
0	0	0	21,538	0	4,317,911
0	0	0	(21,538)	0	(2,441,687)
0	0	0	0	0	374,441
0	0	0	0	0	235,000
0	0	(464,651)	0	0	(464,651)
0	0	(464,651)	0	0	144,790
0	0	(464,651)	(21,538)	0	(2,296,897)
7	2,853	464,651	23,666	1,251	3,636,822
\$7	\$2,853	\$0	\$2,128	\$1,251	\$1,339,925

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, 2012

	Beginning Balance 12/31/11	Additions	Deductions	Ending Balance 12/31/12
<i>Deposits Fund</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	<u>\$1,301,350</u>	<u>\$1,126,474</u>	<u>\$641,084</u>	<u>\$1,786,740</u>
Liabilities				
Deposits Held and Due to Others	<u>\$1,301,350</u>	<u>\$1,126,474</u>	<u>\$641,084</u>	<u>\$1,786,740</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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$3,661,223	\$3,737,471	\$3,737,471	\$0
Income Taxes	8,516,534	8,693,897	8,693,897	0
Special Assessments	46,254	47,217	47,217	0
Intergovernmental	1,576,644	1,612,145	1,611,457	(688)
Interest	158,840	162,148	162,148	0
Fees, Licenses and Permits	707,542	722,277	722,277	0
Fines and Forfeitures	613,901	626,686	626,686	0
Rentals	96,734	98,749	98,749	0
Charges for Services	566,971	569,712	558,362	(11,350)
Contributions and Donations	10,166	10,378	10,378	0
Other	26,991	27,550	27,550	0
<i>Total Revenues</i>	15,981,800	16,308,230	16,296,192	(12,038)
Expenditures				
Current:				
General Government:				
Legislative and Executive:				
Council				
Personal Services	100,763	100,763	99,420	1,343
Contractual Services	1,281	3,240	540	2,700
Materials and Supplies	692	1,733	280	1,453
Total Council	102,736	105,736	100,240	5,496
Mayor				
Personal Services	176,393	178,393	172,455	5,938
Contractual Services	5,728	5,728	5,155	573
Materials and Supplies	1,746	1,746	1,490	256
Other	6,060	6,060	4,983	1,077
Total Mayor	189,927	191,927	184,083	7,844
Finance Department				
Personal Services	299,089	299,089	267,713	31,376
Contractual Services	33,751	33,751	26,643	7,108
Materials and Supplies	7,063	7,063	5,565	1,498
Other	1,123	1,123	890	233
Total Finance Department	341,026	341,026	300,811	40,215
Law Director				
Personal Services	115,882	140,882	134,886	5,996
Contractual Services	213,054	283,443	263,993	19,450
Materials and Supplies	8,809	11,852	11,433	419
Other	9,518	12,513	10,590	1,923
Total Law Director	347,263	448,690	420,902	27,788
Civil Service				
Personal Services	7,825	7,825	7,742	83
Contractual Services	200	200	0	200
Other	619	619	0	619
Total Civil Service	\$8,644	\$8,644	\$7,742	\$902

(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, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Municipal Complex				
Personal Services	\$600	\$600	\$25	\$575
Contractual Services	470,761	466,141	381,817	84,324
Materials and Supplies	37,085	41,705	41,705	0
Other	27,579	27,579	15,571	12,008
Total Municipal Complex	536,025	536,025	439,118	96,907
Engineer				
Personal Services	19,098	19,098	18,837	261
Contractual Services	6,000	6,000	2,967	3,033
Total Engineer	25,098	25,098	21,804	3,294
Mandated				
Contractual Services	623,000	639,169	604,169	35,000
General Services				
Personal Services	58,230	58,230	48,221	10,009
Contractual Services	479,023	479,023	371,930	107,093
Other	18,397	18,397	14,066	4,331
Total General Services	555,650	555,650	434,217	121,433
Total Legislative and Executive	2,729,369	2,851,965	2,513,086	338,879
Judicial System:				
Municipal Court				
Personal Services	710,901	710,901	644,781	66,120
Contractual Services	2,657	2,657	2,398	259
Materials and Supplies	36,071	36,071	34,991	1,080
Other	19,018	19,018	17,367	1,651
Total Judicial System	768,647	768,647	699,537	69,110
Total General Government	3,498,016	3,620,612	3,212,623	407,989
Security of Persons and Property:				
Police:				
Police Department				
Personal Services	4,607,059	4,669,559	4,515,578	153,981
Contractual Services	121,537	121,584	89,801	31,783
Materials and Supplies	109,601	109,290	107,775	1,515
Other	69,026	69,290	52,781	16,509
Total Police Department	4,907,223	4,969,723	4,765,935	203,788
Dispatchers				
Personal Services	477,850	489,850	474,147	15,703
Contractual Services	14,518	15,122	15,122	0
Other	9,928	9,324	9,249	75
Total Dispatchers	502,296	514,296	498,518	15,778
Total Police	\$5,409,519	\$5,484,019	\$5,264,453	\$219,566

(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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fire:				
Fire Department				
Personal Services	\$3,838,550	\$3,898,550	\$3,677,103	\$221,447
Contractual Services	83,701	83,701	72,619	11,082
Materials and Supplies	45,418	45,418	31,779	13,639
Other	33,655	33,655	13,112	20,543
Total Fire Department	4,001,324	4,061,324	3,794,613	266,711
Fire Hydrants				
Contractual Services	31,500	31,500	26,074	5,426
Total Fire	4,032,824	4,092,824	3,820,687	272,137
Total Security of Persons and Property	9,442,343	9,576,843	9,085,140	491,703
Public Health Services:				
Health and Human Services				
Contractual Services	136,984	136,984	133,955	3,029
Leisure Time Activities:				
Recreation Department				
Personal Services	60,526	62,026	58,630	3,396
Contractual Services	255,884	255,884	15,370	240,514
Materials and Supplies	130	130	8	122
Other	17,871	17,871	1,840	16,031
Total Recreation Department	334,411	335,911	75,848	260,063
Community Center				
Personal Services	149,268	150,768	136,370	14,398
Contractual Services	33,249	33,249	28,412	4,837
Materials and Supplies	5,584	5,584	3,675	1,909
Other	8,314	8,314	7,310	1,004
Total Community Center	196,415	197,915	175,767	22,148
Total Leisure Time Activities	530,826	533,826	251,615	282,211
Community Development				
Boards and Commissions				
Personal Services	33,903	35,903	32,956	2,947
Contractual Services	870	870	500	370
Materials and Supplies	80	80	46	34
Total Boards and Commissions	34,853	36,853	33,502	3,351
Community Relations				
Personal Services	70,007	71,807	70,100	1,707
Contractual Services	10,129	4,127	1,788	2,339
Other	39,743	45,745	45,745	0
Total Community Relations	\$119,879	\$121,679	\$117,633	\$4,046

(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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Economic Development Department				
Personal Services	\$59,085	\$61,785	\$60,374	\$1,411
Contractual Services	28,508	63,618	63,618	0
Materials and Supplies	785	785	146	639
Other	52,244	17,134	13,959	3,175
Total Economic Development Department	140,622	143,322	138,097	5,225
Youth Initiative				
Personal Services	19,698	19,698	12,062	7,636
Other	28,127	28,127	4,205	23,922
Total Youth Initiatives	47,825	47,825	16,267	31,558
Total Community Development	343,179	349,679	305,499	44,180
Building Department:				
Building Department				
Personal Services	677,179	677,179	635,417	41,762
Contractual Services	14,754	16,315	14,891	1,424
Materials and Supplies	16,576	18,305	15,543	2,762
Other	9,724	10,434	7,784	2,650
Total Building Department	718,233	722,233	673,635	48,598
Transportation:				
Service Department				
Personal Services	485,089	497,089	445,145	51,944
Contractual Services	83,435	83,435	70,874	12,561
Materials and Supplies	43,227	43,227	37,172	6,055
Other	4,474	4,474	3,958	516
Total Service Department	616,225	628,225	557,149	71,076
Service Garage				
Personal Services	177,172	177,172	166,092	11,080
Contractual Services	44,128	44,128	36,909	7,219
Materials and Supplies	170,652	170,652	132,747	37,905
Other	4,279	4,279	3,506	773
Total Service Garage	396,231	396,231	339,254	56,977
Total Transportation	\$1,012,456	\$1,024,456	\$896,403	\$128,053

(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, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Basic Utility Services:				
Refuse Collection and Disposal				
Contractual Services	\$1,598,142	\$1,598,142	\$1,224,783	\$373,359
Curbside Recycling				
Personal Services	141,547	141,547	100,556	40,991
Contractual Services	30,257	30,257	5,500	24,757
Materials and Supplies	2,694	2,694	700	1,994
Total Curbside Recycling	174,498	174,498	106,756	67,742
Total Basic Utility Services	1,772,640	1,772,640	1,331,539	441,101
<i>Total Expenditures</i>	17,454,677	17,737,273	15,890,409	1,846,864
<i>Excess of Revenues Over (Under) Expenditures</i>	(1,472,877)	(1,429,043)	405,783	1,834,826
Other Financing Sources (Uses)				
Sale of Capital Assets	8,106	8,278	8,278	0
Advances Out	(16,248)	(18,178)	(16,750)	1,428
Transfers Out	(540,000)	(540,000)	(385,000)	155,000
<i>Total Other Financing Sources (Uses)</i>	(548,142)	(549,900)	(393,472)	156,428
<i>Net Change in Fund Balance</i>	(2,021,019)	(1,978,943)	12,311	1,991,254
<i>Fund Balance Beginning of Year</i>	2,972,114	2,972,114	2,972,114	0
Prior Year Encumbrances Appropriated	516,516	516,516	516,516	0
<i>Fund Balance End of Year</i>	\$1,467,611	\$1,509,687	\$3,500,941	\$1,991,254

