

**Mary Taylor, CPA**  
Auditor of State



CITY OF EUCLID  
CUYAHOGA COUNTY

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**CITY OF EUCLID  
CUYAHOGA COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2005**

| Federal Grantor/<br>Pass Through Grantor<br>Program Title   | Pass Through<br>Entity<br>Number | Federal<br>CFDA<br>Number | Disbursements              |
|---|----------------------------------|---------------------------|----------------------------|
| <b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>  |                                  |                           |                            |
| Direct Program:   |                                  |                           |                            |
| Community Development Block Grants/Entitlement Grants   |                                  | 14.218                    | \$ 379,770                 |
| Community Development Block Grants/Entitlement Grants   |                                  | 14.218                    | <u>735,736</u>             |
| Total U.S. Department of Housing and Urban Development  |                                  |                           | <u>\$ 1,115,506</u>        |
| <b><u>U.S. DEPARTMENT OF JUSTICE</u></b>  |                                  |                           |                            |
| Direct Program:   |                                  |                           |                            |
| Local Law Enforcement Block Grants Program  |                                  | 16.592                    | 24,044                     |
| Community Capacity Development Office   |                                  | 16.595                    | 48,425                     |
| Bulletproof Vest Partnership Program  |                                  | 16.607                    | <u>2,501</u>               |
| Total U.S. Department of Justice  |                                  |                           | <u>\$ 74,970</u>           |
| <b><u>FEDERAL EMERGENCY MANAGEMENT AGENCY</u></b>   |                                  |                           |                            |
| Direct Program:   |                                  |                           |                            |
| Assistance to Firefighters Grant  |                                  | 97.044                    | <u>44,025</u>              |
| Total Federal Emergency Management Agency   |                                  |                           | <u>\$ 44,025</u>           |
| <b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>  |                                  |                           |                            |
| Pass Through the Western Reserve Area Agency on Aging<br>Special Program for the Aging Title III, Part C - Nutrition Services | FY05                             | 93.045                    | <u>64,297</u>              |
| Total U.S. Department of Health and Human Services  |                                  |                           | <u>\$ 64,297</u>           |
| <b>Total Federal Assistance</b>   |                                  |                           | <b><u>\$ 1,298,798</u></b> |

See the accompanying notes to the Schedule of Federal Award Expenditures

**CITY OF EUCLID  
CUYAHOGA COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FISCAL YEAR ENDED DECEMBER 31, 2005**

**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the City's federal award programs. The schedule has been prepared on the cash basis of accounting.

CFDA – Catalog of Federal Domestic Assistance



# Mary Taylor, CPA

Auditor of State

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

City of Euclid  
Cuyahoga County  
585 East 222<sup>nd</sup> Street  
Euclid, Ohio 44123

To the City Council:

We have audited the financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of City of Euclid, Cuyahoga County, Ohio, (the City) as of and for the year ended December 31, 2005, which collectively comprise the City's basic financial statements and have issued our report thereon dated February 12, 2007, wherein we noted the City restated January 1, 2005 net assets and fund balances due to prior year accounting changes, reclassifying a governmental fund to an enterprise fund, the understatement of capital assets, reclassifying long-term debt, and overstatement of claims payable. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting to determine our auditing procedures in order to express our opinions on the financial statements and not to opine on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2005-003.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. However, we do not believe the reportable condition described above is a material weakness. In a separate letter to the City's management dated February 12, 2007, we reported other matters involving internal control over financial reporting which we did not deem reportable conditions.

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### **Compliance and Other Matters**

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2005-001 and 2005-002. In a separate letter to the City's management dated February 12, 2007, we reported other matters related to noncompliance we deemed immaterial.

We intended this report solely for the information and use of management, City Council, and federal awarding agencies and pass-through entities. It is not intended for anyone other than these specified parties.

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

Mary Taylor, CPA  
Auditor of State

February 12, 2007



# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO ITS MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

City of Euclid  
Cuyahoga County  
585 East 222<sup>nd</sup> Street  
Euclid, Ohio 44123

To the City Council:

#### Compliance

We have audited the compliance of City of Euclid, Cuyahoga County, Ohio, (the City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement that apply to its major federal program for the year ended December 31, 2005. The summary of auditor's results section of the accompanying schedule of findings identifies the City's major federal program. The City's management is responsible for complying with the requirements of laws, regulations, contracts and grants applicable to its major federal program. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended December 31, 2005.

#### Internal Control Over Compliance

The City's management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could directly and materially affect a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

#### **Schedule of Federal Awards Expenditures**

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of City of Euclid, Cuyahoga County, Ohio, as of and for the year ended December 31, 2005, and have issued our report thereon dated February 12, 2007, wherein we noted the City restated January 1, 2005 net assets and fund balances due to prior year accounting changes, reclassifying a governmental fund to an enterprise fund, the understatement of capital assets, reclassifying long-term debt, and overstatement of claims payable. Our audit was performed to form opinions on the basic financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of federal awards expenditures provides additional information as required by OMB Circular A-133 and is not a required part of the basic financial statements. We subjected this information to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

We intend this report solely for the information and use of management, City Council, and federal awarding agencies and pass-through entities. It is not intended for anyone other than these specified parties.



Mary Taylor, CPA  
Auditor of State

February 12, 2007

CITY OF EUCLID  
CUYAHOGA COUNTY

SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2005

| 1. SUMMARY OF AUDITOR'S RESULTS |   |   |
|---------------------------------|---|---|
| (d)(1)(i)                       | <b>Type of Financial Statement Opinion</b>  | Unqualified                                     |
| (d)(1)(ii)                      | <b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>         | No  |
| (d)(1)(ii)                      | <b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b> | Yes   |
| (d)(1)(iii)                     | <b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>                       | Yes   |
| (d)(1)(iv)                      | <b>Were there any material internal control weakness conditions reported for major federal programs?</b>              | No  |
| (d)(1)(iv)                      | <b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>      | No  |
| (d)(1)(v)                       | <b>Type of Major Programs' Compliance Opinion</b>   | Unqualified                                     |
| (d)(1)(vi)                      | <b>Are there any reportable findings under § .510?</b>  | No  |
| (d)(1)(vii)                     | <b>Major Programs (list):</b>   | CDBG #14.218 Community Development Block Grants |
| (d)(1)(viii)                    | <b>Dollar Threshold: Type A/B Programs</b>  | Type A: > \$ 300,000<br>Type B: all others      |
| (d)(1)(ix)                      | <b>Low Risk Auditee?</b>  | Yes   |

**CITY OF EUCLID  
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2005  
(CONTINUED)**

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

**MATERIAL CITATION**

|                |          |
|----------------|----------|
| Finding Number | 2005-001 |
|----------------|----------|

**APPROPRIATION EXCEEDED ESTIMATED RESOURCES**

Ohio Revised Code Section 5705.39 prohibits a political subdivision from making appropriations in excess of estimated resources. The following funds had total appropriations in excess of estimated resources plus carry over balances as of December 31, 2005:

| <u>FUND</u>                   | <u>APPROPRIATIONS</u> | <u>ESTIMATED RESOURCES</u> | <u>VARIANCES</u> |
|-------------------------------|-----------------------|----------------------------|------------------|
| <b>Enterprise Fund:</b>       |                       |                            |                  |
| Water Line Improvement        | \$1,827,258           | \$1,084,235                | \$743,023        |
| <b>Capital Projects Fund:</b> |                       |                            |                  |
| General Permanent Improvement | 919,384               | 729,498                    | 189,886          |

The following fund had total original appropriations in excess of estimated resources plus carry over balances.

| <u>FUND</u>                          | <u>APPROPRIATIONS</u> | <u>ESTIMATED RESOURCES</u> | <u>VARIANCES</u> |
|--------------------------------------|-----------------------|----------------------------|------------------|
| <b>Special Revenue Fund:</b>         |                       |                            |                  |
| Community Development<br>Block Grant | \$2,314,171           | \$2,176,014                | \$138,157        |

We recommend the Council compare all appropriations and estimated resources prior to approving the budget to ensure compliance with the above Ohio Revised Code Section. To assist the Council, the City could institute or provide oversight controls within the finance department for the comparison of appropriations and estimated resources; however, it is ultimately the Council's official responsibility to approve appropriations and therefore should be actively involved in monitoring the budgetary activity to make accurate, informed decisions.

**Official's Response:**

In the future we will pay closer attention to these details to avoid the recurrence of these errors. We have begun providing estimated resources certificates to council.

**CITY OF EUCLID  
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2005  
(CONTINUED)**

|   |
|---|
| <b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS<br/>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b> |
|---|

**MATERIAL CITATION (Continued)**

|                |          |
|----------------|----------|
| Finding Number | 2005-002 |
|----------------|----------|

**WEDDING RECEIPTS**

Ohio Revised Code Section 705.25 states, in pertinent part, that "All fees and perquisites appertaining to any municipal office or officer shall be paid into the treasury of the municipal corporation, and shall be credited to the general fund..."

We noted the Mayor performed wedding ceremonies and the funds received for performing these services were placed in a separate bank account instead of the City's general fund. In most instances, the Mayor was able to provide records that supported the expenditure of funds for proper public purposes. The funds were used by the Mayor, primarily for staff recognition and team building activities. Upon being informed of the proper accounting for these funds, the Mayor discontinued the practice and effective September 5, 2006 deposited the remaining balance of his wedding performance fees, into the City's General Fund.

However, during 2005, the following expenditures were found to be for items not considered proper public purpose:

|               |  |          |
|---------------|--|----------|
| December 2005 | Euclid Hunger Center Donation          | \$250.00 |
| December 2005 | Christmas Cards, Envelopes, and Stamps | \$145.58 |

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Bill Cervenik, Mayor, and his bonding company, Ohio Farmers Insurance Company, jointly and severally, in favor of the General Fund of the City of Euclid and in the amount of \$395.58.

As of May 9, 2007, the above finding for recovery was repaid in full and deposited into the General Fund for the City of Euclid.

**REPORTABLE CONDITION**

|                |          |
|----------------|----------|
| Finding Number | 2005-003 |
|----------------|----------|

**TIMELY POSTING OF RECEIPTS AND ESTABLISHMENT OF POLICY**

The City has not established a formal policy regarding the timely posting of their receipts and during our testing we noted 40% or \$3,572 out of \$9,031 of the Recreation receipts tested, and 36% or \$27,100 out of \$75,714 of the Golf Course receipts tested were not timely posted to the City's revenue ledger. While the City does post their receipts, it is not done on a timely basis and it increases the possibility that receipts would not be posted and misstatements may occur as well as it could affect the monthly reconciliations and year end balances.

CITY OF EUCLID  
CUYAHOGA COUNTY

SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2005  
(CONTINUED)

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

**REPORTABLE CONDITION (Continued)**

|                |          |
|----------------|----------|
| Finding Number | 2005-003 |
|----------------|----------|

**TIMELY POSTING OF RECEIPTS AND ESTABLISHMENT OF POLICY (Continued)**

We recommend the City of Euclid post their receipts on a timely basis and the City Council establish a policy regarding posting of receipts to their revenue ledger.

**Official's Response:**

We will review this issue with departments to insure that posting is done timely.

**3. FINDINGS FOR FEDERAL AWARDS**

None

**CITY OF EUCLID  
CUYAHOGA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2005**

| <u>Finding Number</u> | <u>Finding Summary</u>                       | <u>Fully Corrected?</u> | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No <u>Longer</u> Valid; <b><i>Explain:</i></b> |
|-----------------------|--|-------------------------|--|
| 2004-001              | ORC 5705.41 (D) Fiscal Officer Certification | Partially Corrected     | Comment reissued in the Management Letter.   |
| 2004-002              | ORC 5705.10 Negative Cash Balance            | Partially Corrected     | Comment reissued in the Management Letter.   |



City of Euclid, Ohio

**Comprehensive  
Annual Financial Report**  
for the year ended December 31, 2005

**Issued by the Finance Department**  
Jack Johnson, Director of Finance



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**City of Euclid, Ohio**  
*Comprehensive Annual Financial Report*  
*For the Year Ended December 31, 2005*  
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585 East 222nd Street, Euclid, OH 44123-2099

Department of **FINANCE**

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February 12, 2007

Honorable Mayor Bill Cervenik,  
Members of Euclid City Council and  
Residents of the City of Euclid:

We are pleased to submit to you the City of Euclid's Comprehensive Annual Financial Report (CAFR). This CAFR represents the official report of the City of Euclid's operations and financial position for the year ended December 31, 2005, and has been developed to accurately detail the status of the City's finances to Euclid residents and elected officials, investment institutions and underwriters, rating agencies and other interested parties. This report is done in compliance with GASB Statement No. 34, "Basic Financial Statements-and Management Discussion and Analysis-for State and Local Governments".

This report has been prepared in conformity with generally accepted accounting principles (GAAP) and guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA). Responsibility for the accuracy of the presented data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The Comprehensive Annual Financial Report is presented in three sections:

**THE INTRODUCTORY SECTION** includes a table of contents, this transmittal letter, a list of the City's principal elected and appointed officials, an organizational chart, and the GFOA Certificate of Achievement.

**THE FINANCIAL SECTION** includes the Independent Accountants' Report, Management's Discussion and Analysis, the Basic Financial Statements and Notes that provide an overview of the City's financial position and operating results, and the Combining and Individual Fund Statements and Schedules that provide detailed information relative to the Basic Financial Statements.

**THE STATISTICAL SECTION** includes a number of statistical tables and charts representing various financial, economic, social and demographic information presented on a ten year basis from 1996 through 2005, were available.

References throughout this report to Note 1, Note 2, etc., are to the Notes to the Basic Financial Statements included in the Financial Section of this CAFR.