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, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Special Assessments	\$1,756,770	\$1,828,128	\$2,096,390	\$268,262
Expenditures				
Capital Outlay:				
Contractual Services	3,573,151	3,933,449	3,640,066	293,383
Other	14,651	16,454	12,275	4,179
Total Capital Outlay	3,587,802	3,949,903	3,652,341	297,562
Debt Service:				
Principal Retirement	665,670	747,575	557,714	189,861
Interest and Fiscal Charges	167,780	188,424	140,571	47,853
Total Debt Service	833,450	935,999	698,285	237,714
<i>Total Expenditures</i>	4,421,252	4,885,902	4,350,626	535,276
<i>Excess of Revenues Under Expenditures</i>	(2,664,482)	(3,057,774)	(2,254,236)	803,538
Other Financing Sources				
OPWC Loan Issued	737,800	737,800	737,800	0
Transfers In	464,651	464,651	464,651	0
<i>Total Other Financing Sources</i>	1,202,451	1,202,451	1,202,451	0
<i>Net Change in Fund Balance</i>	(1,462,031)	(1,855,323)	(1,051,785)	803,538
<i>Fund Balance Beginning of Year</i>	1,210,488	1,210,488	1,210,488	0
Prior Year Encumbrances Appropriated	644,880	644,880	644,880	0
<i>Fund Balance End of Year</i>	\$393,337	\$45	\$803,583	\$803,538

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Other	\$0	\$286,822	\$286,822	\$0
Expenditures				
Capital Outlay:				
Contractual Services	18,979	34,081	29,142	4,939
Other	41	532	530	2
Total Capital Outlay	19,020	34,613	29,672	4,941
Debt Service:				
Principal Retirement	1,480,437	19,150,690	19,070,000	80,690
Interest and Fiscal Charges	19,587	253,364	252,296	1,068
Note Issuance Costs	24,670	319,130	317,786	1,344
Total Debt Service	1,524,694	19,723,184	19,640,082	83,102
<i>Total Expenditures</i>	1,543,714	19,757,797	19,669,754	88,043
<i>Excess of Revenues Under Expenditures</i>	(1,543,714)	(19,470,975)	(19,382,932)	88,043
Other Financing Sources				
General Obligation Bonds Issued	0	14,130,000	14,130,000	0
Bond Anticipation Notes Issued	0	3,900,000	3,900,000	0
Premium on Bond Anticipation Notes	0	1,449,127	1,449,127	0
Premium on Bond Anticipation Notes	0	15,624	15,624	0
<i>Total Other Financing Sources</i>	0	19,494,751	19,494,751	0
<i>Net Change in Fund Balance</i>	(1,543,714)	23,776	111,819	88,043
<i>Fund Balance Beginning of Year</i>	1,556,021	1,556,021	1,556,021	0
Prior Year Encumbrances Appropriated	17,714	17,714	17,714	0
<i>Fund Balance End of Year</i>	\$30,021	\$1,597,511	\$1,685,554	\$88,043

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, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Special Assessments	\$16,274	\$33,137	\$33,137	\$0
Intergovernmental	110,403	224,796	224,796	0
Other	40,323	82,102	82,102	0
<i>Total Revenues</i>	167,000	340,035	340,035	0
Expenditures				
Current:				
Basic Utility Services:				
Refuse Collection and Disposal				
Contractual Services	376,327	610,969	529,632	81,337
Other	33,502	44,774	27,383	17,391
<i>Total Expenditures</i>	409,829	655,743	557,015	98,728
<i>Net Change in Fund Balance</i>	(242,829)	(315,708)	(216,980)	98,728
<i>Fund Balance Beginning of Year</i>	184,569	184,569	184,569	0
Prior Year Encumbrances Appropriated	142,629	142,629	142,629	0
<i>Fund Balance End of Year</i>	\$84,369	\$11,490	\$110,218	\$98,728

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$3,000	\$3,000	\$2,284	(\$716)
Expenditures				
Current:				
Security of Persons and Property:				
Police Department:				
Contractual Services	20,000	20,000	19,032	968
Other	511	511	511	0
<i>Total Expenditures</i>	20,511	20,511	19,543	968
<i>Excess of Revenues Under Expenditures</i>	(17,511)	(17,511)	(17,259)	252
Other Financing Sources				
Advances In	17,000	17,000	16,750	(250)
<i>Net Change in Fund Balance</i>	(511)	(511)	(509)	2
<i>Fund Balance Beginning of Year</i>	0	0	0	0
Prior Year Encumbrances Appropriated	511	511	511	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$2	\$2

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, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$718,873	\$717,314	\$674,931	(\$42,383)
Charges for Services	22,417	22,369	21,047	(1,322)
Other	6,710	6,695	6,300	(395)
<i>Total Revenues</i>	748,000	746,378	702,278	(44,100)
Expenditures				
Current:				
Transportation:				
Street Maintenance				
Personal Services	552,071	552,071	513,646	38,425
Contractual Services	25,328	25,328	14,640	10,688
Materials and Supplies	255,488	255,488	134,619	120,869
<i>Total Expenditures</i>	832,887	832,887	662,905	169,982
<i>Net Change in Fund Balance</i>	(84,887)	(86,509)	39,373	125,882
<i>Fund Balance Beginning of Year</i>	69,945	69,945	69,945	0
Prior Year Encumbrances Appropriated	16,581	16,581	16,581	0
<i>Fund Balance End of Year</i>	\$1,639	\$17	\$125,899	\$125,882

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, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$50,000	\$54,724	\$54,724	\$0
Expenditures				
Current:				
Transportation:				
Street Maintenance				
Materials and Supplies	55,000	55,000	54,919	81
<i>Net Change in Fund Balance</i>	(5,000)	(276)	(195)	81
<i>Fund Balance Beginning of Year</i>	17,421	17,421	17,421	0
<i>Fund Balance End of Year</i>	<u>\$12,421</u>	<u>\$17,145</u>	<u>\$17,226</u>	<u>\$81</u>

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, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$120,000	\$126,678	\$126,679	\$1
Expenditures				
Current:				
Transportation:				
Street Maintenance				
Materials and Supplies	130,000	130,000	79,974	50,026
<i>Net Change in Fund Balance</i>	(10,000)	(3,322)	46,705	50,027
<i>Fund Balance Beginning of Year</i>	34,652	34,652	34,652	0
<i>Fund Balance End of Year</i>	<u>\$24,652</u>	<u>\$31,330</u>	<u>\$81,357</u>	<u>\$50,027</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, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeitures	\$6,026	\$12,892	\$12,892	\$0
Rentals	5,974	12,780	12,780	0
<i>Total Revenues</i>	12,000	25,672	25,672	0
Expenditures				
Current:				
Security of Persons and Property:				
Police Department:				
Contractual Services	116	116	101	15
Materials and Supplies	36,666	36,666	31,856	4,810
Other	428	428	374	54
<i>Total Expenditures</i>	37,210	37,210	32,331	4,879
<i>Net Change in Fund Balance</i>	(25,210)	(11,538)	(6,659)	4,879
<i>Fund Balance Beginning of Year</i>	20,979	20,979	20,979	0
Prior Year Encumbrances Appropriated	7,210	7,210	7,210	0
<i>Fund Balance End of Year</i>	\$2,979	\$16,651	\$21,530	\$4,879

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, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeitures	\$6,173	\$64,368	\$64,368	\$0
Other	1,827	19,047	19,047	0
<i>Total Revenues</i>	8,000	83,415	83,415	0
Expenditures				
Current:				
Security of Persons and Property:				
Police Department:				
Other	50,000	50,000	34,033	15,967
<i>Net Change in Fund Balance</i>	(42,000)	33,415	49,382	15,967
<i>Fund Balance Beginning of Year</i>	184,503	184,503	184,503	0
<i>Fund Balance End of Year</i>	<u>\$142,503</u>	<u>\$217,918</u>	<u>\$233,885</u>	<u>\$15,967</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, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Special Assessments	\$425,545	\$465,034	\$465,034	\$0
Other	4,455	4,868	4,868	0
<i>Total Revenues</i>	430,000	469,902	469,902	0
Expenditures				
Current:				
Basic Utility Services:				
Street Maintenance				
Contractual Services	479,437	479,437	436,152	43,285
Materials and Supplies	1,063	1,063	967	96
<i>Total Expenditures</i>	480,500	480,500	437,119	43,381
<i>Net Change in Fund Balance</i>	(50,500)	(10,598)	32,783	43,381
<i>Fund Balance Beginning of Year</i>	59,258	59,258	59,258	0
<i>Fund Balance End of Year</i>	\$8,758	\$48,660	\$92,041	\$43,381

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Special Assessments	\$303,626	\$345,686	\$345,686	\$0
Charges for Services	21,374	24,335	24,335	0
<i>Total Revenues</i>	325,000	370,021	370,021	0
Expenditures				
Current:				
Basic Utility Services:				
Sewer Maintenance				
Personal Services	358,562	358,562	340,197	18,365
Contractual Services	4,895	14,084	12,400	1,684
Materials and Supplies	4,630	11,570	9,971	1,599
Other	17,109	49,229	48,250	979
<i>Total Expenditures</i>	385,196	433,445	410,818	22,627
<i>Net Change in Fund Balance</i>	(60,196)	(63,424)	(40,797)	22,627
<i>Fund Balance Beginning of Year</i>	128,937	128,937	128,937	0
Prior Year Encumbrances Appropriated	933	933	933	0
<i>Fund Balance End of Year</i>	\$69,674	\$66,446	\$89,073	\$22,627