## PROFILE OF THE GOVERNMENT

### The City

The City is a municipal corporation and political subdivision of the State of Ohio. It is located on the southern shore of Lake Erie and in Cuyahoga County.

The City of Euclid, which covers 10.3 square miles, is situated in the industrial Midwest and is bounded on the west by the City of Cleveland, on the north by Lake Erie and on the south and east by other smaller cities.

### City Government

The City was incorporated as a Village in 1903, became incorporated as a City in 1931 and then became a Charter City in 1951. The form of government established by the Charter is the Mayor/Council form. The executive power of the City is vested in the Mayor, who is elected for a term of four (4) years. The legislative power of the City is vested in a Council of nine (9) members elected for a term of two (2) years. The judicial power of the City is vested in the Municipal Court Judge, elected to a six (6) year term. The Mayor appoints the Directors of Administration, Finance, Police, Fire, Community Service and Economic Development, Law, Parks and Recreation, and Public Service.

### City Services

The City of Euclid offers its citizens a full range of municipal services that include a municipal court, police and fire protection, sanitation, street maintenance and improvements, health and welfare, community and economic development, a civic cultural center, and a community center that is home to many senior citizen organizations and community activities. In addition, the City's recreational facilities include an 18-hole municipal golf course, an indoor ice skating rink, several swimming pools, and a variety of sports fields which provide opportunities for competitive sports. Fine health care is available in Euclid for people living and working in the City, due to the presence of Euclid Hospital, affiliated with the Cleveland Clinic, and University Mednet's Clinic.

The City operates three enterprises, Waste Water Treatment Plant, the Water Line Construction and the Briardale Greens Golf Course. All are accounted for in the City's enterprise funds. The City of Euclid provides waste water treatment for the Cities of Wickliffe, Willowick, Willoughby Hills, and parts of Richmond Heights, Ohio. Each of these communities depends in whole or in part on the City of Euclid's sanitary sewer system for transportation of their waste water to the City's waste water treatment plant.

The maintenance of the sanitary sewer system within each community is the responsibility of each individual community. The firm of DMG-Maximus, Inc. determines annually and independently the revenues required to provide waste water services and recommends a rate structure that would equitably recover these costs from the system users.

The City provides aggregation programs for City residents for both electricity and natural gas. Shell Energy is the natural gas provider and WPS Energy is the electricity provider. For those residents who choose not to participate in the aggregation programs, First Energy Corporation and Dominion East Ohio Gas Company, both independent, publicly-owned utilities, provide electricity and natural gas, respectively. Cleveland Public Power, a municipally owned electric utility, serves a small portion of the community and the Regional Transit Authority, a county wide transit system, provides bus service within the City.

## Reporting Entity

The City has reviewed its reporting entity definition in order to ensure compliance and conformance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity". For financial reporting definition purposes, City management has considered all agencies, departments, and organizations comprising the City of Euclid, the primary government and its potential component units.

The Euclid City School District has not been included in the accompanying financial statement. The Board is not appointed by the City, nor is it fiscally dependent on the City of Euclid.

The Euclid Development Corporation (EDCOR) is presented as a component unit. This matter is discussed in more detail later in the notes to the basic financial statements.

## FACTORS AFFECTING FINANCIAL CONDITION

### Economic Condition and Outlook

City Council and the Administration are committed to protecting the level of services afforded all of the commercial and residential citizenry of the City of Euclid and to implement projects and programs designed to improve economic and operational efficiency of the City Government. Through effective financial management, the City is striving to maintain tax rates at current levels, an action that should continue to draw new businesses and homebuyers to the City.

The City currently maintains an "A 1" long-term bond rating with Moody's Investor Service. This rating demonstrates the City's high level of performance as it relates to management and administration of government resources, effective debt management with moderately low levels, vibrant and diverse local economy, and strong finances.

During 2005, the economy in northeast Ohio and, especially, in the City of Euclid, finally evidenced signs of ending a recession.

During 2005 the following Economic Development Projects came to the forefront:

The construction of the Briardale Greens Golf Course clubhouse was completed on budget of \$1,200,000. The new clubhouse opened in late July of 2005. The newer clubhouse has a larger pro shop, a grill room with seating and an outside pavilion for outings.

It is the responsibility of the Department of Community Services and Economic Development to take the lead in coordinating significant development projects and the future planning of potential commercial / industrial developments.

Projects such as the Harbor Town Lakefront residential / marina project are continuous ongoing developments. The Department coordinated the activities related to the Harbor Town Lakefront Project leading to the establishment of a Tax Increment Financing District (TIF) and a related TIF agreement with the Euclid City Schools. TIF's are financing secured by the anticipated incremental increase in tax revenues, resulting from the redevelopment of an area.

Currently, the project is being fine-tuned to better meet the needs of the housing market. An extensive financial analysis was retooled in order to determine the sources and uses of funds, as well as any gaps in the financing of the marina. Armed with this information, the City is pursuing Federal and State funds to assure proper public access in conjunction with the significant private investment.

The Downtown Euclid business district has weathered many recessions, changes in population and urban sprawl. The district, while still viable, is in need of plans and redevelopment for the future. The Department applied for, and was awarded, a Transportation for Livable Communities Incentive Grant (TLCI) in the amount of \$8,178 in December 2005.

Following the Grant award, the Department met with several key Downtown stakeholders to develop a strategy for implementing the TLCI Grant. This group of stakeholders formed the core of a Steering Committee for the Downtown Euclid Business District Redevelopment Plan established to assist the City in guiding the Plan process. The Committee includes several representatives from the Euclid 2020 Vision citizen-based planning process, as well as Advisory members representing various public agencies, (i.e., Northeast Ohio Areawide Coordinating Agency (NOACA), Regional Transit Authority (RTA), Euclid City Council Downtown Ward members, etc.).

With the Steering Committee in place, the Department prepared and issued a Request for Proposals (RFP) to qualified consultant teams. Thirty RFP packages were mailed out. The Department received eight proposals representing fifteen consultants. A Proposal Review Committee selected four teams to be interviewed in January of 2006.

The Department held a “kickoff” meeting on December 15<sup>th</sup>, 2005, with the full Steering and Advisory Committees to update the members on progress to date, and to prepare for the initiation of the planning process in 2006.

One of the most significant anticipated outcomes of the planning process is to position the City of Euclid for future capital improvement funding through NOACA. For example: improvements for pedestrians, bicyclists, public transit, and traditional roadway projects including streetscape enhancements such as street trees, lighting and other amenities. These represent the type of specific projects that could get funding once the plan is completed.

The Federal funding programs coordinated by NOACA require this type of planning process, including extensive citizen participation. Those communities such as Euclid that take part in the Transportation for Livable Communities Initiative will have a much greater chance of getting funding for capital improvements that are identified through the planning process.

The City is also blessed to have a large, defined Industrial Corridor. The heart of the Industrial Corridor is serviced by East 222<sup>nd</sup> Street with Euclid Avenue, Tungsten Road, St. Clair Avenue, and South Lakeland Boulevard serving as veins throughout the Industrial Corridor.

Over sixty-one businesses employing over 4,363 people are serviced by East 222<sup>nd</sup> Street. These businesses have many worldwide visitors and the East 222<sup>nd</sup> Street Industrial Corridor represents the first impression of the City. That, in itself, created the need to modernize the Industrial Corridor for both visitors and the industrial traffic. Mayor Cervenik and the Department met with representatives of the various businesses to present the City’s strategy to prepare improvement plans for the Industrial Corridor. The scope of the project includes specific roadway improvements to aid traffic flow, as well as urban design elements that will enhance the appearance of the physical environment and provide a sense of identity to the Corridor.

Based on the input received from the stakeholder group, the Department coordinated with the Public Service and Engineering Department to prepare a preliminary scope of work for the Corridor, including lowering East 222<sup>nd</sup> Street beneath the CSX Railroad overpass to improve access for increased truck traffic. The overpass is notorious for catching trucks that exceed height restrictions. Also included in the proposed improvement plan is the widening of turning radii at the East 222<sup>nd</sup> Street/St. Clair Avenue intersection, widening East 222<sup>nd</sup> Street between St. Clair Avenue and Tungsten Road and, pending funding availability, a complete resurfacing of East 222<sup>nd</sup> Street from South Lakeland Boulevard to Euclid Avenue.

Beyond roadway improvements, the City also initiated discussions with individual companies to develop unified signage, lighting and landscape treatments. Representatives from the City's Public Service Department and the Department of Community Services and Economic Development scheduled meetings with individual companies to assess each company's needs to ensure an inclusive design process.

To assist with the streetscape and corridor identification components of the project, the Department solicited proposals from urban designers to develop design concepts for the Corridor. The City hopes that the plan will be a catalyst for continuing development and expansion of local businesses. When implemented, it is also expected to create a unique sense of place and modern industrial park setting reflective of the world class companies served by the East 222<sup>nd</sup> Street Industrial Corridor.

The roadway portion of the project will cost approximately \$3 million. The Department, in coordination with Public Service, successfully applied for increased funding to cover these projected costs. As a result, the City was awarded a \$500,000 Ohio Department of Development Roadway 629 Grant, Issue II funding, and \$300,000 from the County Engineer's Office.

Final plans will be completed by the City Engineer, CT Consultants, Inc., in 2006. Construction is expected to begin in the spring of 2007.

### 2006 FUTURE PROJECTS

In conjunction with the roadway improvements, the Lincoln Electric Company is actively pursuing the expansion and modernization of their Machine Robotics Division. They reviewed two out-of-state locations, as well as one out of the country. The City worked closely with Lincoln to assure that they would expand in Euclid next to its existing Corporate Campus. Lincoln is currently in due diligence with the owners of the 115,000 sq. ft. Hitachi building located just east of, and adjacent to, Lincoln's Campus. The expansion and modernization of the Machine Robotics Division into the Hitachi building is projected to trigger \$50 million in new investment by Lincoln.

H. C. Starck, located on Tungsten Road just west of East 222<sup>nd</sup> Street, purchased the vacant 180,000 sq. ft. Motch building on East 222<sup>nd</sup> Street for the purpose of expansion, as well as consolidating out of the State branches into the City of Euclid. Phase I added twenty new jobs. Phase II will add an additional 100+ jobs to the City.

Hose Master, Inc. was also in the process of purchasing the under utilized 53,000 sq. ft. Ely Crane building. Plans for 2006 include an expansion into the Ely Crane building and creation of a minimum of 50 new jobs.

In addition, the City is working with several well known department stores for possible new construction within the City.

Between the Downtown Euclid Study, the East 222<sup>nd</sup> Street Industrial Corridor Project, and the above-mentioned industrial and commercial projects, 2006 looks to be a very busy and productive year.

## FINANCIAL INFORMATION

### Summary of Accounting Policies and Budgetary Control

The City of Euclid's accounting system is organized and operated on a fund basis. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. The types of funds to be used are determined by General Accepted Accounting Principles (GAAP) and the number of individual funds established is determined by sound financial administration. Each fund is a separate accounting entity with its own self-balancing set of accounts, assets, liabilities, and fund balance. The City's governmental funds include the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds. The City's Proprietary Funds are its Enterprise Funds that provide services to the general public, including utilities and recreation, and Internal Service Funds that provide services to City departments, divisions and other governments. The City also maintains Fiduciary Funds to account for assets held by the City as an agent or in a trust capacity for individuals, private organizations and other governments.

Except for budgetary purposes, the basis of accounting used by the City conforms to GAAP as applicable to governmental units. All governmental funds are accounted for using current financial resources-current assets and current liabilities-measurement focus. The modified accrual basis of accounting is utilized for governmental funds. Revenues are recognized in the accounting period when they become both measurable and available. Expenditures are recognized when the liability is incurred, if measurable, except for interest on general obligation debt, which is recognized when due.

The measurement focus of the City's proprietary and internal service funds is on the flow of total economic resources. The accrual basis of accounting is utilized of the proprietary and internal service funds. Revenues are recognized when earned and expenses are recognized when incurred.

The City's basis of accounting for budgetary purposes differs from GAAP in that revenues are recognized when received, rather than when susceptible to accrual (measurable and available), and encumbrances are included as expenditures rather than included in fund balances.

For the year ended December 31, 2003, the City changed its financial reporting to comply with GASB Statement No. 34, *Basic Financial Statements and Management' Discussion and Analysis for State and Local Governments*. Accordingly, government-wide financial statements, which include all governmental and proprietary funds, are presented on the full accrual basis of accounting. As part of the implementation of GASB Statement No. 34, the City has opted to fully implement retroactive infrastructure reporting. In doing so, the historical cost of infrastructure assets (retroactive to 1980) is included as part of the governmental capital assets. Thus, the depreciated value of construction costs for the roadway network, including streets, sidewalks, curbs and gutters, guard rails, traffic lights, signals, parking meters and the bridge network is reported in the government-wide statement of net assets. In conjunction with the implementation of GASB 34, the City has also adopted GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, which rescinds some and modifies other financial statement disclosure requirements.

The City's budgeting process is governed by Ohio law and is divided between the City's Mayor and Finance Director (who prepares the tax budget), Council, the Cuyahoga County Budget Commission (consisting of the County Auditor, County Treasurer and County Prosecutor) and the County Auditor. Major documents associated with budget preparation include: the Cuyahoga County Tax Budget, the Certificate of Estimated Resources (filed with the Cuyahoga County Auditor) and the Appropriation Ordinance. All budget documents are prepared in compliance with the budgetary basis of accounting. Both the Certificate of Estimated Resources and the Appropriation Ordinance are subject to revision and amendment throughout the year; both are subject to the restriction that current appropriations cannot exceed estimated resources as disclosed on the Certificate of

Estimated Resources. In accordance with State law, all funds, with the exception of agency funds, are legally required to be budgeted and appropriated. Council controls appropriations at the personal services and other expenditures object level within each department for all funds. Modifications or amendments to control levels in the Appropriation Ordinance require Council approval; internal City financial policies permit fund transfers within control levels with approval by the Mayor and Finance Director. The Cuyahoga County Auditor must certify that the City's appropriation measure does not exceed the amounts set forth in the County Budget Commission's Certificate of Estimated Resources.

The City employs an encumbrance system documenting purchase commitment amounts prior to generation and release of official City purchase orders. Purchasing practices within the City require departmental review and authorization of all purchase requisitions. Where applicable, proposed purchases in excess of administrative approval limits are subject to competitive bid requirements of Council and are awarded subsequent to approved legislation authorizing the procurement of goods or services. The Finance Director certifies all purchase orders for availability of funds and the estimated expenditure is encumbered against the appropriate departmental or fund appropriation. These encumbrances are reported as a reservation of fund balance at December 31, 2005. Unencumbered appropriations lapse at year-end and become available for future appropriations.

#### Internal Accounting and Reporting Control

The Mayor and administrators are responsible for implementing an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse. The internal control structure ensures that accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgements by management. All internal controls are designed within the above framework. Accordingly, we believe the City's system of internal accounting controls is adequate to safeguard assets and provide reasonable assurance of proper recording of transactions.

The City of Euclid receives federal financial assistance through various federal grant programs. An audit in accordance with the Single Audit Act of 1996, and U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of State and Local Governments and Non-Profit Organizations*, and *Government Auditing Standards*, issued by the Comptroller General of the United States has been performed for the fiscal year ended December 31, 2005. The required reports on supplementary information, compliance, and internal controls along with various supplementary schedules are included in a separate report.

#### Cash Management

The City believes that appropriate cash management activities are integral to the City's overall financial well being. Forecasting of receipts and expenditures, cash budgeting and on-going variance analysis allow prudent optimization of investment maturities and interest income.

The primary objective of the City's investment activity is the protection of investment principal. With that in mind, the City's investment practice attempts to maximize earnings while maintaining liquidity necessary to meet day to day financial obligations. In addition to the security of the investment, a major consideration is the timing of needed cash to pay City liabilities. Cash resources of all City funds are combined for maximum return and invested in accordance with the Ohio Revised Code. Allowable deposits and investments include certificates of deposit, savings accounts, State Treasurer's Investment Pool (STAROhio), manuscript bonds, U.S. Treasury Notes, federal agency securities, and repurchase agreements.

## Risk Management

In 1988, the City undertook and implemented its own self-funded insurance plan that covers all areas of Risk Management, including general liability and vehicle coverage. The City has traditional premium based coverage on property and large equipment. The City instituted a medical self-insurance program in 1989 designed to provide City employees with maximum health care benefits while controlling the increasing cost of health insurance. Individual funds are charged for the per-capita cost of specific claims and administration. The level of risk assumed is limited by the City's purchase of specific stop-loss coverage per employee. A detailed listing of the insurance coverage carried by the City can be found on page S25 in the Statistical Section of this report.

The City participates in a retrospective rating program for workers' compensation insurance. The program was initiated in conjunction with various safety and loss control programs designed to reduce the level of risk. Under the retrospective rating program, the City agrees to pay an administrative premium based on a percentage of gross payroll from the previous year, which is a fraction of the premium it would normally pay, while accepting the responsibility of reimbursing workers' compensation claims as they come due. The City expects to realize a reduction in workers' compensation costs through this plan, not only through lower initial premiums, but also from the cash flow accumulation the City realizes. The level of risk assumed by the City is limited to a maximum of two times the actual annual premium.

## Pension Obligations

The employees of the City belong to one of two state sponsored pension systems. Police and Fire are members of the Ohio Police and Fire Pension Fund ("OP&F"). All other employees are members of the Public Employees Retirement System of Ohio ("OPERS"). Both OPERS and OP&F are cost sharing multiple employer public retirement systems. More detailed information on both pension systems can be found in the notes to the basic financial statements in the Financial Section of this report.

## OTHER INFORMATION

### Independent Audit

In accordance with Ohio law, an annual independent audit is required to be performed on all financial operations of the City. The Auditor of the State of Ohio performed the 2005 audit. The independent accountants' unqualified opinion has been included in this report. The administration plans to continue this audit procedure as required by law as part of the preparation of a Comprehensive Annual Financial Report. The annual audit and management letter submitted by the Auditor of State of Ohio provides information to the City to enable it to maintain and strengthen the City's accounting and budgeting controls.

### Certificate of Achievement for Excellence in Financial Reporting

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 Euclid for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2004. This was the twenty-third (23rd) consecutive year the City of Euclid has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

## ACKNOWLEDGMENTS

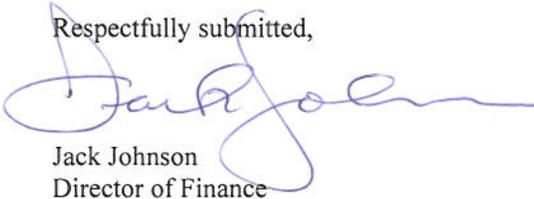
The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all members of the Department who assisted and contributed to the preparation of this report. A special thanks to Mr. Robert Gliha for his narrative expressing the business and economic outlook for the City of Euclid. Credit also must be given to the Mayor and the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Euclid's finances.

## POSTSCRIPT

The publication of this comprehensive annual financial report is indicative of the City's commitment to provide significantly enhanced financial information and accountability to the citizens, its elected officials, City management and investors. In addition, recipients of this report will include state and federal officials, university students, schools, libraries, newspapers, investment banking firms, banks and rating agencies. A copy of this report will be made available to any person or organization requesting it.

We would like to emphasize that our administration policy pertaining to financial information is a continual open book policy for all residents, investors and interested parties, so that they may have a greater awareness of the financial transactions and statistics of our City, known as the "City of Superior Services", Euclid, Ohio.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Jack Johnson".

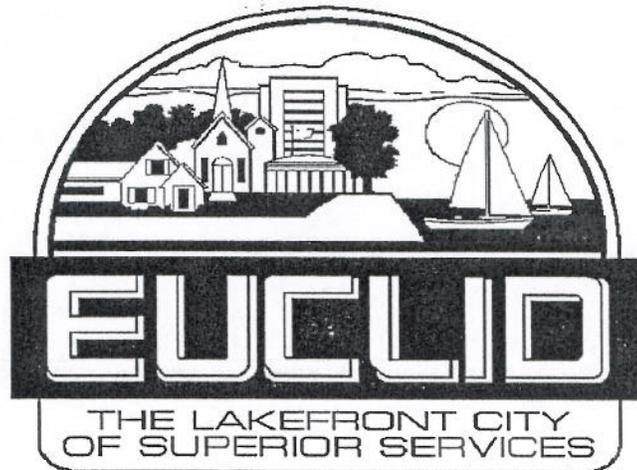
Jack Johnson  
Director of Finance

A handwritten signature in black ink, appearing to read "Bill Cervenik".

Bill Cervenik  
Mayor

**CITY OF EUCLID, OHIO**  
**"A City of Superior Services"**

**Mayor**  
**BILL CERVENIK**



**Directors & Chiefs**

CHRIS FREY - *Law*

HENRY E. GULICH - *Public Service*

JACK JOHNSON - *Finance & Administration*

KATHY WILL - *Recreation*

FRANK PIETRAVOIA - *Community Services  
& Economic Development*

CHIEF DAVID MAINE - *Police*

CHIEF THOMAS COSGRIFF - *Fire*

DEBORAH LEBARRON - *Judge Municipal Court*

**Euclid City Council**

ED GUDENAS - *President of Council*

KIRSTEN HOLZHEIMER-GAIL - *Ward I*

JOHN CONWAY - *At-Large*

DARYL LANGMAN - *Ward II*

PATRICK DELANEY - *At-Large*

BERNADETTE WALSH - *Ward III*

CHARLENE MANCUSO - *At-Large*

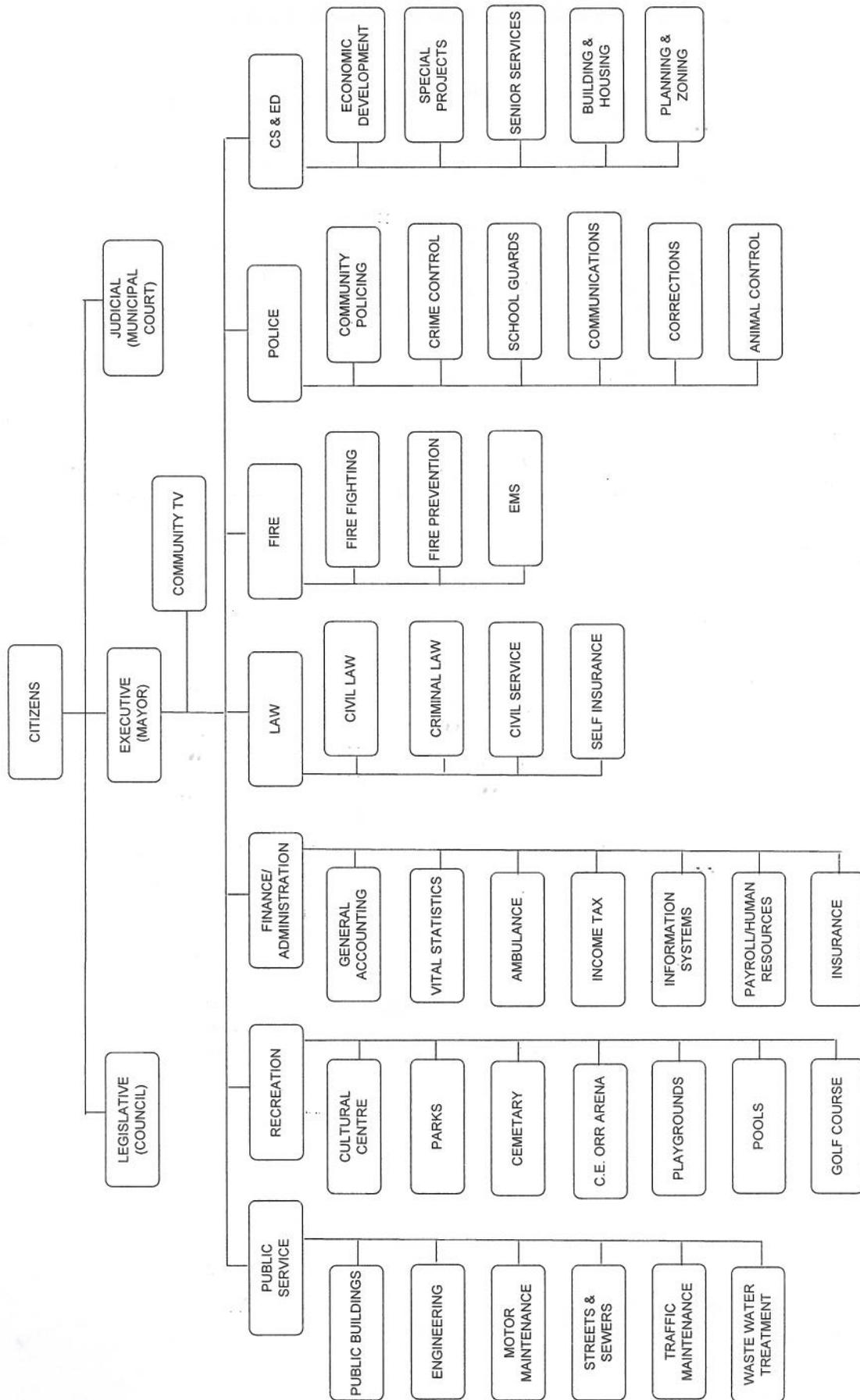
CHRISTOPHER GRUBER - *Ward IV*

FREDERICK J. LISY - *At-Large*

# CITY OF EUCLID

## Organizational Chart

December 31, 2005



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Euclid,  
Ohio

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

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



*Carla E. Fudge*

President

*Jeffrey R. Emer*

Executive Director

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

City of Euclid  
Cuyahoga County  
585 East 222<sup>nd</sup> Street  
Euclid, Ohio 44123

To the City Council:

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

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

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

As described in Note 3, during the year ended December 31, 2005, the City restated January 1, 2005 net assets and fund balances due to prior year accounting changes, reclassifying a governmental fund to an enterprise fund, the understatement of capital assets, reclassifying long-term debt, and overstatement of claims payable.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2007, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Lausche Building / 615 Superior Ave., NW / Twelfth Floor / Cleveland, OH 44113-1801  
Telephone: (216) 787-3665 (800) 626-2297 Fax: (216) 787-3361  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

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

We conducted our audit to opine on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining nonmajor fund statements and schedules and statistical tables provide additional information and are not a required part of the basic financial statements. We subjected the combining nonmajor fund statements and schedules to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical tables to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

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

Mary Taylor, CPA  
Auditor of State

February 12, 2007

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

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The discussion and analysis of the City of Euclid's (the "City") financial performance provides an overall review of the City's financial activities for the year ended December 31, 2005. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the transmittal letter and the basic financial statements to enhance their understanding of the City's financial performance.

### **Financial Highlights**

Key financial highlights for 2005 are as follows:

- The City's total net assets decreased as a result of this year's operations. Net assets of our business-type activities increased by \$210,031 or .56 percent of net assets. The net assets of our governmental activities decreased by \$2,588,519 or 9.79 percent. This is due primarily to numerous road maintenance programs in 2005.
- Municipal income Taxes and property taxes accounted for \$27,476,508 in revenue or 63.21 percent of all governmental activities revenues. An additional \$1,791,662 in municipal income taxes represented the largest single increase in revenues. This is the result of the City's effort to more aggressively collect income taxes from non-filers. Total revenues increased for all activities by \$3,235,120.
- Total program expenses increased by \$3,843,416, primarily due to increased labor and utility costs. Governmental activities accounted for \$2,505,801 of the increase.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements.