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, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$100,544	\$102,775	\$102,775	\$0
Intergovernmental	13,436	16,734	16,734	0
<i>Total Revenues</i>	113,980	119,509	119,509	0
Expenditures				
Current:				
Security of Persons and Property:				
Police:				
Contractual Services	123,000	123,000	122,110	890
<i>Net Change in Fund Balance</i>	(9,020)	(3,491)	(2,601)	890
<i>Fund Balance Beginning of Year</i>	13,646	13,646	13,646	0
<i>Fund Balance End of Year</i>	<u>\$4,626</u>	<u>\$10,155</u>	<u>\$11,045</u>	<u>\$890</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, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$98,020	\$102,775	\$102,775	\$0
Intergovernmental	15,960	16,734	16,734	0
<i>Total Revenues</i>	113,980	119,509	119,509	0
Expenditures				
Current:				
Security of Persons and Property:				
Fire:				
Contractual Services	123,000	123,000	122,110	890
<i>Net Change in Fund Balance</i>	(9,020)	(3,491)	(2,601)	890
<i>Fund Balance Beginning of Year</i>	13,645	13,645	13,645	0
<i>Fund Balance End of Year</i>	<u>\$4,625</u>	<u>\$10,154</u>	<u>\$11,044</u>	<u>\$890</u>

City of South Euclid, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Parking Lots and Meters Fund
For the Year Ended December 31, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Current:				
Basic Utility Services:				
Parking Lots and Meters				
Contractual Services	21,164	21,164	9,318	11,846
Materials and Supplies	2,237	2,237	985	1,252
Other	99	99	44	55
<i>Total Expenditures</i>	23,500	23,500	10,347	13,153
<i>Net Change in Fund Balance</i>	(23,500)	(23,500)	(10,347)	13,153
<i>Fund Balance Beginning of Year</i>	23,946	23,946	23,946	0
<i>Fund Balance End of Year</i>	\$446	\$446	\$13,599	\$13,153

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Swimming Pools Fund
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$266,434	\$97,591	\$80,821	(\$16,770)
Other	1,566	730	400	(330)
<i>Total Revenues</i>	268,000	98,321	81,221	(17,100)
Expenditures				
Current:				
Swimming Pools:				
Personal Services	203,631	203,631	169,823	33,808
Contractual Services	74,351	74,351	63,532	10,819
Materials and Supplies	15,839	15,839	10,408	5,431
Other	14,965	14,965	13,204	1,761
<i>Total Expenditures</i>	308,786	308,786	256,967	51,819
<i>Excess of Revenues Under Expenditures</i>	(40,786)	(210,465)	(175,746)	34,719
Other Financing Sources				
Transfers In	50,000	50,000	50,000	0
<i>Net Change in Fund Balance</i>	9,214	(160,465)	(125,746)	34,719
<i>Fund Balance Beginning of Year</i>	156,348	156,348	156,348	0
Prior Year Encumbrances Appropriated	4,162	4,162	4,162	0
<i>Fund Balance End of Year</i>	\$169,724	\$45	\$34,764	\$34,719

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, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Other	\$10,000	\$6,082	\$6,082	\$0
Expenditures				
Current:				
General Government:				
Legislative and Executive:				
Other	438	438	250	188
Debt Service:				
Principal Retirement	50,206	50,206	28,605	21,601
Interest and Fiscal Charges	57,495	57,495	32,758	24,737
Total Debt Service	107,701	107,701	61,363	46,338
<i>Total Expenditures</i>	108,139	108,139	61,613	46,526
<i>Excess of Revenues Under Expenditures</i>	(98,139)	(102,057)	(55,531)	46,526
Other Financing Sources				
Transfers In	50,000	50,000	50,000	0
<i>Net Change in Fund Balance</i>	(48,139)	(52,057)	(5,531)	46,526
<i>Fund Balance Beginning of Year</i>	62,494	62,494	62,494	0
<i>Fund Balance End of Year</i>	\$14,355	\$10,437	\$56,963	\$46,526

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, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Special Assessments	\$0	\$3,141	\$3,141	\$0
Expenditures				
Debt Service:				
Principal Retirement	45,000	45,000	45,000	0
Interest and Fiscal Charges	10,800	10,800	9,746	1,054
<i>Total Expenditures</i>	<u>55,800</u>	<u>55,800</u>	<u>54,746</u>	<u>1,054</u>
<i>Excess of Revenues Under Expenditures</i>	(55,800)	(52,659)	(51,605)	1,054
Other Financing Sources				
Transfers In	50,000	50,000	50,000	0
<i>Net Change in Fund Balance</i>	(5,800)	(2,659)	(1,605)	1,054
<i>Fund Balance Beginning of Year</i>	<u>14,326</u>	<u>14,326</u>	<u>14,326</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$8,526</u></u>	<u><u>\$11,667</u></u>	<u><u>\$12,721</u></u>	<u><u>\$1,054</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, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$46,355	\$47,240	\$46,427	(\$813)
Other	123,341	125,698	123,534	(2,164)
<i>Total Revenues</i>	169,696	172,938	169,961	(2,977)
Expenditures				
Capital Outlay:				
Capital Outlay	937,488	1,068,646	1,052,592	16,054
<i>Excess of Revenues Under Expenditures</i>	(767,792)	(895,708)	(882,631)	13,077
Other Financing Sources				
OAQDA Loan Proceeds	373,858	380,999	374,441	(6,558)
Transfers In	234,634	239,115	235,000	(4,115)
<i>Total Other Financing Sources</i>	608,492	620,114	609,441	(10,673)
<i>Net Change in Fund Balance</i>	(159,300)	(275,594)	(273,190)	2,404
<i>Fund Balance Beginning of Year</i>	205,325	205,325	205,325	0
Prior Year Encumbrances Appropriated	70,300	70,300	70,300	0
<i>Fund Balance End of Year</i>	<u>\$116,325</u>	<u>\$31</u>	<u>\$2,435</u>	<u>\$2,404</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, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest	\$201,000	\$745	\$745	\$0
Expenditures				
Capital Outlay:				
Capital Outlay	861,522	861,522	828,197	33,325
<i>Net Change in Fund Balance</i>	(660,522)	(860,777)	(827,452)	33,325
<i>Fund Balance Beginning of Year</i>	864,888	864,888	864,888	0
Prior Year Encumbrances Appropriated	611,322	611,322	611,322	0
<i>Fund Balance End of Year</i>	<u>\$815,688</u>	<u>\$615,433</u>	<u>\$648,758</u>	<u>\$33,325</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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$2,091,000	\$1,814,252	\$709,602	(\$1,104,650)
Expenditures				
Capital Outlay:				
Contractual Services	3,054,147	3,054,147	1,792,360	1,261,787
<i>Net Change in Fund Balance</i>	(963,147)	(1,239,895)	(1,082,758)	157,137
<i>Fund Balance Beginning of Year</i>	169,198	169,198	169,198	0
Prior Year Encumbrances Appropriated	1,070,747	1,070,747	1,070,747	0
<i>Fund Balance End of Year</i>	<u>\$276,798</u>	<u>\$50</u>	<u>\$157,187</u>	<u>\$157,137</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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$816,832	\$856,467	\$856,466	(\$1)
Intergovernmental	132,997	139,450	139,450	0
<i>Total Revenues</i>	949,829	995,917	995,916	(1)
Expenditures				
Capital Outlay:				
Contractual Services	723,749	723,749	654,047	69,702
Debt Service:				
Principal Retirement	263,500	263,500	263,500	0
Interest and Fiscal Charges	63,386	63,386	63,386	0
Total Debt Service	326,886	326,886	326,886	0
<i>Total Expenditures</i>	1,050,635	1,050,635	980,933	69,702
<i>Net Change in Fund Balance</i>	(100,806)	(54,718)	14,983	69,701
<i>Fund Balance Beginning of Year</i>	248,136	248,136	248,136	0
Prior Year Encumbrances Appropriated	3,135	3,135	3,135	0
<i>Fund Balance End of Year</i>	\$150,465	\$196,553	\$266,254	\$69,701

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, 2012*

	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>	<u>\$0</u>	<u>\$0</u>	<u>\$7</u>	<u>\$7</u>

City of South Euclid, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Stanhope Parking Lot Fund
For the Year Ended December 31, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay:				
Contractual Services	2,853	2,853	0	2,853
<i>Net Change in Fund Balance</i>	(2,853)	(2,853)	0	2,853
<i>Fund Balance Beginning of Year</i>	2,853	2,853	2,853	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$2,853</u>	<u>\$2,853</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, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures	0	0	0	0
<i>Excess of Revenues Over (Under) Expenditures</i>	0	0	0	0
Other Financing Uses				
Transfers Out	(464,651)	(464,651)	(464,651)	0
<i>Net Change in Fund Balance</i>	(464,651)	(464,651)	(464,651)	0
<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>\$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
Police Vehicles Fund
For the Year Ended December 31, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay:				
Other	23,000	23,000	21,589	1,411
<i>Net Change in Fund Balance</i>	(23,000)	(23,000)	(21,589)	1,411
<i>Fund Balance Beginning of Year</i>	23,666	23,666	23,666	0
<i>Fund Balance End of Year</i>	<u>\$666</u>	<u>\$666</u>	<u>\$2,077</u>	<u>\$1,411</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, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
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>	\$0	\$0	\$1,251	\$1,251

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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 – S9</i>
These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	
<i>Revenue Capacity</i>	<i>S10 – S12</i>
These schedules contain information to help the reader assess the City’s most significant local revenue, the municipal income tax.	
<i>Debt Capacity</i>	<i>S14 – S19</i>
These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	
<i>Economic and Demographic Information</i>	<i>S20 – S23</i>
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City’s financial activities take place.	
<i>Operating Information</i>	<i>S24 – S29</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.