**Government-wide financial statements.** The government-wide financial statements, which begin on page 15, are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector business.

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in the City's net assets are one indicator of whether the City's financial health is improving or deteriorating

The *statement of activities* presents information showing how the City's net assets changed during the most recent year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City principally include: general government, public

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

---

service, public safety, community development, public health, parks and recreation, and economic development. The business-type activities of the City principally include waste water treatment, water line and the golf course operations.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 23 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund and debt service fund, which are considered to be major funds. Data from the other 21 governmental funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its general fund, and for special revenue, debt service, capital projects, enterprise, and internal service funds. The general fund budgetary comparison has been provided as a separate financial statement to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 18 through 22 of this report.

**Proprietary funds.** The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City used enterprise funds to account for its waste water treatment facility, sewer maintenance, waterline construction and golf course operations. Internal service funds are an accounting device used to accumulate and allocate costs internally throughout the City's various functions. The City uses an internal service fund to account for its self-insurance for general liability function. Because this service predominantly benefits governmental rather than business-type functions, this has been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the waste water treatment facility, water line construction and the Briar Greens Golf Course, all of which are considered to be major funds of the City.

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The basic proprietary fund financial statements can be found on pages 23 through 26 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is similar to that used for proprietary funds.

The basic fiduciary fund financial statement can be found on page 27 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28 through 59 of this report.

**Government-Wide Financial Analysis**

This is the third year for the City in implementing Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments*. This statement requires a comparative analysis of government-wide data in the Management Discussion and Analysis section. This is the third year of implementing the new standard, comparative data is now available. Information regarding the government-wide net assets of the City is presented in the following table.

NET ASSETS  
TABLE 1

|                               | Governmental Activities |                     | Business-Type Activities |                     | Total               |                     |
|-------------------------------|-------------------------|---------------------|--------------------------|---------------------|---------------------|---------------------|
|                               | 2005                    | 2004                | 2005                     | 2004                | 2005                | 2004                |
| Current and Other Assets      | \$28,003,183            | \$35,606,805        | \$11,311,767             | \$12,267,131        | \$39,314,950        | \$47,873,936        |
| Capital Assets, Net           | 43,625,707              | 45,251,747          | 57,240,623               | 58,544,055          | 100,866,330         | 103,795,802         |
| <i>Total Assets</i>           | <u>71,628,890</u>       | <u>80,858,552</u>   | <u>68,552,390</u>        | <u>70,811,186</u>   | <u>140,181,280</u>  | <u>151,669,738</u>  |
| Current and Other Liabilities | 8,423,983               | 10,972,614          | 1,677,042                | 2,340,114           | 10,101,025          | 13,312,728          |
| Long-Term Liabilities:        |                         |                     |                          |                     |                     |                     |
| Due within One Year           | 4,322,596               | 3,105,997           | 2,391,584                | 2,357,752           | 6,714,180           | 5,463,749           |
| Due in More than One Year     | 35,033,461              | 40,342,572          | 26,650,102               | 28,489,689          | 61,683,563          | 68,832,261          |
| <i>Total Liabilities</i>      | <u>\$47,780,040</u>     | <u>\$54,421,183</u> | <u>\$30,718,728</u>      | <u>\$33,187,555</u> | <u>\$78,498,768</u> | <u>\$87,608,738</u> |

(continued)

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NET ASSETS  
 TABLE 1 (continued)

|  | Governmental Activities |                     | Business-Type Activities |                     | Total               |                     |
|--|-------------------------|---------------------|--------------------------|---------------------|---------------------|---------------------|
|  | 2005                    | 2004                | 2005                     | 2004                | 2005                | 2004                |
| Invested in Capital Assets,<br>Net of Related Debt | 13,156,151              | 8,822,680           | 28,971,722               | 26,089,693          | 42,127,873          | 34,912,373          |
| Restricted for:                                    |                         |                     |                          |                     |                     |                     |
| Capital Projects                                   | 891,816                 | 4,826,408           | 0                        | 0                   | 891,816             | 4,826,408           |
| Debt Service                                       | 4,617,366               | 4,802,918           | 0                        | 0                   | 4,617,366           | 4,802,918           |
| Other Purpose                                      | 2,223,784               | 1,721,508           | 0                        | 0                   | 2,223,784           | 1,721,508           |
| Unrestricted                                       | 2,959,733               | 6,263,855           | 8,861,940                | 11,533,938          | 11,821,673          | 17,797,793          |
| <i>Total Net Assets</i>                            | <u>\$23,848,850</u>     | <u>\$26,437,369</u> | <u>\$37,833,662</u>      | <u>\$37,623,631</u> | <u>\$61,682,512</u> | <u>\$64,061,000</u> |

As noted earlier, net assets may serve, over time, as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$61,682,512 at the close of the most recent fiscal year.

By far the largest portion of the City's net assets, 68.3 percent, reflects its investment in capital assets (e.g. land, land improvements, buildings and improvements, infrastructure, and furniture, fixtures and equipment), net of accumulated depreciation, less any related, still outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, those assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the City's net assets represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of may be used to meet the City's ongoing obligations to citizens and creditors.

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Changes in net assets for the current fiscal year are reflected in the table below and correspond to the Statement of Activities.

CHANGES IN NET ASSETS  
 TABLE 2

|   | Governmental<br>Activities |                     | Business - Type<br>Activities |                     | Total               |                     |
|---|----------------------------|---------------------|-------------------------------|---------------------|---------------------|---------------------|
|   | 2005                       | 2004                | 2005                          | 2004                | 2005                | 2004                |
| <b>Revenues</b>                           |                            |                     |                               |                     |                     |                     |
| Program Revenues:                         |                            |                     |                               |                     |                     |                     |
| Charges for Services                      | \$6,132,895                | \$6,120,302         | \$11,031,295                  | \$10,516,652        | \$17,164,190        | \$16,636,954        |
| Operating Grants and Contributions        | 3,326,731                  | 4,086,701           | 0                             | 0                   | 3,326,731           | 4,086,701           |
| Capital Grants and Contributions          | 50,986                     | 0                   | 0                             | 0                   | 50,986              | 0                   |
| <b>Total Program Revenues</b>             | <b>9,510,612</b>           | <b>10,207,003</b>   | <b>11,031,295</b>             | <b>10,516,652</b>   | <b>20,541,907</b>   | <b>20,723,655</b>   |
| General Revenues:                         |                            |                     |                               |                     |                     |                     |
| Property and Other Local Taxes            | 5,471,671                  | 5,816,840           | 670,778                       | 609,316             | 6,142,449           | 6,426,156           |
| Income Taxes                              | 22,004,837                 | 20,213,175          | 0                             | 0                   | 22,004,837          | 20,213,175          |
| Grants and Entitlements                   | 5,745,954                  | 4,528,583           | 614,188                       | 183,912             | 6,360,142           | 4,712,495           |
| Investment Earnings                       | 663,536                    | 398,378             | 351                           | 1,018               | 663,887             | 399,396             |
| Payment in Lieu of Taxes                  | 59,293                     | 53,367              | 0                             | 0                   | 59,293              | 53,367              |
| Miscellaneous                             | 10,827                     | 19,978              | 0                             | 0                   | 10,827              | 19,978              |
| <b>Total General Revenues</b>             | <b>33,956,118</b>          | <b>31,030,321</b>   | <b>1,285,317</b>              | <b>794,246</b>      | <b>35,241,435</b>   | <b>31,824,567</b>   |
| <i>Total Revenues</i>                     | <i>43,466,730</i>          | <i>41,237,324</i>   | <i>12,316,612</i>             | <i>11,310,898</i>   | <i>55,783,342</i>   | <i>52,548,222</i>   |
| <b>Program Expenses</b>                   |                            |                     |                               |                     |                     |                     |
| General Government                        | 11,114,592                 | 11,059,220          | 0                             | 0                   | 11,114,592          | 11,059,220          |
| Public Safety                             | 21,544,601                 | 21,147,901          | 0                             | 0                   | 21,544,601          | 21,147,901          |
| Public Health and Welfare                 | 256,582                    | 1,489,045           | 0                             | 0                   | 256,582             | 1,489,045           |
| Streets and Highways                      | 4,626,115                  | 1,912,089           | 0                             | 0                   | 4,626,115           | 1,912,089           |
| Community Development                     | 2,619,435                  | 2,104,632           | 0                             | 0                   | 2,619,435           | 2,104,632           |
| Refuse Collection and Disposal            | 1,777,289                  | 2,728,020           | 0                             | 0                   | 1,777,289           | 2,728,020           |
| Culture Recreation                        | 1,924,054                  | 478,828             | 0                             | 0                   | 1,924,054           | 478,828             |
| Interest and Fiscal Charges               | 1,566,775                  | 2,003,907           | 0                             | 0                   | 1,566,775           | 2,003,907           |
| Sewer                                     | 0                          | 0                   | 10,732,693                    | 10,136,494          | 10,732,693          | 10,136,494          |
| Waterline                                 | 0                          | 0                   | 793,114                       | 488,023             | 793,114             | 488,023             |
| Golf Course                               | 0                          | 0                   | 1,206,580                     | 770,255             | 1,206,580           | 770,255             |
| <b>Total Program Expenses</b>             | <b>45,429,443</b>          | <b>42,923,642</b>   | <b>12,732,387</b>             | <b>11,394,772</b>   | <b>58,161,830</b>   | <b>54,318,414</b>   |
| <i>Increase (Decrease) in Net Assets</i>  |                            |                     |                               |                     |                     |                     |
| <i>Before Transfers and Contributions</i> | <i>(1,962,713)</i>         | <i>(1,686,318)</i>  | <i>(415,775)</i>              | <i>(83,874)</i>     | <i>(2,378,488)</i>  | <i>(1,770,192)</i>  |
| Transfers and Contributions               | (625,806)                  | 286,456             | 625,806                       | (286,456)           | 0                   | 0                   |
| <b>Change in Net Assets</b>               | <b>(2,588,519)</b>         | <b>(1,399,862)</b>  | <b>210,031</b>                | <b>(370,330)</b>    | <b>(2,378,488)</b>  | <b>(1,770,192)</b>  |
| <i>Net Assets Beginning of Year</i>       | <i>26,437,369</i>          | <i>27,837,231</i>   | <i>37,623,631</i>             | <i>37,993,961</i>   | <i>64,061,000</i>   | <i>65,831,192</i>   |
| <b>Net Assets End of Year</b>             | <b>\$23,848,850</b>        | <b>\$26,437,369</b> | <b>\$37,833,662</b>           | <b>\$37,623,631</b> | <b>\$61,682,512</b> | <b>\$64,061,000</b> |

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***Governmental Activities***

Several revenue sources fund our governmental activities with income tax revenue being the largest source. The City levies a municipal income tax of 2.85 percent on all income earned within the City as well as on income of residents earned outside the City. In the latter case, the City allows a credit of 100 percent on the income earned outside of the City and paid to another municipality.

A summary of governmental activity expenses and the net cost of providing these services (excluding general revenues) is presented below.

Table 3  
 Governmental Activities

|                                | Total Cost of Services |                     | Net Cost of Services |                     |
|--------------------------------|------------------------|---------------------|----------------------|---------------------|
|                                | 2005                   | 2004                | 2005                 | 2004                |
| General Government             | \$11,114,592           | \$11,059,220        | \$9,208,456          | \$9,356,420         |
| Public Safety                  | 21,544,601             | 21,147,901          | 18,645,641           | 18,995,887          |
| Public Health Services         | 256,582                | 1,489,045           | 223,158              | 1,029,246           |
| Streets and Highways           | 4,626,115              | 1,912,089           | 2,506,766            | (1,399,078)         |
| Community Development          | 2,619,435              | 2,104,632           | 970,398              | 647,244             |
| Refuse Collection and Disposal | 1,777,289              | 2,728,020           | 1,545,768            | 1,972,687           |
| Culture and Recreation         | 1,924,054              | 478,828             | 1,251,869            | 110,026             |
| Interest and Fiscal Charges    | 1,566,775              | 2,003,907           | 1,566,775            | 2,003,907           |
| Total Cost of Services         | <u>\$45,429,443</u>    | <u>\$42,923,642</u> | <u>\$35,918,831</u>  | <u>\$32,716,339</u> |

Public safety expenses totaled \$21,544,601 or 47.42% of total 2005 expenses. A significant portion of these expenses can be attributed to salaries, wages, and employee benefits for police officers and firefighters. As of December 31, 2005, the City employed 91 full time police officers and 85 full time firefighters.

***Business-type Activities***

Business-type activities are principally accounted for in the City's enterprise funds. The City operates three principal Enterprise Funds which include a waste water treatment plant, a water line fund and a public golf course (Briardale Greens). The operating results of these three enterprise funds are discussed below.

*Waste Water Treatment Plant:* The Waste Water Treatment Fund accounts for the operation of the City's sanitary sewer and waste water treatment system which not only services Euclid, but several other surrounding communities. The firm of DMG-Maximus, Inc., to date, has completed their twelfth (12<sup>th</sup>) rate study analysis concerning the adequacy of user rates. Upon their recommendations, user fees rate increases went into effect April 1, 2000 for all users. The rate increase was earmarked to fund the United States Environmental Protection Agency court mandated projects and provide the necessary operating funds for this enterprise fund. DMG-Maximus, Inc. has been retained to evaluate the User Charge System annually.

*Water Line Construction Fund:* Water Line Construction fund accounts for distribution of treated water to individual and commercial users in various parts of the City.

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*Briardale Greens Golf Course:* Briardale Greens Golf Course is a public golf course built upon land that was the site of a World War II housing project which is situated on the North side of the City. The golf course continues to operate with a surplus making it possible to continue renovations to the golf course and the clubhouse. A new clubhouse opened in July 2005.

### **Financial Analysis of the Government's Funds**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current year, the City of Euclid's total governmental funds reported ending fund balances of \$13,359,281, a decrease of \$4,420,892 from the prior year. Of the total, \$7,859,783 is the general fund's ending fund balance, a \$757,859 increase over 2004. The general obligation bond retirement fund decreased by \$147,866 to \$3,056,034. All other governmental funds showed a decrease in fund balances of \$5,030,885. The decrease is due largely to the retirement of debt.

The general fund is the primary operating fund of the City and traditionally accounts for most of the general governmental revenue and expenditures. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Undesignated General Fund balance represents 22.5 percent of total general fund expenditures, while total fund balance represents 22.6 percent of that same amount.

### ***Analysis of General Fund Revenues***

#### ***Municipal Income Taxes***

Ohio law authorizes the levy of a municipal income tax at a rate not to exceed 1% by an act of council, solely, without a vote of the electors. Municipal income taxes at a rate in excess of 1% must first be approved by a vote of the electors and be for a specified purpose. The City's municipal income tax rate has slowly increased to its present rate of 2.85%. On July 1, 1968, the tax rate levied by the City and approved by council was increased to 1% per annum. The tax rate was increased from 1% to 1.5% per annum based upon a vote of the electors on June 7, 1977. On July 1, 1982, after a vote of the electors, an additional .5% was levied to raise the tax rate to 2% and then in 1994 the electors voted in an increase of .85% joint tax to be split between the City and the Euclid Board of Education. Presently, the .85% increase in the income tax rate is allocated .47% to the Euclid Board of Education and .38% to the City of Euclid. The 2.0% remaining is solely for the City of Euclid.

The City's income tax is levied upon the net income of corporations and other business entities and on the wages, salaries and compensation of individuals. For 2005, the income tax is collected and administered on behalf of the City through both the Central Collection Agency and the City's newly created lock box account.

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**Property Taxes**

Taxes collected from real property in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year. Taxes collected from tangible personal property in one calendar year are levied in the same calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of the current calendar year, and at the rates determined in the preceding year. Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year. Under Ohio law tangible personal property used in business (except for the public utility business) is assessed at 23 percent of true value (in general, true value is net book value) for inventory and 25 percent for machinery and equipment.

The “assessed valuation” of real property is fixed at 35% of true value and is determined pursuant to rules of the State Tax Commissioner. An exception is that real property devoted exclusively to agricultural used to be assessed at not more than 35% of its current agricultural use value. Real property devoted exclusively to forestry or timber growing is taxed at 50% of the local tax rate multiplied by the assessed value.

The details of property tax valuations and tax rates relating to collections for the last three years can be found in the following table:

Tax Rates (Per \$1,000 of assessed Valuation)  
Table 4

| <u>Purpose</u>       | <u>2005</u>          | <u>2004</u>          | <u>2003</u>          |
|----------------------|----------------------|----------------------|----------------------|
| General Fund         | \$6.72               | \$6.72               | \$6.72               |
| Recreation Operating | 1.30                 | 1.30                 | 1.30                 |
| Bond Retirement      | 3.88                 | 3.88                 | 3.88                 |
| Capital Improvements | 1.70                 | 1.70                 | 1.70                 |
| Sewers               | 2.00                 | 2.00                 | 2.00                 |
| Totals               | <u>\$15.60</u>       | <u>\$15.60</u>       | <u>\$15.60</u>       |
| Assessed Valuation   | <u>\$833,249,133</u> | <u>\$865,435,613</u> | <u>\$816,485,001</u> |

**State Local Government Funds and Other Shared Revenues**

State Local Government Funds and other shared revenues include taxes levied and collected by the State of Ohio or counties are partially redistributed to the City and other political subdivisions. Other shared revenues include state income, sales, corporate franchise, public utility, estate, and cigarette taxes as well as liquor fees. State Local Government Fund and other shared revenues have been frozen since 2003 due to the State budget cuts to the State Local Government Funding. Since 1993, the State Local Government Fund (“LGF”) and Local Government Revenue Assistance Fund (“LGRA”) have been the City’s largest source of non-tax general fund revenue. Through these funds, Ohio subdivisions share in a portion of the State’s collection of the sales tax, use tax, personal income tax, corporate franchise tax and public utilities excise tax. The percentages of the five taxes supporting these funds have varied over the years. At times, the dollar amount in the funds has been capped at specific levels.

Pursuant to statutory law in Ohio, State LGF revenues are divided into county and municipal portions. The county portion, the larger of the two, is distributed to each of the State’s 88 counties and is allocated based upon

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a statutory formula utilizing county population and county municipal property values. Once received by a county, the funds can either be distributed to all subdivisions using the statutory formula or the county and its subdivisions may agree upon an alternate method for allocating the funds. Cuyahoga County and its recipient communities have chosen the latter method which is comprised of a base allocation and an excess allocation. The excess allocation takes into account such factors as assessed value per capita, per capita income, population density and the number of individuals receiving public assistance. The municipal portion of the LGF is distributed directly by the State to those municipalities that collect an income tax. A municipality receives its share of the funds based upon its percentage of total municipal income taxes collected throughout the State in a given year.

The LGRAF, which was created in 1989, is distributed to all counties based upon population. Either the statutory allocation method or an agreed upon alternative method is used to apportion the funds. Cuyahoga County allocates LGRAF funds using the same method as is used to distribute LGF monies. LGRAF funding has fluctuated over the course of the last few years. Distributions from the State of Ohio and Cuyahoga County (as a conduit between the State and the City) have decreased since 2000.

**Proprietary Funds.** The City's proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail.

**Capital Assets and Debt Administration**

**Capital Assets.** The City's investment in capital assets for its governmental and business-type activities as of December 31, 2005, amounts to \$100,866,330. This investment in capital assets includes land, land improvements, buildings and improvements, infrastructure, and furniture, fixtures and equipment. A summary of the City's capital assets at December 31, 2005 is reflected in the table which follows.

Table 4  
 Capital Assets  
 Net of Depreciation

|                                   | Governmental Activities |                     | Business-Type Activities |                     | Total                |                      |
|-----------------------------------|-------------------------|---------------------|--------------------------|---------------------|----------------------|----------------------|
|                                   | 2005                    | 2004                | 2005                     | 2004                | 2005                 | 2004                 |
| Land                              | \$9,003,250             | \$9,003,250         | \$7,428,126              | \$7,428,126         | \$16,431,376         | \$16,431,376         |
| Construction in Progress          | 0                       | 0                   | 0                        | 341,447             | 0                    | 341,447              |
| Land Improvements                 | 519,988                 | 614,558             | 258,407                  | 307,885             | 778,395              | 922,443              |
| Buildings and Improvements        | 7,658,410               | 7,918,754           | 6,138,024                | 5,141,795           | 13,796,434           | 13,060,549           |
| Furniture, Fixtures and Equipment | 2,778,411               | 3,305,567           | 539,995                  | 566,478             | 3,318,406            | 3,872,045            |
| Infrastructure                    |                         |                     |                          |                     |                      |                      |
| Streets                           | 23,665,648              | 24,409,618          | 32,843                   | 33,707              | 23,698,491           | 24,443,325           |
| Sewer Lines                       | 0                       | 0                   | 34,526,193               | 36,173,572          | 34,526,193           | 36,173,572           |
| Water Lines                       | 0                       | 0                   | 8,317,035                | 8,551,045           | 8,317,035            | 8,551,045            |
| <b>Totals</b>                     | <b>\$43,625,707</b>     | <b>\$45,251,747</b> | <b>\$57,240,623</b>      | <b>\$58,544,055</b> | <b>\$100,866,330</b> | <b>\$103,795,802</b> |

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Major event during the current fiscal year affecting the City's capital assets included the following:

- *Investment of \$1,200,000 for the construction of a new clubhouse at Briardale Greens golf course.*

Additional information on the City's capital assets can be found in Note 9.

*Debt:* The City's outstanding General Obligation debt is currently rated "A 1" by Moody's Investors Service. This rating was confirmed in 2004 with the City's last long-term bond issue. This high investment grade rating is attributed to the City's conservative financial management, diverse tax base and moderate debt position. Maintaining its superior credit rating enables the City to obtain short term and long term financing at the lowest possible interest rates. As of December 31, 2005, the City's General Obligation Bonded debt totaled \$34,429,648.

A summary of outstanding long-term debt at December 31, 2005 follows.

Table 5  
 Outstanding Debt at Year End

|                          | Governmental Activities |                     | Business-Type Activities |                     | Total               |                     |
|--------------------------|-------------------------|---------------------|--------------------------|---------------------|---------------------|---------------------|
|                          | 2005                    | 2004                | 2005                     | 2004                | 2005                | 2004                |
| General Obligation Bonds | \$27,264,455            | \$29,481,511        | \$7,165,193              | \$7,460,841         | \$34,429,648        | \$36,942,352        |
| Special Assessment Bonds | 1,375,000               | 1,440,000           | 0                        | 0                   | 1,375,000           | 1,440,000           |
| Notes Payable            | 100,000                 | 5,981,000           | 1,000,000                | 1,200,000           | 1,100,000           | 7,181,000           |
| Industrial Revenue Bonds | 1,530,000               | 1,615,000           | 0                        | 0                   | 1,530,000           | 1,615,000           |
| OWDA Loans               | 0                       | 0                   | 13,389,914               | 14,761,134          | 13,389,914          | 14,761,134          |
| OPWC Loans               | 0                       | 0                   | 6,069,001                | 6,447,263           | 6,069,001           | 6,447,263           |
| <i>Totals</i>            | <u>\$30,269,455</u>     | <u>\$38,517,511</u> | <u>\$27,624,108</u>      | <u>\$29,869,238</u> | <u>\$57,893,563</u> | <u>\$68,386,749</u> |

The special assessment bonds will be paid from the proceeds of special assessments levied against benefited property owners. The various improvement notes will be paid out of the bond retirement fund. See Note 10 in the financial statements for more information regarding the City's outstanding debt.

***Debt Capacity:*** The City is well within statutory limitations for both voted and not voted debt. The computation of the legal debt margins at December 31, 2005 is included in the Statistical Section of this report under the heading "Computation of Legal Debt Margin" along with other related computations and ratios relevant to the City's note and bonded debt. The City's overall legal debt margin was \$57,176,192 and unvoted debt margin of \$15,513,735 at December 31, 2005.

The ratio of net general bonded debt to assessed valuation and the amount of net bonded debt per capita provide useful information concerning the level of the City's debt to management and investors. The information as of December 31, 2005 for the City of Euclid is as follows:

|                                      | <u>Amount</u> | <u>Ratio of<br/>Net Bonded Debt<br/>To Assessed Value</u> | <u>Net Bonded<br/>Debt Per<br/>Capita</u> |
|--------------------------------------|---------------|---|---|
| Net General Obligation Debt (Bonded) | \$27,150,966  | 3.26%   | \$515.03                                  |

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

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**Factors Expected to Affect the City's Future Financial Position or Results of Operations**

The City of Euclid, like all municipalities both local and national, continues to face the challenge of economic recession. Basic operating costs continue to rise due to negotiated salary increases, higher benefit costs, and federal and state mandates being placed upon municipalities at the same time federal and state funding is being reduced.

The City of Euclid has seen significant reductions in funding from the Federal and State governments. We are combating these reductions by stimulating economic and community development throughout our business districts and neighborhoods.

For the first time starting in 2004, the City began to project budgets over a three year period. The initial report issued to council in June 2004, will help to begin long-term planning for general operations as well as capital projects.

**Contacting the City's Financial Department**

This financial report is designed to provide a general overview of the City's finance 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 Jack Johnson, Finance Director at the City of Euclid, 585 East 222<sup>nd</sup> Street, Euclid, Ohio 44123, 216-289-2850, or e-mail at [jjohnson@ci.euclid.oh.us](mailto:jjohnson@ci.euclid.oh.us).