City of South Euclid, Ohio*Net Position By Component**Last Ten Years**(Accrual Basis of Accounting)*

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Governmental Activities				
Net Investment in Capital Assets	\$18,625,891	\$33,707,532	\$33,940,171	\$32,938,396
Restricted:				
Capital Projects	8,580,926	8,417,154	8,191,218	6,012,190
Debt Service	0	0	674,337	817,326
Law Enforcement	234,065	184,728	165,435	0
Street Maintenance	572,744	495,804	456,029	238,023
Street Lighting	482,838	443,882	428,838	437,834
Sewer Maintenance	428,476	473,661	390,003	435,148
Community Development	528,710	835,629	799,141	0
Other Purposes	31,371	35,863	55,442	851,859
Unrestricted (Deficit)	<u>5,414,022</u>	<u>(8,367,742)</u>	<u>3,663,962</u>	<u>4,164,412</u>
<i>Total Governmental Activities Net Position</i>	<u>\$34,899,043</u>	<u>\$36,226,511</u>	<u>\$48,764,576</u>	<u>\$45,895,188</u>

2008	2007	2006	2005	2004	2003
\$30,383,626	\$28,853,662	\$22,453,546	\$20,848,365	\$18,556,099	\$17,806,555
6,357,363	5,732,147	10,817,930	12,072,013	13,586,656	9,536,999
840,410	1,205,795	1,228,773	1,230,674	1,209,362	4,689,143
0	0	0	0	0	0
437,529	618,196	868,767	767,151	745,178	619,840
514,248	551,299	564,263	581,334	616,735	638,139
384,037	398,264	361,298	398,185	374,740	386,731
0	0	0	0	0	0
646,835	304,415	338,842	295,348	404,799	449,460
5,754,886	7,541,936	6,233,264	5,772,223	5,689,409	6,886,696
<u>\$45,318,934</u>	<u>\$45,205,714</u>	<u>\$42,866,683</u>	<u>\$41,965,293</u>	<u>\$41,182,978</u>	<u>\$41,013,563</u>

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

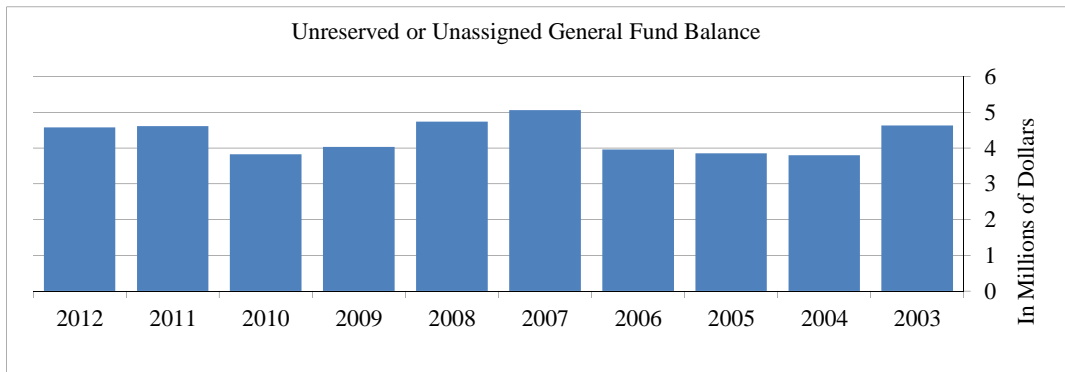
	2012	2011	2010	2009	2008
Program Revenues					
Governmental Activities:					
Charges for Services and Operating Assessments:					
General Government:					
Legislative and Executive	\$309,492	\$279,170	\$266,024	\$276,698	\$345,357
Judicial System	108,830	67,123	58,507	59,178	57,596
Security of Persons and Property:					
Police	803,316	634,724	594,913	607,784	693,554
Fire	505,995	434,764	468,368	436,945	495,777
Public Health Services	17,827	14,895	14,323	18,024	16,474
Leisure Time Activities	33,149	31,994	40,072	35,970	49,565
Community Development	26,810	28,728	24,134	25,565	36,442
Building Department	93,991	75,433	72,724	77,024	93,325
Transportation	138,707	214,687	150,034	140,916	188,751
Basic Utility Services	3,114,804	3,123,642	2,865,154	2,776,764	2,953,380
Swimming Pools	59,475	61,732	77,065	86,512	119,300
Operating Grants, Contributions and Interest	930,169	1,269,232	1,354,082	1,262,066	1,107,332
Capital Grants, Contributions and Capital Assessments	894,761	1,992,124	1,987,926	95,906	245,873
<i>Total Governmental Activities Program Revenues</i>	<u>7,037,326</u>	<u>8,228,248</u>	<u>7,973,326</u>	<u>5,899,352</u>	<u>6,402,726</u>
Expenses					
Governmental Activities:					
General Government:					
Legislative and Executive	2,805,130	2,622,344	2,388,528	2,653,976	2,819,870
Judicial System	756,170	567,380	528,283	571,587	467,629
Security of Persons and Property:					
Police	5,608,603	6,251,799	5,341,130	5,566,689	5,477,289
Fire	4,547,123	4,817,587	4,354,968	4,389,709	4,228,508
Public Health Services	131,696	125,129	127,799	129,249	133,196
Leisure Time Activities	277,716	450,164	368,780	356,693	585,200
Community Development	198,062	241,334	215,342	244,319	294,638
Building Department	701,612	640,481	654,922	743,044	770,710
Transportation	3,499,610	3,625,163	2,848,221	3,318,990	3,579,503
Basic Utility Services	4,500,720	5,612,047	3,173,606	2,464,808	3,928,628
Swimming Pools	344,435	331,283	339,938	406,544	420,665
Interest and Fiscal Charges	500,435	575,742	920,508	1,185,865	1,418,744
<i>Total Governmental Activities Expenses</i>	<u>23,871,312</u>	<u>25,860,453</u>	<u>21,262,025</u>	<u>22,031,473</u>	<u>24,124,580</u>
<i>Total Primary Government Net Expense</i>	<u>(16,833,986)</u>	<u>(17,632,205)</u>	<u>(13,288,699)</u>	<u>(16,132,121)</u>	<u>(17,721,854)</u>
General Revenues and Other Changes in Net Position					
Governmental Activities					
Taxes:					
Property Taxes Levied For:					
General Purposes	3,732,699	3,504,567	3,768,986	4,295,069	4,256,560
Debt Service	0	0	407,046	520,995	442,310
Capital Projects	855,273	874,193	530,252	517,143	511,338
Other Purposes	205,262	210,272	209,102	242,234	239,886
Municipal Income Taxes	8,633,358	8,914,416	8,151,305	8,332,487	9,085,439
Grants and Entitlements not Restricted to					
Specific Programs	1,487,408	2,520,328	2,344,675	2,143,984	2,351,687
Increase in Investment in Joint Venture	0	0	0	0	0
Investment Earnings	35,813	50,287	71,301	155,891	426,403
Gain on Sale of Capital Assets	81,862	260,082	6,447	0	0
Miscellaneous	474,843	603,868	668,973	500,572	521,451
<i>Total Governmental Activities General Revenues</i>	<u>15,506,518</u>	<u>16,938,013</u>	<u>16,158,087</u>	<u>16,708,375</u>	<u>17,835,074</u>
Special Item - Loss on Capital Assets	0	(11,843,873)	0	0	0
<i>Total Governmental Activities</i>	<u>15,506,518</u>	<u>5,094,140</u>	<u>16,158,087</u>	<u>16,708,375</u>	<u>17,835,074</u>
<i>Total Primary Government Change in Net Position</i>	<u>(\$1,327,468)</u>	<u>(\$12,538,065)</u>	<u>\$2,869,388</u>	<u>\$576,254</u>	<u>\$113,220</u>

2007	2006	2005	2004	2003
\$317,840	\$235,896	\$214,236	\$212,514	\$81,257
62,730	44,503	42,818	42,712	480,593
663,424	475,520	444,970	438,192	63,961
495,329	328,461	326,040	327,875	331,904
18,029	12,693	12,796	100,210	0
53,397	35,031	74,440	13,590	37,390
31,376	19,959	22,012	107,106	109,337
94,543	62,304	57,307	140,534	357,593
98,837	96,845	89,006	55,040	9,202
3,200,213	2,952,317	2,934,578	2,951,856	2,938,776
114,041	121,333	142,634	132,144	156,078
910,810	1,032,575	928,712	968,392	926,987
693,176	86,335	24,468	262,868	653,384
6,753,745	5,503,772	5,314,017	5,753,033	6,146,462
2,402,438	2,423,252	2,149,780	2,142,448	1,978,940
490,694	463,068	439,808	453,624	460,425
5,282,303	5,202,341	4,600,120	4,501,705	4,342,704
3,934,595	3,583,897	3,552,050	3,314,684	3,139,703
135,702	130,178	127,609	136,516	168,765
1,065,090	377,023	385,161	525,902	522,564
236,405	204,704	219,507	182,993	207,347
737,700	646,628	587,553	619,424	734,635
3,322,800	3,138,160	2,732,270	2,587,269	3,382,764
3,028,247	3,322,453	2,590,425	2,656,146	3,098,100
379,311	371,225	442,493	702,414	769,297
1,497,241	496,930	491,110	495,871	308,094
22,512,526	20,359,859	18,317,886	18,318,996	19,113,338
(15,758,781)	(14,856,087)	(13,003,869)	(12,565,963)	(12,966,876)
4,318,695	4,005,660	3,945,778	3,935,438	3,597,642
456,913	487,938	491,236	525,600	480,622
546,189	549,010	558,422	559,713	549,291
250,978	229,592	228,914	228,606	208,170
8,997,144	7,309,426	5,889,209	5,258,353	6,005,698
2,292,053	2,186,857	2,132,798	2,032,457	2,271,565
0	27,217	0	0	64,400
1,014,924	766,878	459,995	163,416	264,118
0	42,525	0	0	0
220,916	152,374	79,832	31,795	17,128
18,097,812	15,757,477	13,786,184	12,735,378	13,458,634
0	0	0	0	0
18,097,812	15,757,477	13,786,184	12,735,378	13,458,634
\$2,339,031	\$901,390	\$782,315	\$169,415	\$491,758