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**City of Euclid, Ohio**  
*Statement of Net Assets*  
December 31, 2005

|  | Primary Government      |                            |                     | Component Unit                 |
|--|-------------------------|----------------------------|---------------------|--------------------------------|
|  | Governmental Activities | Business - Type Activities | Total               | Euclid Development Corporation |
|  | <b>Assets</b>           |                            |                     |                                |
| Equity in Pooled Cash and Cash Equivalents       | \$7,178,657             | \$8,632,098                | \$15,810,755        | \$505,371                      |
| Cash and Cash Equivalents in Segregated Accounts | 610                     | 3,032                      | 3,642               | 0                              |
| Materials and Supplies Inventory                 | 297,568                 | 77,313                     | 374,881             | 0                              |
| Accrued Interest Receivable                      | 92,588                  | 0                          | 92,588              | 0                              |
| Accounts Receivable                              | 229,150                 | 1,847,200                  | 2,076,350           | 412                            |
| Intergovernmental Receivable                     | 4,096,238               | 28,495                     | 4,124,733           | 0                              |
| Prepaid Items                                    | 34,040                  | 16,589                     | 50,629              | 0                              |
| Municipal Income Taxes Receivable                | 6,266,586               | 0                          | 6,266,586           | 0                              |
| Property Taxes Receivable                        | 6,387,993               | 670,786                    | 7,058,779           | 0                              |
| Special Assessments Receivable                   | 1,375,000               | 0                          | 1,375,000           | 0                              |
| Deferred Charges                                 | 330,529                 | 36,254                     | 366,783             | 0                              |
| Loans Receivable                                 | 1,714,224               | 0                          | 1,714,224           | 1,698,305                      |
| Nondepreciable Capital Assets                    | 9,003,250               | 7,428,126                  | 16,431,376          | 0                              |
| Depreciable Capital Assets, Net                  | 34,622,457              | 49,812,497                 | 84,434,954          | 0                              |
| <i>Total Assets</i>                              | <u>71,628,890</u>       | <u>68,552,390</u>          | <u>140,181,280</u>  | <u>2,204,088</u>               |
| <b>Liabilities</b>                               |                         |                            |                     |                                |
| Accounts Payable                                 | 183,173                 | 89,897                     | 273,070             | 0                              |
| Contracts Payable                                | 199,270                 | 238,346                    | 437,616             | 0                              |
| Accrued Wages and Benefits                       | 59,766                  | 54,796                     | 114,562             | 1,828                          |
| Retainage Payable                                | 29,522                  | 176,852                    | 206,374             | 0                              |
| Accrued Interest Payable                         | 104,055                 | 418,957                    | 523,012             | 0                              |
| Matured Compensated Absences                     | 0                       | 37,117                     | 37,117              | 0                              |
| Intergovernmental Payable                        | 927,624                 | 41,456                     | 969,080             | 0                              |
| Deferred Revenue                                 | 5,886,564               | 619,621                    | 6,506,185           | 0                              |
| Claims Payable                                   | 1,034,009               | 0                          | 1,034,009           | 0                              |
| Long-Term Liabilities:                           |                         |                            |                     |                                |
| Due Within One Year                              | 4,322,596               | 2,391,584                  | 6,714,180           | 0                              |
| Due In More Than One Year                        | 35,033,461              | 26,650,102                 | 61,683,563          | 0                              |
| <i>Total Liabilities</i>                         | <u>47,780,040</u>       | <u>30,718,728</u>          | <u>78,498,768</u>   | <u>1,828</u>                   |
| <b>Net Assets</b>                                |                         |                            |                     |                                |
| Invested in Capital Assets, Net of Related Debt  | 13,156,151              | 28,971,722                 | 42,127,873          | 0                              |
| Restricted for:                                  |                         |                            |                     |                                |
| Capital Projects                                 | 891,816                 | 0                          | 891,816             | 0                              |
| Debt Service                                     | 4,617,366               | 0                          | 4,617,366           | 0                              |
| Street Maintenance                               | 1,194,227               | 0                          | 1,194,227           | 0                              |
| State Highway                                    | 328,752                 | 0                          | 328,752             | 0                              |
| Other Purposes                                   | 700,805                 | 0                          | 700,805             | 0                              |
| Unrestricted                                     | 2,959,733               | 8,861,940                  | 11,821,673          | 2,202,260                      |
| <i>Total Net Assets</i>                          | <u>\$23,848,850</u>     | <u>\$37,833,662</u>        | <u>\$61,682,512</u> | <u>\$2,202,260</u>             |

See accompanying notes to the basic financial statements

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

|                                       | Program Revenues    |                         |  |  |
|---------------------------------------|---------------------|-------------------------|--|--|
|                                       | Expenses            | Charges<br>for Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions |
| <b>Governmental Activities</b>        |                     |                         |  |  |
| General Government                    | \$11,114,592        | \$1,630,952             | \$243,965                                | \$31,219                               |
| Public Safety                         | 21,544,601          | 2,897,560               | 1,400                                    | 0                                      |
| Public Health Services                | 256,582             | 33,424                  | 0  | 0                                      |
| Streets and Highways                  | 4,626,115           | 191,361                 | 1,927,988                                | 0                                      |
| Community Development                 | 2,619,435           | 532,403                 | 1,116,634                                | 0                                      |
| Refuse Collection and Disposal        | 1,777,289           | 231,521                 | 0  | 0                                      |
| Culture and Recreation                | 1,924,054           | 615,674                 | 36,744                                   | 19,767                                 |
| Interest and Fiscal Charges           | 1,566,775           | 0                       | 0  | 0                                      |
| <i>Total Governmental Activities</i>  | <u>45,429,443</u>   | <u>6,132,895</u>        | <u>3,326,731</u>                         | <u>50,986</u>                          |
| <b>Business-Type Activities</b>       |                     |                         |  |  |
| Sewer                                 | 10,732,693          | 9,396,074               | 0  | 0                                      |
| Waterline                             | 793,114             | 840,218                 | 0  | 0                                      |
| Golf Course                           | 1,206,580           | 795,003                 | 0  | 0                                      |
| <i>Total Business-Type Activities</i> | <u>12,732,387</u>   | <u>11,031,295</u>       | <u>0</u>                                 | <u>0</u>                               |
| <i>Total Primary Government</i>       | <u>\$58,161,830</u> | <u>\$17,164,190</u>     | <u>\$3,326,731</u>                       | <u>\$50,986</u>                        |
| <b>Component Unit</b>                 |                     |                         |  |  |
| Euclid Development Corporation        | <u>\$58,963</u>     | <u>\$101,380</u>        | <u>\$0</u>                               | <u>\$0</u>                             |

**General Revenues**

Property and Other Local Taxes Levied for:

General Purposes

Other Purposes

Debt Service

Capital Projects

Municipal Income Taxes Levied for

General Purposes

Grants and Entitlements not Restricted  
to Specific Programs

Investment Earnings

Payment in Lieu of Taxes

Miscellaneous

*Total General Revenues*

Transfers

*Total General Revenues and Transfers*

*Change in Net Assets*

*Net Assets Beginning of Year - Restated (See Note 3)*

*Net Assets End of Year*

See accompanying notes to the basic financial statements

| Net (Expense) Revenue and Changes in Net Assets |                          |                     |                                |
|---|--------------------------|---------------------|--------------------------------|
| Primary Government                              |                          |                     | Component Unit                 |
| Governmental Activities                         | Business-Type Activities | Total               | Euclid Development Corporation |
| (\$9,208,456)                                   | \$0                      | (\$9,208,456)       | \$0                            |
| (18,645,641)                                    | 0                        | (18,645,641)        | 0                              |
| (223,158)                                       | 0                        | (223,158)           | 0                              |
| (2,506,766)                                     | 0                        | (2,506,766)         | 0                              |
| (970,398)                                       | 0                        | (970,398)           | 0                              |
| (1,545,768)                                     | 0                        | (1,545,768)         | 0                              |
| (1,251,869)                                     | 0                        | (1,251,869)         | 0                              |
| (1,566,775)                                     | 0                        | (1,566,775)         | 0                              |
| (35,918,831)                                    | 0                        | (35,918,831)        | 0                              |
| 0   | (1,336,619)              | (1,336,619)         | 0                              |
| 0   | 47,104                   | 47,104              | 0                              |
| 0   | (411,577)                | (411,577)           | 0                              |
| 0   | (1,701,092)              | (1,701,092)         | 0                              |
| (35,918,831)                                    | (1,701,092)              | (37,619,923)        | 0                              |
| 0   | 0                        | 0                   | 42,417                         |
| 1,942,869                                       | 0                        | 1,942,869           | 0                              |
| 378,408   | 670,778                  | 1,049,186           | 0                              |
| 2,657,665                                       | 0                        | 2,657,665           | 0                              |
| 492,729   | 0                        | 492,729             | 0                              |
| 22,004,837                                      | 0                        | 22,004,837          | 0                              |
| 5,745,954                                       | 614,188                  | 6,360,142           | 0                              |
| 663,536   | 351                      | 663,887             | 0                              |
| 59,293  | 0                        | 59,293              | 0                              |
| 10,827  | 0                        | 10,827              | 4,174                          |
| 33,956,118                                      | 1,285,317                | 35,241,435          | 4,174                          |
| (625,806)                                       | 625,806                  | 0                   | 0                              |
| 33,330,312                                      | 1,911,123                | 35,241,435          | 4,174                          |
| (2,588,519)                                     | 210,031                  | (2,378,488)         | 46,591                         |
| 26,437,369                                      | 37,623,631               | 64,061,000          | 2,155,669                      |
| <u>\$23,848,850</u>                             | <u>\$37,833,662</u>      | <u>\$61,682,512</u> | <u>\$2,202,260</u>             |

**City of Euclid, Ohio**

*Balance Sheet*

*Governmental Funds*

*December 31, 2005*

|   | General             | General<br>Obligation<br>Bond<br>Retirement | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|---------------------|---|--------------------------------|--------------------------------|
| <b>Assets</b>                                       |                     |   |                                |                                |
| Equity in Pooled Cash and<br>Cash Equivalents       | \$2,005,518         | \$2,919,476                                 | \$2,141,083                    | \$7,066,077                    |
| Cash and Cash Equivalents<br>in Segregated Accounts | 0                   | 0   | 610                            | 610                            |
| Materials and Supplies Inventory                    | 88,970              | 0   | 208,598                        | 297,568                        |
| Accrued Interest Receivable                         | 85,755              | 6,833                                       | 0                              | 92,588                         |
| Accounts Receivable                                 | 175,856             | 0   | 53,294                         | 229,150                        |
| Interfund Receivable                                | 22,108              | 130,000                                     | 0                              | 152,108                        |
| Intergovernmental Receivable                        | 2,738,322           | 182,518                                     | 1,175,398                      | 4,096,238                      |
| Prepaid Items                                       | 29,988              | 0   | 4,052                          | 34,040                         |
| Municipal Income Taxes Receivable                   | 6,266,586           | 0   | 0                              | 6,266,586                      |
| Property Taxes Receivable                           | 2,253,841           | 3,127,973                                   | 1,006,179                      | 6,387,993                      |
| Special Assessments Receivable                      | 0                   | 1,375,000                                   | 0                              | 1,375,000                      |
| Notes Receivable                                    | 1,714,224           | 0   | 0                              | 1,714,224                      |
| <i>Total Assets</i>                                 | <u>\$15,381,168</u> | <u>\$7,741,800</u>                          | <u>\$4,589,214</u>             | <u>\$27,712,182</u>            |
| <b>Liabilities and Fund Balances</b>                |                     |   |                                |                                |
| <b>Liabilities</b>                                  |                     |   |                                |                                |
| Accounts Payable                                    | \$82,285            | \$0   | \$67,489                       | \$149,774                      |
| Contracts Payable                                   | 176,040             | 0   | 23,230                         | 199,270                        |
| Accrued Wages and Benefits                          | 32,473              | 0   | 27,293                         | 59,766                         |
| Retainage Payable                                   | 0                   | 0   | 29,522                         | 29,522                         |
| Interfund Payable                                   | 0                   | 0   | 152,108                        | 152,108                        |
| Intergovernmental Payable                           | 911,809             | 275   | 15,423                         | 927,507                        |
| Deferred Revenue                                    | 5,747,269           | 4,685,491                                   | 1,830,685                      | 12,263,445                     |
| Claims Payable                                      | 571,509             | 0   | 0                              | 571,509                        |
| <i>Total Liabilities</i>                            | <u>7,521,385</u>    | <u>4,685,766</u>                            | <u>2,145,750</u>               | <u>14,352,901</u>              |
| <b>Fund Balances</b>                                |                     |   |                                |                                |
| Reserved for Encumbrances                           | 14,636              | 0   | 522,175                        | 536,811                        |
| Reserved for Unclaimed Monies                       | 23,298              | 0   | 0                              | 23,298                         |
| Unreserved:   |                     |   |                                |                                |
| Undesignated, Reported in:                          |                     |   |                                |                                |
| General Fund  | 7,821,849           | 0   | 0                              | 7,821,849                      |
| Special Revenue Funds                               | 0                   | 0   | 1,520,080                      | 1,520,080                      |
| Debt Service Funds                                  | 0                   | 3,056,034                                   | 0                              | 3,056,034                      |
| Capital Projects Funds                              | 0                   | 0   | 401,209                        | 401,209                        |
| <i>Total Fund Balances</i>                          | <u>7,859,783</u>    | <u>3,056,034</u>                            | <u>2,443,464</u>               | <u>13,359,281</u>              |
| <i>Total Liabilities and Fund Balances</i>          | <u>\$15,381,168</u> | <u>\$7,741,800</u>                          | <u>\$4,589,214</u>             | <u>\$27,712,182</u>            |

See accompanying notes to the basic financial statements

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

|  |              |
|--|--------------|
| <b>Total Governmental Fund Balances</b>  | \$13,359,281 |
| <br><i>Amounts reported for governmental activities in the<br/>statement of net assets are different because</i>   |              |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds   | 43,625,707   |
| Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:   |              |
| Property and Other Taxes   | 468,172      |
| Municipal Income Tax   | 1,883,412    |
| Intergovernmental  | 2,650,297    |
| Special Assessments  | 1,375,000    |
| Total  | 6,376,881    |
| An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets. |              |
| Net Assets   | (394,687)    |
| Compensated Absences   | 11,251       |
| Total  | (383,436)    |
| Bond issuance costs will be amortized over the life of the bonds on the statement of net assets.   | 330,529      |
| In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.   | (104,055)    |
| Long-term liabilities, including bonds payable and compensated absences payable, are not due and payable in the current period and therefore are not reported in the funds:  |              |
| General Obligation Bonds   | (27,150,400) |
| Special Assessment Bonds   | (1,375,000)  |
| Industrial Development Revenue Bonds   | (1,530,000)  |
| Premium on Bonds   | (114,055)    |
| Compensated Absences   | (6,614,433)  |
| Long-Term Notes Payable  | (100,000)    |
| Claims   | (297,484)    |
| Capital Leases   | (2,174,685)  |
| Total  | (39,356,057) |
| <i>Net Assets of Governmental Activities</i>   | \$23,848,850 |

See accompanying notes to the basic financial statements

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

|   | General            | General<br>Obligation<br>Bond<br>Retirement | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|--------------------|---|--------------------------------|--------------------------------|
| <b>Revenues</b>   |                    |   |                                |                                |
| Property and Other Local Taxes                          | \$2,081,900        | \$2,844,877                                 | \$966,462                      | \$5,893,239                    |
| Payment in Lieu of Taxes                                | 0                  | 0   | 59,293                         | 59,293                         |
| Municipal Income Taxes                                  | 23,029,224         | 0   | 0                              | 23,029,224                     |
| Charges for Services                                    | 2,888,084          | 68,497                                      | 1,245,125                      | 4,201,706                      |
| Licenses and Permits                                    | 241,899            | 0   | 0                              | 241,899                        |
| Fines and Forfeitures                                   | 1,230,126          | 0   | 120,762                        | 1,350,888                      |
| Intergovernmental                                       | 4,948,770          | 365,036                                     | 3,088,068                      | 8,401,874                      |
| Special Assessments                                     | 0                  | 65,000                                      | 23,111                         | 88,111                         |
| Interest  | 301,318            | 270,592                                     | 91,626                         | 663,536                        |
| Rentals   | 237,519            | 35,000                                      | 56,796                         | 329,315                        |
| Contributions and Donations                             | 0                  | 0   | 35,280                         | 35,280                         |
| Miscellaneous   | 0                  | 0   | 10,827                         | 10,827                         |
| <i>Total Revenues</i>                                   | <u>34,958,840</u>  | <u>3,649,002</u>                            | <u>5,697,350</u>               | <u>44,305,192</u>              |
| <b>Expenditures</b>                                     |                    |   |                                |                                |
| Current:  |                    |   |                                |                                |
| General Government                                      | 10,091,812         | 115,059                                     | 320,883                        | 10,527,754                     |
| Public Safety   | 18,376,665         | 0   | 206,308                        | 18,582,973                     |
| Public Health Services                                  | 257,846            | 0   | 0                              | 257,846                        |
| Streets and Highways                                    | 0                  | 0   | 1,587,855                      | 1,587,855                      |
| Community Development                                   | 1,162,260          | 0   | 1,115,306                      | 2,277,566                      |
| Refuse Collection and Disposal                          | 1,786,082          | 0   | 0                              | 1,786,082                      |
| Culture and Recreation                                  | 742,015            | 0   | 920,911                        | 1,662,926                      |
| Capital Outlay  | 0                  | 0   | 3,227,405                      | 3,227,405                      |
| Debt Service:   |                    |   |                                |                                |
| Principal Retirement                                    | 2,265,230          | 2,290,000                                   | 4,156,299                      | 8,711,529                      |
| Interest and Fiscal Charges                             | 154,127            | 1,391,809                                   | 22,357                         | 1,568,293                      |
| <i>Total Expenditures</i>                               | <u>34,836,037</u>  | <u>3,796,868</u>                            | <u>11,557,324</u>              | <u>50,190,229</u>              |
| <i>Excess of Revenues Over<br/>(Under) Expenditures</i> | <u>122,803</u>     | <u>(147,866)</u>                            | <u>(5,859,974)</u>             | <u>(5,885,037)</u>             |
| <b>Other Financing Sources (Uses)</b>                   |                    |   |                                |                                |
| Notes Issued  | 0                  | 0   | 100,000                        | 100,000                        |
| Inception of Capital Lease                              | 0                  | 0   | 1,077,689                      | 1,077,689                      |
| Transfers In  | 759,056            | 0   | 159,000                        | 918,056                        |
| Transfers Out   | (124,000)          | 0   | (507,600)                      | (631,600)                      |
| <i>Total Other Financing Uses</i>                       | <u>635,056</u>     | <u>0</u>                                    | <u>829,089</u>                 | <u>1,464,145</u>               |
| <i>Net Change in Fund Balances</i>                      | 757,859            | (147,866)                                   | (5,030,885)                    | (4,420,892)                    |
| <i>Fund Balances</i>                                    |                    |   |                                |                                |
| <i>Beginning of Year - Restated (See Note 3)</i>        | <u>7,101,924</u>   | <u>3,203,900</u>                            | <u>7,474,349</u>               | <u>17,780,173</u>              |
| <i>Fund Balances End of Year</i>                        | <u>\$7,859,783</u> | <u>\$3,056,034</u>                          | <u>\$2,443,464</u>             | <u>\$13,359,281</u>            |

See accompanying notes to the basic financial statements

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

**Net Change in Fund Balances - Total Governmental Funds** (\$4,420,892)

*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 depreciation exceeded capital outlays in the current period.

|                           |                    |                    |
|---------------------------|--------------------|--------------------|
| Capital Asset Additions   | 360,206            |                    |
| Current Year Depreciation | (1,970,102)        |                    |
| <b>Total</b>              | <b>(1,609,896)</b> | <b>(1,609,896)</b> |

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. (16,144)

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

|                           |                  |                  |
|---------------------------|------------------|------------------|
| Delinquent Property Taxes | (421,568)        |                  |
| Municipal Income Taxes    | (1,024,387)      |                  |
| Intergovernmental         | 683,537          |                  |
| Special Assessments       | (76,044)         |                  |
| <b>Total</b>              | <b>(838,462)</b> | <b>(838,462)</b> |

Other financing sources in the governmental funds increase long-term liabilities in the statement of net assets.

|                             |                    |                    |
|-----------------------------|--------------------|--------------------|
| Proceeds of Notes           | (100,000)          |                    |
| Inception of Capital Leases | (1,077,689)        |                    |
| <b>Total</b>                | <b>(1,177,689)</b> | <b>(1,177,689)</b> |

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

|                             |                  |                  |
|-----------------------------|------------------|------------------|
| Repayment of Bond and Note  | 8,356,000        |                  |
| Repayment of Capital Leases | 355,529          |                  |
| <b>Total</b>                | <b>8,711,529</b> | <b>8,711,529</b> |

In the statement of activities, interest accrued on outstanding bonds, bond premium and bond issuance costs are amortized over the terms of the bonds, whereas in the governmental funds the expenditure is reported when the bonds are issued.

|                                     |              |              |
|-------------------------------------|--------------|--------------|
| Accrued Interest                    | 30,978       |              |
| Amortization of Bond Premium        | 7,344        |              |
| Amortization of Bond Issuance Costs | (21,516)     |              |
| Amortization of Gain on Refunding   | (15,288)     |              |
| <b>Total</b>                        | <b>1,518</b> | <b>1,518</b> |

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures.

|                      |                    |                    |
|----------------------|--------------------|--------------------|
| Compensated Absences | (3,400,524)        |                    |
| Claims               | (32,860)           |                    |
| <b>Total</b>         | <b>(3,433,384)</b> | <b>(3,433,384)</b> |

The internal service fund used by management to charge the costs of insurance to individual funds is not reported in entity-wide statement of activities. Governmental expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.:

|                      |                |                |
|----------------------|----------------|----------------|
| Change in Net Assets | 197,576        |                |
| Compensated Absences | (2,675)        |                |
| <b>Total</b>         | <b>194,901</b> | <b>194,901</b> |

*Change in Net Assets of Governmental Activities* (\$2,588,519)

See accompanying notes to the basic financial statements

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

|   | Budgeted Amounts   |                 | Actual      | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|--------------------|-----------------|-------------|---|
|   | Original<br>Budget | Final<br>Budget |             |   |
| <b>Revenues</b>   |                    |                 |             |   |
| Property and Other Taxes                                | \$2,138,813        | \$2,138,813     | \$2,081,900 | (\$56,913)  |
| Municipal Income Taxes                                  | 21,953,000         | 21,953,000      | 21,771,029  | (181,971)   |
| Charges for Services                                    | 2,941,506          | 2,941,506       | 3,135,124   | 193,618   |
| Licenses and Permits                                    | 313,700            | 313,700         | 262,930     | (50,770)  |
| Fines and Forfeitures                                   | 1,343,300          | 1,343,300       | 1,333,328   | (9,972)   |
| Intergovernmental                                       | 4,660,216          | 4,660,216       | 4,840,347   | 180,131   |
| Interest  | 100,000            | 100,000         | 366,734     | 266,734   |
| Rentals   | 260,000            | 260,000         | 237,519     | (22,481)  |
| <i>Total Revenues</i>                                   | 33,710,535         | 33,710,535      | 34,028,911  | 318,376   |
| <b>Expenditures</b>                                     |                    |                 |             |   |
| Current:  |                    |                 |             |   |
| General Government                                      | 11,291,445         | 11,333,103      | 10,888,214  | 444,889   |
| Public Safety   | 18,730,111         | 18,922,028      | 18,845,350  | 76,678  |
| Public Health Services                                  | 258,208            | 258,183         | 252,316     | 5,867   |
| Community Development                                   | 1,252,815          | 1,253,864       | 1,194,629   | 59,235  |
| Refuse Collection and Disposal                          | 1,699,850          | 1,797,610       | 1,797,506   | 104   |
| Culture and Recreation                                  | 728,271            | 744,671         | 742,699     | 1,972   |
| Debt Service:   |                    |                 |             |   |
| Principal Retirement                                    | 85,000             | 85,000          | 85,000      | 0   |
| Interest and Fiscal Charges                             | 133,238            | 133,238         | 133,238     | 0   |
| <i>Total Expenditures</i>                               | 34,178,938         | 34,527,697      | 33,938,952  | 588,745   |
| <i>Excess of Revenues Over<br/>(Under) Expenditures</i> | (468,403)          | (817,162)       | 89,959      | 907,121   |
| <b>Other Financing Sources (Uses)</b>                   |                    |                 |             |   |
| Transfers In  | 759,056            | 759,056         | 759,056     | 0   |
| Transfers Out   | (124,000)          | (159,000)       | (124,000)   | 35,000  |
| <i>Total Other Financing Sources</i>                    | 635,056            | 600,056         | 635,056     | 35,000  |
| <i>Net Change in Fund Balance</i>                       | 166,653            | (217,106)       | 725,015     | 942,121   |
| <i>Fund Balance Beginning of Year</i>                   | 1,149,127          | 1,149,127       | 1,149,127   | 0   |
| Prior Year Encumbrances Appropriated                    | 63,897             | 63,897          | 63,897      | 0   |
| <i>Fund Balance End of Year</i>                         | \$1,379,677        | \$995,918       | \$1,938,039 | \$942,121   |

See accompanying notes to the basic financial statements

**City of Euclid, Ohio**  
*Statement of Fund Net Assets*  
*Proprietary Funds*  
*December 31, 2005*

|   | Business-Type Activities |                    |                                    |                     | Governmental<br>Activities -<br>Internal Service<br>Fund |
|---|--------------------------|--------------------|------------------------------------|---------------------|--|
|   | Waste<br>Water           | Water<br>Line      | Briardale<br>Greens<br>Golf Course | Total               |  |
| <b>Assets</b>   |                          |                    |                                    |                     |  |
| <i>Current Assets</i>                                 |                          |                    |                                    |                     |  |
| Equity in Pooled Cash and<br>Cash Equivalents         | \$7,230,085              | \$1,204,183        | \$197,830                          | \$8,632,098         | \$112,580  |
| Cash and Cash Equivalents<br>in Segregated Accounts   | 0                        | 0                  | 3,032                              | 3,032               | 0  |
| Materials and Supplies Inventory                      | 64,574                   | 0                  | 12,739                             | 77,313              | 0  |
| Accounts Receivable                                   | 1,635,339                | 211,230            | 631                                | 1,847,200           | 0  |
| Intergovernmental Receivable                          | 28,495                   | 0                  | 0                                  | 28,495              | 0  |
| Property Tax Receivable                               | 670,786                  | 0                  | 0                                  | 670,786             | 0  |
| Prepaid Items   | 15,344                   | 0                  | 1,245                              | 16,589              | 0  |
| <i>Total Current Assets</i>                           | <u>9,644,623</u>         | <u>1,415,413</u>   | <u>215,477</u>                     | <u>11,275,513</u>   | <u>112,580</u>   |
| <i>Noncurrent Assets</i>                              |                          |                    |                                    |                     |  |
| Deferred Charges                                      | 36,254                   | 0                  | 0                                  | 36,254              | 0  |
| Non-Depreciable Capital Assets                        | 156,600                  | 0                  | 7,271,526                          | 7,428,126           | 0  |
| Depreciable Capital Assets, Net                       | 39,926,118               | 8,317,035          | 1,569,344                          | 49,812,497          | 0  |
| <i>Total Noncurrent Assets</i>                        | <u>40,118,972</u>        | <u>8,317,035</u>   | <u>8,840,870</u>                   | <u>57,276,877</u>   | <u>0</u>   |
| <i>Total Assets</i>                                   | <u>49,763,595</u>        | <u>9,732,448</u>   | <u>9,056,347</u>                   | <u>68,552,390</u>   | <u>112,580</u>   |
| <b>Liabilities</b>                                    |                          |                    |                                    |                     |  |
| <i>Current Liabilities</i>                            |                          |                    |                                    |                     |  |
| Accounts Payable                                      | 85,777                   | 1,951              | 2,169                              | 89,897              | 0  |
| Contracts Payable                                     | 235,454                  | 0                  | 2,892                              | 238,346             | 33,399   |
| Accrued Wages and Benefits                            | 52,187                   | 0                  | 2,609                              | 54,796              | 0  |
| Retainage Payable                                     | 62,924                   | 0                  | 113,928                            | 176,852             | 0  |
| Accrued Interest Payable                              | 401,285                  | 17,672             | 0                                  | 418,957             | 0  |
| Matured Compensated Absences                          | 37,117                   | 0                  | 0                                  | 37,117              | 0  |
| Intergovernmental Payable                             | 38,857                   | 0                  | 2,599                              | 41,456              | 117  |
| Deferred Revenue                                      | 619,621                  | 0                  | 0                                  | 619,621             | 0  |
| Claims Payable  | 21,142                   | 8,543              | 0                                  | 29,685              | 462,500  |
| Compensated Absences Payable                          | 80,956                   | 0                  | 17,731                             | 98,687              | 8,721  |
| OWDA Loans Payable                                    | 1,475,399                | 0                  | 0                                  | 1,475,399           | 0  |
| OPWC Loans Payable                                    | 236,882                  | 141,380            | 0                                  | 378,262             | 0  |
| General Obligation Bonds Payable                      | 86,000                   | 215,000            | 0                                  | 301,000             | 0  |
| Capital Leases  | 90,261                   | 0                  | 18,290                             | 108,551             | 0  |
| <i>Total Current Liabilities</i>                      | <u>3,523,862</u>         | <u>384,546</u>     | <u>160,218</u>                     | <u>4,068,626</u>    | <u>504,737</u>   |
| <i>Long-Term Liabilities (net of current portion)</i> |                          |                    |                                    |                     |  |
| Compensated Absences Payable                          | 465,380                  | 0                  | 93,417                             | 558,797             | 2,530  |
| OWDA Loans Payable                                    | 11,914,515               | 0                  | 0                                  | 11,914,515          | 0  |
| OPWC Loans Payable                                    | 3,580,181                | 2,110,558          | 0                                  | 5,690,739           | 0  |
| General Obligation Bonds Payable                      | 2,754,193                | 4,110,000          | 0                                  | 6,864,193           | 0  |
| Capital Leases  | 553,562                  | 0                  | 31,129                             | 584,691             | 0  |
| Claims Payable  | 26,471                   | 10,696             | 0                                  | 37,167              | 0  |
| Notes Payable   | 0                        | 1,000,000          | 0                                  | 1,000,000           | 0  |
| <i>Total Long-Term Liabilities</i>                    | <u>19,294,302</u>        | <u>7,231,254</u>   | <u>124,546</u>                     | <u>26,650,102</u>   | <u>2,530</u>   |
| <i>Total Liabilities</i>                              | <u>22,818,164</u>        | <u>7,615,800</u>   | <u>284,764</u>                     | <u>30,718,728</u>   | <u>507,267</u>   |
| <b>Net Assets</b>                                     |                          |                    |                                    |                     |  |
| Invested in Capital Assets, Net of Related Debt       | 19,440,172               | 740,097            | 8,791,453                          | 28,971,722          | 0  |
| Unrestricted (Deficit)                                | 7,505,259                | 1,376,551          | (19,870)                           | 8,861,940           | (394,687)  |
| <i>Total Net Assets (Deficit)</i>                     | <u>\$26,945,431</u>      | <u>\$2,116,648</u> | <u>\$8,771,583</u>                 | <u>\$37,833,662</u> | <u>(\$394,687)</u>                                       |