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

	2012	2011	2010	2009	2008
General Fund					
Nonspendable	\$156,529	\$146,928	\$131,894	\$136,237	\$0
Committed	0	2,544	3,095	0	0
Assigned	377,704	112,574	165,513	373,928	0
Unassigned	4,578,755	4,610,122	3,829,304	4,028,322	0
Reserved	0	0	0	0	208,058
Unreserved	0	0	0	0	4,739,743
Total General Fund	5,112,988	4,872,168	4,129,806	4,538,487	4,947,801
All Other Governmental Funds					
Nonspendable	95,668	142,470	100,231	58,558	0
Restricted	4,019,112	6,707,464	7,316,884	21,333,187	0
Unassigned (Deficit)	(1,376,064)	(16,800,530)	(3,259,718)	(3,478)	0
Reserved	0	0	0	0	19,172,102
Unreserved, Undesignated, Reported in:					
Special Revenue funds	0	0	0	0	659,747
Debt Service funds	0	0	0	0	736,311
Capital Projects funds	0	0	0	0	1,119,988
Total All Other Governmental Funds	2,738,716	(9,950,596)	4,157,397	21,388,267	21,688,148
Total Governmental Funds	\$7,851,704	(\$5,078,428)	\$8,287,203	\$25,926,754	\$26,635,949

Note: The City implemented GASB 54 in 2010.



2007	2006	2005	2004	2003
\$0	\$0	\$0	\$0	\$0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
246,721	98,956	99,302	151,359	161,318
5,060,371	3,957,818	3,848,239	3,801,648	4,634,250
5,307,092	4,056,774	3,947,541	3,953,007	4,795,568
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
19,430,616	1,772,610	1,868,745	932,454	1,012,722
718,116	946,986	851,780	943,201	1,117,585
776,932	772,589	735,471	678,299	631,875
1,901,173	6,952,753	7,962,465	10,286,763	10,268,190
22,826,837	10,444,938	11,418,461	12,840,717	13,030,372
\$28,133,929	\$14,501,712	\$15,366,002	\$16,793,724	\$17,825,940

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

	2012	2011	2010	2009	2008
Revenues					
Property Taxes	\$4,799,487	\$4,461,493	\$4,900,091	\$5,534,076	\$5,453,873
Income Taxes	8,662,240	8,722,342	8,290,533	8,311,273	8,463,897
Special Assessments	2,991,230	2,878,565	2,721,858	2,863,451	2,725,157
Intergovernmental	3,572,188	5,729,726	5,687,247	3,745,257	3,444,675
Interest	35,813	50,287	71,301	155,891	426,403
Fees, Licenses and Permits	726,128	515,075	27,587	474,395	451,096
Fines and Forfeitures	683,651	679,711	1,151,835	686,194	643,670
Rentals	123,579	123,152	126,271	130,790	122,628
Charges for Services	685,149	617,720	608,561	640,340	996,316
Contributions and Donations	10,378	0	0	0	0
Other	474,843	863,950	668,973	500,572	521,451
<i>Total Revenues</i>	<u>22,764,686</u>	<u>24,642,021</u>	<u>24,254,257</u>	<u>23,042,239</u>	<u>23,249,166</u>
Expenditures					
Current:					
General Government:					
Legislative and Executive	2,352,189	2,350,923	2,364,218	2,631,006	2,793,959
Judicial System	770,977	566,728	520,867	541,010	490,556
Security of Persons and Property:					
Police	5,418,874	5,219,329	5,236,295	5,482,855	5,393,378
Fire	3,937,662	3,874,490	4,326,610	4,298,797	4,130,488
Public Health Services	131,696	125,129	127,799	129,249	133,196
Leisure Time Activities	239,857	269,728	356,328	351,427	403,482
Community Development	198,062	241,334	215,342	244,319	294,638
Building Department	687,476	642,827	639,842	716,900	773,098
Transportation	1,685,118	1,779,430	2,830,847	2,089,754	2,247,498
Basic Utility Services	2,463,543	2,948,728	3,342,089	2,282,521	2,480,311
Swimming Pools	252,428	244,910	263,621	318,555	330,541
Capital Outlay	6,779,249	7,402,479	2,738,593	2,654,497	4,004,012
Debt Service:					
Principal Retirement	1,015,974	933,446	19,506,156	19,466,247	18,361,773
Interest and Fiscal Charges	365,171	431,511	1,200,981	1,252,209	1,398,321
Capital Appreciation Bonds Accretion	0	543,592	541,414	0	0
Issuance Costs	317,786	131,641	222,738	0	0
<i>Total Expenditures</i>	<u>26,616,062</u>	<u>27,706,225</u>	<u>44,433,740</u>	<u>42,459,346</u>	<u>43,235,251</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(3,851,376)</u>	<u>(3,064,204)</u>	<u>(20,179,483)</u>	<u>(19,417,107)</u>	<u>(19,986,085)</u>
Other Financing Sources (Uses)					
Sale of Capital Assets	90,140	4,115	6,447	0	5,423
Inception of Capital Lease	0	304,060	108,685	0	174,902
Premium on Bond Anticipation Notes Issued	0	0	3,479	103,670	0
Bond Anticipation Notes Issued	0	0	2,000,000	18,550,000	18,010,000
OWDA Loan Proceeds	0	0	0	0	0
General Obligation Bonds Issued	14,130,000	0	0	0	0
Premium on General Obligation Bonds Issued	1,449,127	0	0	0	0
OPWC Loans Issued	737,800	680,545	421,321	43,535	297,780
OAQDA Loan Issued	374,441	403,400	0	0	0
Compensation for Loss of Asset	0	150,326	0	10,707	0
Transfers In	799,651	233,666	673,478	1,110,000	1,257,232
Transfers Out	(799,651)	(233,666)	(673,478)	(1,110,000)	(1,257,232)
Loss on Land Held for Resale	0	(11,843,873)	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>16,781,508</u>	<u>(10,301,427)</u>	<u>2,539,932</u>	<u>18,707,912</u>	<u>18,488,105</u>
<i>Net Change in Fund Balances</i>	<u>\$12,930,132</u>	<u>(\$13,365,631)</u>	<u>(\$17,639,551)</u>	<u>(\$709,195)</u>	<u>(\$1,497,980)</u>
Debt Service as a Percentage of Noncapital Expenditures (a)					
	6.1%	6.3%	49.4%	52.7%	48.5%

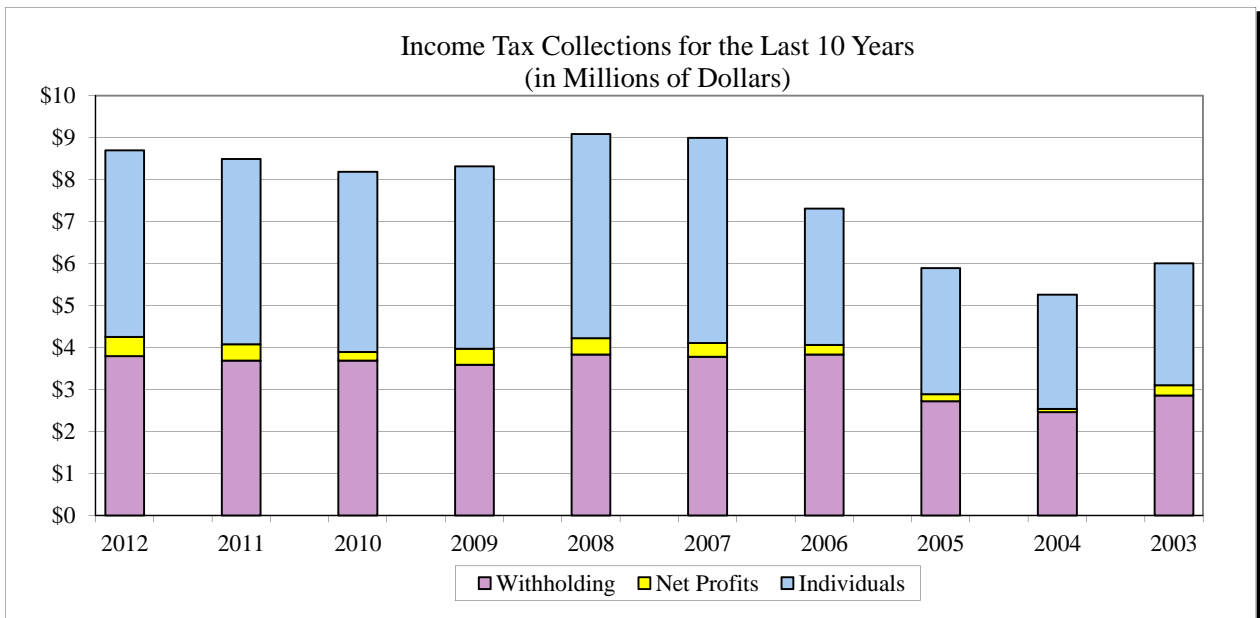
(a) The fluctuations in debt service as a percentage of noncapital expenditures is the result of the City paying off bond anticipation notes until bonds can be issued.

2007	2006	2005	2004	2003
\$5,501,086	\$5,268,129	\$5,279,878	\$5,265,227	\$4,767,851
8,674,233	6,741,479	5,594,529	5,349,183	5,739,236
3,019,836	2,841,329	2,891,889	2,879,471	2,731,482
3,965,660	3,311,300	3,205,613	3,026,880	3,733,712
1,014,924	766,878	459,995	163,416	264,118
416,655	606,335	638,644	534,101	748,651
547,248	578,346	472,986	521,519	489,830
620,707	158,687	184,116	166,792	105,893
587,344	306,598	257,754	346,546	303,336
0	0	0	0	0
220,916	152,374	79,832	31,795	17,128
24,568,609	20,731,455	19,065,236	18,284,930	18,901,237
2,383,974	2,424,399	2,140,190	2,171,553	1,955,867
472,870	453,396	426,959	437,166	444,559
5,116,404	4,842,681	4,522,458	4,376,502	4,178,466
3,867,768	3,484,989	3,400,649	3,279,987	2,978,482
135,702	130,178	127,609	136,516	168,765
400,970	370,605	341,400	393,217	467,343
236,405	204,704	219,507	185,669	207,345
714,860	643,659	569,766	572,410	719,646
2,237,033	1,748,928	1,940,539	1,779,840	1,675,861
2,280,720	2,135,250	1,840,926	1,930,402	1,968,487
298,761	274,413	266,658	351,821	461,665
10,014,436	3,821,801	3,208,757	2,583,885	7,510,874
1,315,524	1,175,441	1,070,655	1,019,245	9,342,841
520,804	415,518	427,297	460,865	431,485
0	0	0	0	0
0	0	0	0	0
29,996,231	22,125,962	20,503,370	19,679,078	32,511,686
(5,427,622)	(1,394,507)	(1,438,134)	(1,394,148)	(13,610,449)
7,468	173,253	10,412	6,023	2,731
0	356,964	0	0	0
0	0	0	0	20,074
17,000,000	0	0	0	0
2,052,371	0	0	0	0
0	0	0	0	9,400,000
0	0	0	0	0
0	0	0	355,909	820,587
0	0	0	0	0
0	0	0	0	0
1,650,547	945,000	732,917	407,500	348,103
(1,650,547)	(945,000)	(732,917)	(407,500)	(348,103)
0	0	0	0	0
19,059,839	530,217	10,412	361,932	10,243,392
\$13,632,217	(\$864,290)	(\$1,427,722)	(\$1,032,216)	(\$3,367,057)
8.8%	9.5%	9.5%	9.5%	64.2%

City of South Euclid, Ohio
Income Tax Revenue Base and Collections
Last Ten Years

Tax Year	Tax Rate (1)	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
2012	2.00 %	\$8,693,897	\$3,797,691	43.68%	\$458,209	5.27%	\$4,437,998	51.05%
2011	2.00	8,492,924	3,690,332	43.45	388,020	4.57	4,414,572	51.98
2010	2.00	8,187,494	3,686,517	45.03	209,063	2.55	4,291,914	52.42
2009	2.00	8,318,200	3,589,439	43.15	378,199	4.55	4,350,562	52.30
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

(1) 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**2011 and 2002*

2011 (1)				
Income Range	Number of Filers	Percent of Filers	Taxable Income	Percent of Taxable Income
\$0 - \$24,999	2,025	33.47%	\$21,714,476	6.93%
\$25,000 - \$49,999	1,493	24.68	55,584,382	17.75
\$50,000 - \$74,999	1,088	17.99	67,111,608	21.43
\$75,000 - \$99,999	661	10.93	56,669,628	18.10
Over \$100,000	783	12.93	112,097,920	35.79
Total	6,050	100.00%	\$313,178,014	100.00%

2002				
Income Range	Number of Filers	Percent of Filers	Taxable Income	Percent of Taxable Income
\$0 - \$24,999	2,605	34.54%	\$26,735,621	8.03%
\$25,000 - \$49,999	2,206	29.25	82,287,624	24.70
\$50,000 - \$74,999	1,502	19.90	92,021,417	27.62
\$75,000 - \$99,999	706	9.36	60,447,804	18.14
Over \$100,000	524	6.95	71,646,224	21.51
Total	7,543	100.00%	\$333,138,690	100.00%

(1) Information for 2011 is the most current available.

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

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

2012 Taxpayers	Ranking
South Euclid-Lyndhurst City School District	1
University Hospitals Health System	2
Notre Dame College	3
AeroControlex Group Inc.	4
City of South Euclid	5
University Suburban Health Center	6
Rochling Glastic Composites, LP	7
Riser Foods	8
University Dermatologists Inc.	9
Allergy Immunology Association Inc.	10

2003 Taxpayers	Ranking
South Euclid-Lyndhurst City School District	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	10

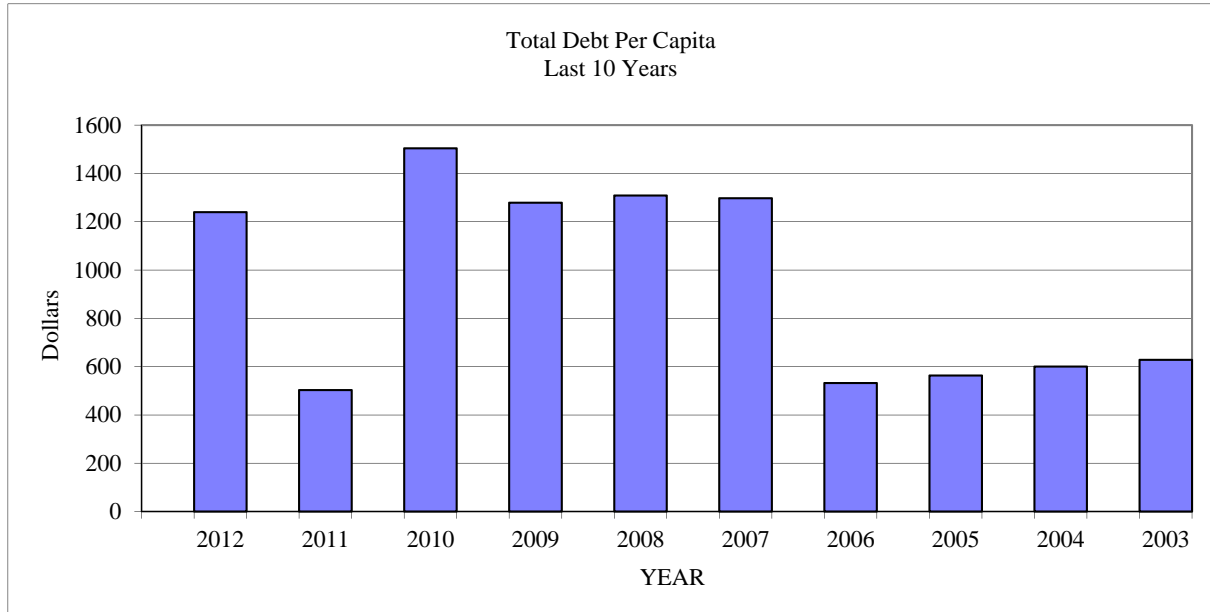
Due to legal restrictions and confidentiality requirements, the City cannot disclose the amount of withholding.

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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	OAQDA Loans	Police and Fire Pension	Capital Leases
2012	\$19,975,712	\$100,000	\$3,289,882	\$1,544,518	\$749,236	\$281,095	\$351,238
2011	5,062,238	145,000	2,661,689	1,636,125	403,400	288,463	465,025
2010	6,092,315	190,000	2,235,704	1,724,826	0	295,528	217,631
2009	7,078,990	230,000	1,869,186	1,810,714	0	302,301	254,052
2008	7,973,354	270,000	1,935,257	1,893,877	0	308,796	406,035
2007	8,842,976	305,000	1,747,086	1,974,401	0	315,023	356,546
2006	9,711,038	340,000	1,856,693	0	0	320,994	291,856
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

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



General Obligation Bond Anticipation Notes	Total Debt	Percentage of Personal Income (1)	Per Capita (1)
\$0	\$26,291,681	4.44%	\$1,240
0	10,661,940	5.41	503
21,143,738	31,899,742	2.35	1,504
18,558,639	30,103,882	6.06	1,279
18,010,000	30,797,319	6.19	1,308
17,000,000	30,541,032	6.14	1,298
0	12,520,581	2.38	532
0	13,254,526	2.52	563
0	14,128,256	2.68	600
0	14,791,592	2.81	628

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
2012	21,209	b	\$1,123,544,297	\$19,975,712	1.78 %	\$941.85
2011	21,209	b	1,255,900,840	5,062,238	0.40	238.68
2010	21,209	b	1,258,638,251	6,092,315	0.48	287.25
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

Sources:

- (1) U. S. Bureau of Census, Census of Population
 - (a) 2000 Federal Census
 - (b) 2010 Federal Census
- (2) Cuyahoga County Fiscal Officer
- (3) Includes all general obligation bonded debt

City of South Euclid, Ohio
Computation of Direct and Overlapping Governmental Activities Debt
 December 31, 2012

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	\$19,975,712	100.00%	\$19,975,712
Special Assessment Bonds	100,000	100.00%	100,000
OPWC Loans	3,289,882	100.00%	3,289,882
OWDA Loans	1,544,518	100.00%	1,544,518
OAQDA Loans	749,236	100.00%	749,236
Capital Leases	351,238	100.00%	351,238
Police and Fire Pension	281,095	100.00%	281,095
<i>Total Direct</i>	<u>26,291,681</u>		<u>26,291,681</u>
Overlapping			
South Euclid-Lyndhurst City School District			
General Obligation Bonds	5,889,464	42.98%	2,531,292
Cleveland Heights School District			
General Obligation Bonds	7,160,000	1.95%	139,620
Energy Conservation Bonds	1,295,000	1.95%	25,253
QZAB Bonds	5,500,000	1.95%	107,250
Capital Lease Obligations	770,975	1.95%	15,034
Cuyahoga County (2)			
General Obligation Bonds	352,896,785	1.37%	4,834,686
Revenue Bonds	441,559,586	1.37%	6,049,366
Notes Payable	7,200,000	1.37%	98,640
Loans Payable	7,269,902	1.37%	99,598
Cleveland Heights University Heights Public Library			
Capital Lease Obligations	389,455	6.51%	25,354
Greater Cleveland Regional Transit Authority			
General Obligation Bonds	134,123,371	1.37%	1,837,490
Capital Lease Obligations	17,793,437	1.37%	243,770
<i>Total Overlapping Debt</i>	<u>981,847,975</u>		<u>16,007,353</u>
Total	<u><u>\$1,008,139,656</u></u>		<u><u>\$42,299,034</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 Fiscal Officer

City of South Euclid, Ohio
Legal Debt Margin
Last Ten Years

	2012	2011	2010	2009
Population	21,209	21,209	21,209	23,537
Total Assessed Property Value	<u>\$357,391,830</u>	<u>\$406,474,780</u>	<u>\$408,512,770</u>	<u>\$407,015,640</u>
General Bonded Debt Outstanding:				
General Obligation Bonds	\$18,340,000	\$4,830,000	\$5,456,408	\$6,234,994
Special Assessment Bonds	100,000	145,000	190,000	230,000
Bond Anticipation Notes	3,900,000	19,070,000	21,070,000	20,350,000
OPWC Loans	3,289,882	2,806,643	2,235,704	1,869,186
OWDA Loans	1,544,518	1,636,125	1,724,826	1,810,714
OAQDA Loans	749,236	403,400	0	0
Total Gross Indebtedness	27,923,636	28,891,168	30,676,938	30,494,894
Less:				
Special Assessment Bonds	(100,000)	(145,000)	(190,000)	(230,000)
OPWC Loans	(3,289,882)	(2,806,643)	(2,235,704)	(1,869,186)
OWDA Loans	(1,544,518)	(1,636,125)	(1,724,826)	(1,810,714)
OAQDA Loans	(749,236)	(403,400)	0	0
General Obligation Bond Retirement Fund Balance	0	(62,494)	(642,371)	(708,103)
Total Net Debt Applicable to Debt Limit	<u>22,240,000</u>	<u>23,837,506</u>	<u>25,884,037</u>	<u>25,876,891</u>
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	<u>37,526,142</u>	<u>42,679,852</u>	<u>42,893,841</u>	<u>42,736,642</u>
Legal Debt Margin Within 10 ½ % Limitations	<u>\$15,286,142</u>	<u>\$18,842,346</u>	<u>\$17,009,804</u>	<u>\$16,859,751</u>
Legal Debt Margin as a Percentage of the Debt Limit	40.73%	44.15%	39.66%	39.45%
Unvoted Debt Limitation 5 ½ % of Assessed Valuation	<u>\$19,656,551</u>	<u>\$22,356,113</u>	<u>\$22,468,202</u>	<u>\$22,385,860</u>
Total Gross Indebtedness	27,923,636	28,891,168	30,676,938	30,494,894
Less:				
Special Assessment Bonds	(100,000)	(145,000)	(190,000)	(230,000)
OPWC Loans	(3,289,882)	(2,806,643)	(2,235,704)	(1,869,186)
OWDA Loans	(1,544,518)	(1,636,125)	(1,724,826)	(1,810,714)
OAQDA Loans	(749,236)	(403,400)	0	0
Voted General Obligation Bonds	(4,210,000)	(4,830,000)	(5,456,408)	(6,234,994)
General Obligation Bond Retirement Fund Balance	0	(62,494)	(642,371)	(708,103)
Net Debt Within 5 ½ % Limitations	<u>18,030,000</u>	<u>19,007,506</u>	<u>20,427,629</u>	<u>19,641,897</u>
Unvoted Legal Debt Margin Within 5 ½ % Limitations	<u>\$1,626,551</u>	<u>\$3,348,607</u>	<u>\$2,040,573</u>	<u>\$2,743,963</u>
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	8.27%	14.98%	9.08%	12.26%

Source: City Financial Records

2008	2007	2006	2005	2004	2003
23,537	23,537	23,537	23,537	23,537	23,537
<u>\$458,340,285</u>	<u>\$459,486,360</u>	<u>\$465,051,645</u>	<u>\$428,196,500</u>	<u>\$428,020,457</u>	<u>\$424,956,568</u>
\$7,299,994	\$8,304,994	\$9,279,994	\$10,239,994	\$11,174,994	\$12,089,994
270,000	305,000	340,000	375,000	405,000	435,000
19,810,000	18,800,000	1,800,000	0	0	0
1,935,257	1,747,086	1,856,693	1,966,300	2,216,053	1,929,124
1,893,877	1,974,401	0	0	0	0
0	0	0	0	0	0
31,209,128	31,131,481	13,276,687	12,581,294	13,796,047	14,454,118
(270,000)	(305,000)	(340,000)	(375,000)	(405,000)	(435,000)
(1,935,257)	(1,747,086)	(1,856,693)	(1,966,300)	(2,216,053)	(1,929,124)
(1,893,877)	(1,974,401)	0	0	0	0
0	0	0	0	0	0
(640,146)	(631,492)	(624,400)	(586,697)	(528,218)	(480,323)
26,469,848	26,473,502	10,455,594	9,653,297	10,646,776	11,609,671
48,125,730	48,246,068	48,830,423	44,960,633	44,942,148	44,620,440
<u>\$21,655,882</u>	<u>\$21,772,566</u>	<u>\$38,374,829</u>	<u>\$35,307,336</u>	<u>\$34,295,372</u>	<u>\$33,010,769</u>
45.00%	45.13%	78.59%	78.53%	76.31%	73.98%
<u>\$25,208,716</u>	<u>\$25,271,750</u>	<u>\$25,577,840</u>	<u>\$23,550,808</u>	<u>\$23,541,125</u>	<u>\$23,372,611</u>
31,209,128	31,131,481	13,276,687	12,581,294	13,796,047	14,454,118
(270,000)	(305,000)	(340,000)	(375,000)	(405,000)	(435,000)
(1,935,257)	(1,747,086)	(1,856,693)	(1,966,300)	(2,216,053)	(1,929,124)
(1,893,877)	(1,974,401)	0	0	0	0
0	0	0	0	0	0
(7,299,994)	(8,304,994)	(9,279,994)	(10,239,994)	(11,174,994)	(12,089,994)
(640,146)	(631,492)	(624,400)	(586,697)	(528,218)	(480,323)
19,169,854	18,168,508	1,175,600	0	0	0
<u>\$6,038,862</u>	<u>\$7,103,242</u>	<u>\$24,402,240</u>	<u>\$23,550,808</u>	<u>\$23,541,125</u>	<u>\$23,372,611</u>
23.96%	28.11%	95.40%	100.00%	100.00%	100.00%

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

2012	
Employer	Number of Employees
Notre Dame College	1,502
University Hospitals Health System	415
South Euclid-Lyndhurst City School District	410
City of South Euclid	287
Riser Foods	236
University Suburban Health Center	151
AeroControlex Group Inc.	125
Rochling Glastic Composites, LP	119
University Dermatologists Inc.	36
Ohio Bell Telephone	17
Total	<u>3,298</u>
Total Employment within the City	<u>n/a</u>

2006	
Employer	Number of Employees
Notre Dame College	566
South Euclid-Lyndhurst City School District	440
Marc Glassman Inc.	337
Cuyahoga County	267
City of South Euclid	199
University Suburban Health Center	192
Glastic Corporation	175
Riser Foods	156
Walgreen Company	135
Transdigm Inc.	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)
2012	21,209	b	\$592,770,341	\$27,949	\$56,536	38
2011	21,209	b	552,367,196	26,044	56,673	39
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

(1) Source: U. S. Census

(a) Years 2003 through 2009 - 2000 Federal Census

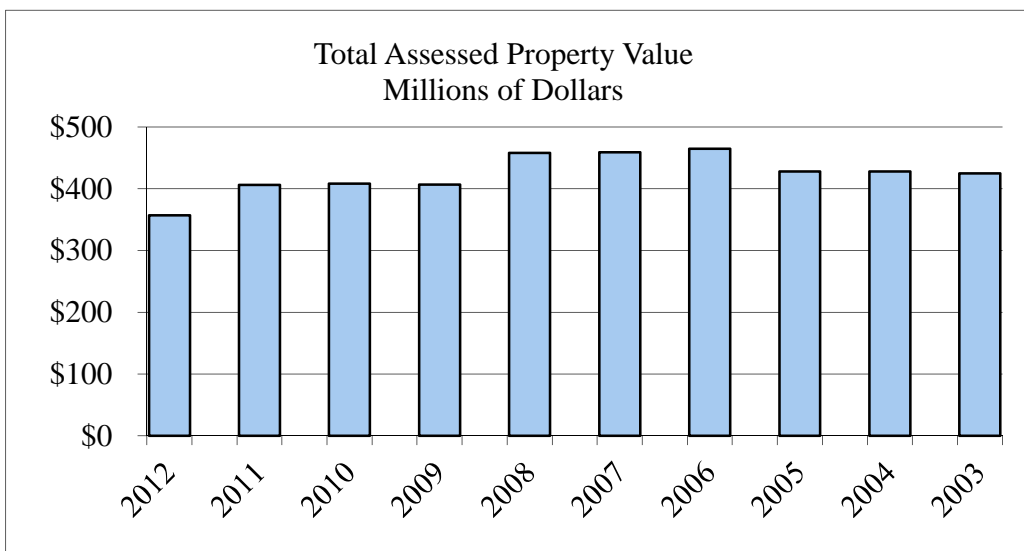
(b) Year 2010 through 2012 - 2010 Federal Census

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

(3) Cuyahoga County Planning Commission

(4) Source: Cuyahoga County Fiscal Officer

(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)
36.8%	4,182	8.3%	\$357,391,830
67.0	4,296	8.0	406,474,780
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

City of South Euclid, Ohio
City Government Employees by Function/Program
Last Ten Years

Function/Program	2012	2011	2010	2009	2008
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	4.00	4.00
Law	2.50	2.50	2.50	2.50	2.50
Civil Service	2.00	2.00	2.00	2.00	2.00
Municipal Complex	1.00	1.00	1.00	1.00	2.00
Engineering	1.00	1.00	1.00	1.00	1.00
Judicial System					
Municipal Court	11.50	12.00	12.00	12.00	12.00
Security of Persons and Property					
Police	58.00	58.00	58.00	58.00	58.00
Fire	33.00	33.00	38.00	38.00	38.00
Leisure Time Activities					
Recreation	1.00	1.00	1.00	1.00	2.00
Community Center	5.50	6.00	6.00	6.00	6.00
Community Development					
Boards and Commissions	9.00	9.00	9.00	9.00	9.00
Community Relations	1.50	1.50	1.50	1.50	1.50
Economic Development	1.00	1.00	1.00	0.50	1.00
Building Department					
Transportation	10.00	10.00	10.00	10.00	12.00
Service Department	18.50	21.00	21.00	21.00	22.00
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					
	37.50	30.00	30.00	30.00	30.00
Totals:	207.00	203.00	208.00	207.50	213.00

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.

2007	2006	2005	2004	2003
4.00	4.00	4.00	4.00	4.00
2.00	2.00	2.00	2.00	2.00
5.00	5.00	5.00	5.00	5.00
3.00	3.00	2.00	2.00	2.00
2.00	2.00	2.00	2.00	2.00
3.00	3.00	2.00	3.00	3.00
1.00	1.00	1.00	1.00	1.00
10.00	10.00	10.00	11.00	12.00
59.00	58.00	64.00	64.00	65.00
37.00	36.00	34.00	34.00	33.00
3.00	3.00	3.00	3.00	3.00
6.00	6.00	4.00	4.00	6.00
10.00	10.00	10.00	10.00	10.00
1.00	2.00	2.00	1.00	1.00
1.00	0.00	0.00	0.00	0.00
11.00	11.00	11.00	11.00	11.00
23.00	23.00	21.00	21.00	20.00
2.00	2.00	2.00	2.00	2.00
2.00	2.00	2.00	2.00	2.00
30.00	35.00	52.00	52.00	52.00
215.00	218.00	233.00	234.00	236.00

City of South Euclid, Ohio
Operating Indicators by Function/Program
Last Ten Years

Function/Program	2012	2011	2010	2009
General Government				
<i>City Council</i>				
Ordinances Introduced	40	40	64	56
Resolutions Introduced	70	70	90	71
<i>Municipal Court</i>				
Revenues Distributed to City General Fund	\$597,077	N/A	\$619,696	\$622,913
Operating Expenses Paid from General Fund	\$688,503	N/A	\$540,075	\$609,914
Traffic Charges Filed	5,634	N/A	5,284	5,380
Parking Tickets Processed	1,275	N/A	3,661	4,038
Criminal Charges Filed	1,111	N/A	1,181	1,681
Housing Code Charges Filed	124	N/A	478	807
Civil Cases Filed	921	N/A	1,010	1,320
Marriages Performed	10	N/A	13	6
Security of Persons & Property				
<i>Police</i>				
Number of Stations	1	1	1	1
Policemen and Officers	39	39	39	40
Bike Patrol Fleet	4	4	4	4
S.W.A.T. Members	6	0	0	0
K-9 Units	2	2	2	2
School Guards	0	0	0	13
Hours of Training	1,509	2,656	2,976	1,695
Number of Persons Arrested	1,031	1,036	963	1,050
Number of Traffic Citations Issued	4,388	4,453	5,537	5,163
Number of Parking Violations/Arrests	1,771	4,492	3,654	4,034
Police Responses	14,190	17,438	17,754	17,380
9-1-1 Emergency Calls Received	6,415	N/A	N/A	N/A
<i>Fire</i>				
Number of Stations	1	1	1	1
Firemen and Officers	32	34	37	37
Paramedics	28	28	27	25
Hours of Training	4,463	4,002	5,135	7,520
Number of Incidents	3,293	3,091	3,063	3,200
EMS Responses	2,269	2,120	1,983	2,093
Total Fire Loss	\$179,100	\$311,350	\$534,032	\$317,000
Building Department				
Residential Building Permits Issued	1,768	1,845	1,850	889
Estimated Value of Residential Construction	\$5,927,582	\$6,639,510	\$6,274,662	\$4,203,729
Commercial Building Permits Issued	337	186	18	45
Estimated Value of Commercial Construction	\$19,287,636	\$12,658,963	\$481,500	\$1,575,011
Transportation				
Number of Trees Planted	104	124	116	15
Tons of Salt Purchased	3,200	4,309	3,622	3,300
Basic Utility Services				
Tons of Recycling Picked Up	1,329	N/A	N/A	N/A
Tons Paper Recycling Picked Up	N/A	331	381	480
Tons of Plastic Recycling Picked Up	N/A	343	317	317
Swimming Pools				
Number of Pools	2	2	2	2
Swimming Pool Receipts	\$80,820	\$71,279	\$82,220	\$86,512
Swimming Pool Expenditures	\$252,924	\$249,792	\$264,402	\$315,554

Source: City of South Euclid

2008	2007	2006	2005	2004	2003
59	72	88	78	94	103
62	75	44	66	58	41
\$592,391	\$515,782	\$520,000	\$454,176	\$466,201	\$480,000
\$502,549	\$473,410	\$447,133	\$422,141	\$427,404	\$441,679
5,300	5,302	4,602	4,304	4,239	4,708
4,648	4,318	6,036	N/A	N/A	N/A
2,023	2,098	1,613	1,294	1,018	1,141
1,112	1,134	886	480	386	399
1,179	1,042	1,028	943	906	932
10	9	9	9	6	15
1	1	1	1	1	1
41	42	41	41	41	41
4	4	N/A	N/A	N/A	N/A
7	8	N/A	N/A	N/A	N/A
2	2	2	1	1	1
13	13	13	16	18	17
3,336	2,792	1,967	1,655	2,300	2,600
1,092	1,063	947	997	990	965
5,757	5,376	4,787	4,467	4,239	4,838
4,641	4,316	5,709	4,756	4,115	4,299
19,558	18,541	16,874	17,984	15,196	N/A
7,303	5,807	5,545	5,576	N/A	N/A
1	1	1	1	1	1
37	37	35	34	33	32
26	27	23	22	21	20
6,290	5,641	5,703	3,485	3,296	3,994
3,139	2,929	2,926	2,938	2,894	3,056
2,052	1,955	2,022	2,065	2,065	2,091
\$291,600	\$231,000	\$335,450	\$225,200	\$363,600	\$363,050
784	827	976	983	1,027	1,011
\$5,444,223	\$5,288,766	\$5,725,155	\$7,032,396	\$5,608,679	\$7,003,250
63	63	36	39	38	45
\$16,068,205	\$14,281,819	\$2,807,093	\$995,007	\$1,104,551	\$3,557,985
170	311	74	3	397	N/A
7,417	9,500	7,743	4,196	7,321	10,492
N/A	N/A	N/A	N/A	N/A	N/A
521	580	507	563	N/A	N/A
316	330	459	314	N/A	N/A
2	2	2	2	3	3
\$119,300	\$114,041	\$121,334	\$142,635	\$132,913	\$155,454
\$328,423	\$304,882	\$273,248	\$270,526	\$350,436	\$456,467

City of South Euclid, Ohio
Capital Assets Statistics by Function/Program
Last Ten Years

Function/Program	2012	2011	2010	2009
General Government				
Total Square Footage (1)	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	24	24
<i>Fire</i>				
Number of Stations	1	1	1	1
Vehicles	10	10	10	10
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	9
Transportation				
Street Miles	67	67	67	67
Storm Sewer Miles	60	60	60	60
Sanitary Sewer Miles	64	64	64	64
Water Line Miles*	0	0	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	28	28
Basic Utility Services				
Vehicles	16	16	16	16

Source: City of South Euclid

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

* In 2011, the City of South Euclid turned all the water lines over to the City of Cleveland.

2008	2007	2006	2005	2004	2003
54,002	54,002	54,002	54,002	54,002	54,002
1	1	1	1	1	1
1	1	1	1	1	1
25	35	30	28	28	28
1	1	1	1	1	1
10	11	10	10	9	9
3	3	3	3	3	3
2	2	2	2	2	2
2	2	2	2	3	3
4	4	4	4	4	4
1	1	1	1	1	1
10,582	10,582	10,582	10,582	10,582	10,582
9	10	8	8	8	8
67	67	67	61	61	61
60	60	60	N/A	N/A	N/A
64	64	64	N/A	N/A	N/A
70	70	70	N/A	N/A	N/A
13,897	13,897	13,897	13,897	13,897	13,897
17,542	17,542	17,542	17,542	17,542	17,542
32	32	32	29	29	27
21	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 9, 2013**