See accompanying notes to the basic financial statements

**City of Euclid, Ohio**  
*Statement of Revenues, Expenses  
and Changes in Fund Net Assets  
Proprietary Funds  
For the Year Ended December 31, 2005*

|   | Business-Type Activities |               |                                    | Total        | Governmental<br>Activities -<br>Internal Service<br>Fund |
|---|--------------------------|---------------|------------------------------------|--------------|--|
|   | Waste<br>Water           | Water<br>Line | Briardale<br>Greens<br>Golf Course |              |  |
| <b>Operating Revenues</b>   |                          |               |                                    |              |  |
| Charges for Services  | \$9,396,074              | \$840,218     | \$795,003                          | \$11,031,295 | \$395,000  |
| <b>Operating Expenses</b>   |                          |               |                                    |              |  |
| Personal Services   | 3,336,912                | 0             | 535,505                            | 3,872,417    | 21,062   |
| Materials and Supplies  | 2,516,648                | 0             | 297,261                            | 2,813,909    | 472  |
| Contractual Services  | 1,545,612                | 357,731       | 106,463                            | 2,009,806    | 99,397   |
| Other Operating Expenses  | 60,867                   | 0             | 110,884                            | 171,751      | 0  |
| Claims  | 0                        | 0             | 0                                  | 0            | 79,068   |
| Depreciation  | 2,157,067                | 234,010       | 129,232                            | 2,520,309    | 0  |
| <i>Total Operating Expenses</i>   | 9,617,106                | 591,741       | 1,179,345                          | 11,388,192   | 199,999  |
| <i>Operating Income (Loss)</i>  | (221,032)                | 248,477       | (384,342)                          | (356,897)    | 195,001  |
| <b>Non Operating Revenues (Expenses)</b>                                  |                          |               |                                    |              |  |
| Interest  | 351                      | 0             | 0                                  | 351          | 2,575  |
| Property Taxes  | 670,778                  | 0             | 0                                  | 670,778      | 0  |
| Operating Grants  | 614,188                  | 0             | 0                                  | 614,188      | 0  |
| Interest and Fiscal Charges   | (1,115,234)              | (201,373)     | (1,256)                            | (1,317,863)  | 0  |
| Loss on Disposal of Capital Assets  | (353)                    | 0             | (25,979)                           | (26,332)     | 0  |
| <i>Total Non Operating Revenues (Expenses)</i>                            | 169,730                  | (201,373)     | (27,235)                           | (58,878)     | 2,575  |
| <i>Income (Loss) Before Contributions<br/>and Transfers</i>               | (51,302)                 | 47,104        | (411,577)                          | (415,775)    | 197,576  |
| Capital Contributions   | 0                        | 0             | 912,262                            | 912,262      | 0  |
| Transfers Out   | (286,456)                | 0             | 0                                  | (286,456)    | 0  |
| <i>Change in Net Assets</i>   | (337,758)                | 47,104        | 500,685                            | 210,031      | 197,576  |
| <i>Net Assets (Deficit) Beginning of Year -<br/>Restated (See Note 3)</i> | 27,283,189               | 2,069,544     | 8,270,898                          | 37,623,631   | (592,263)  |
| <i>Net Assets (Deficit) End of Year</i>                                   | \$26,945,431             | \$2,116,648   | \$8,771,583                        | \$37,833,662 | (\$394,687)  |

See accompanying notes to the basic financial statements

**City of Euclid, Ohio**  
*Statement of Cash Flows*  
*Proprietary Funds*  
For the Year Ended December 31, 2005

|   | Business-Type Activities  |                           |                                    |                           | Governmental<br>Activities -<br>Internal Service<br>Funds |
|---|---------------------------|---------------------------|------------------------------------|---------------------------|---|
|   | Waste<br>Water            | Water<br>Line             | Briardale<br>Greens<br>Golf Course | Totals                    |   |
| <b>Increase (Decrease) in Cash and Cash Equivalents</b>                             |                           |                           |                                    |                           |   |
| <b>Cash Flows from Operating Activities</b>   |                           |                           |                                    |                           |   |
| Cash Received from Customers  | \$10,857,675              | \$972,288                 | \$794,372                          | \$12,624,335              | \$395,000   |
| Cash Payments to Suppliers for Goods and Services                                   | (3,741,913)               | (349,939)                 | (288,555)                          | (4,380,407)               | (66,353)  |
| Cash Paid to Employees  | (3,808,047)               | 0                         | (555,824)                          | (4,363,871)               | (32,449)  |
| Cash Paid for Claims  | 0                         | 0                         | 0                                  | 0                         | (291,568)   |
| Other Operating Cash Payments   | (55,481)                  | 0                         | (110,884)                          | (166,365)                 | 0   |
| <i>Net Cash Provided by (Used for) Operating Activities</i>                         | <u>3,252,234</u>          | <u>622,349</u>            | <u>(160,891)</u>                   | <u>3,713,692</u>          | <u>4,630</u>  |
| <b>Cash Flows from Noncapital Financing Activities</b>                              |                           |                           |                                    |                           |   |
| Receipts for Operating Grants   | 585,693                   | 0                         | 0                                  | 585,693                   | 0   |
| Receipts for Property Taxes   | 619,613                   | 0                         | 0                                  | 619,613                   | 0   |
| Transfers Out   | (286,456)                 | 0                         | 0                                  | (286,456)                 | 0   |
| <i>Net Cash Provided by<br/>Noncapital Financing Activities</i>                     | <u>918,850</u>            | <u>0</u>                  | <u>0</u>                           | <u>918,850</u>            | <u>0</u>  |
| <b>Cash Flows from Capital and<br/>Related Financing Activities</b>                 |                           |                           |                                    |                           |   |
| Payments for Capital Acquisition  | (268,570)                 | 0                         | (21,824)                           | (290,394)                 | 0   |
| Proceeds from Notes   | 0                         | 1,000,000                 | 0                                  | 1,000,000                 | 0   |
| Principal Paid on General Obligation Bonds  | (90,000)                  | (205,000)                 | 0                                  | (295,000)                 | 0   |
| Interest Paid on General Obligation Bonds   | (132,892)                 | (220,441)                 | 0                                  | (353,333)                 | 0   |
| Principal Paid on OWDA Loans  | (1,371,220)               | 0                         | 0                                  | (1,371,220)               | 0   |
| Interest Paid on OWDA Loans   | (1,030,797)               | 0                         | 0                                  | (1,030,797)               | 0   |
| Principal Paid on OPWC Loans  | (236,882)                 | (141,380)                 | 0                                  | (378,262)                 | 0   |
| Principal Paid on Capital Leases  | (86,178)                  | 0                         | (8,412)                            | (94,590)                  | 0   |
| Interest Paid on Capital Leases   | (33,365)                  | 0                         | (1,429)                            | (34,794)                  | 0   |
| <i>Net Cash Provided by (Used for) Capital and<br/>Related Financing Activities</i> | <u>(3,249,904)</u>        | <u>433,179</u>            | <u>(31,665)</u>                    | <u>(2,848,390)</u>        | <u>0</u>  |
| <b>Cash Flows from Investing Activities</b>   |                           |                           |                                    |                           |   |
| Interest on Investments   | 372                       | 0                         | 0                                  | 372                       | 2,582   |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>                         | 921,552                   | 1,055,528                 | (192,556)                          | 1,784,524                 | 7,212   |
| <i>Cash and Cash Equivalents Beginning of Year</i>                                  | <u>6,308,532</u>          | <u>148,655</u>            | <u>393,418</u>                     | <u>6,850,605</u>          | <u>105,368</u>  |
| <i>Cash and Cash Equivalents End of Year</i>  | <u><u>\$7,230,084</u></u> | <u><u>\$1,204,183</u></u> | <u><u>\$200,862</u></u>            | <u><u>\$8,635,129</u></u> | <u><u>\$112,580</u></u>                                   |

(continued)

**City of Euclid, Ohio**  
*Statement of Cash Flows*  
*Proprietary Funds (continued)*  
For the Year Ended December 31, 2005

|  | Business-Type Activities |               |                                    |             | Governmental<br>Activities -<br>Internal Service<br>Funds |
|--|--------------------------|---------------|------------------------------------|-------------|---|
|  | Waste<br>Water           | Water<br>Line | Briardale<br>Greens<br>Golf Course | Totals      |   |
| <b>Reconciliation of Operating Income (Loss) to Net Cash<br/>Provided By (Used for) Operating Activities</b> |                          |               |                                    |             |   |
| Operating Income (Loss)  | (\$221,032)              | \$248,477     | (\$384,342)                        | (\$356,897) | \$195,001   |
| <i>Adjustments:</i>  |                          |               |                                    |             |   |
| Depreciation   | 2,157,067                | 234,010       | 129,232                            | 2,520,309   | 0   |
| (Increase) Decrease in Assets:   |                          |               |                                    |             |   |
| Accounts Receivable  | 1,461,601                | 132,070       | (631)                              | 1,593,040   | 0   |
| Prepaid Items  | (15,344)                 | 0             | (1,245)                            | (16,589)    | 0   |
| Materials and Supplies Inventory   | (43,078)                 | 0             | (2,575)                            | (45,653)    | 0   |
| Increase (Decrease) in Liabilities:  |                          |               |                                    |             |   |
| Accounts Payable   | (162,582)                | (3,169)       | 2,169                              | (163,582)   | 0   |
| Contracts Payable  | 235,454                  | 0             | 2,892                              | 238,346     | 33,399  |
| Retainage Payable  | 62,924                   | 0             | 113,928                            | 176,852     | 0   |
| Compensated Absences Payable   | 394,007                  | 0             | 57,325                             | 451,332     | (2,675)   |
| Matured Compensated Absences   | 37,117                   | 0             | 0                                  | 37,117      | 0   |
| Accrued Wages  | 6,543                    | 0             | 247                                | 6,790       | 0   |
| Intergovernmental Payable  | (691,562)                | 0             | (77,891)                           | (769,453)   | (8,595)   |
| Claims Payable   | 31,119                   | 10,961        | 0                                  | 42,080      | (212,500)   |
| <i>Total Adjustments</i>   | 3,473,266                | 373,872       | 223,451                            | 4,070,589   | (190,371)   |
| <i>Net Cash Provided by (Used for) Operating Activities</i>  | \$3,252,234              | \$622,349     | (\$160,891)                        | \$3,713,692 | \$4,630   |

**Noncash Activities:**

During 2005, the Briardale Golf Course received \$912,262 in contributions from other funds.

See accompanying notes to the basic financial statements

**City of Euclid, Ohio**  
*Statement of Fiduciary Assets and Liabilities*  
*Fiduciary Funds*  
*December 31, 2005*

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|  | <u>Agency</u>    |
|--|------------------|
| <b>Assets</b>                              |                  |
| Equity in Pooled Cash and Cash Equivalents | <u>\$247,438</u> |
| <b>Liabilities</b>                         |                  |
| Deposits Held and Due to Others            | <u>\$247,438</u> |

See accompanying notes to the basic financial statements

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

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**Note 1 - Description of City and Reporting Entity**

The City of Euclid, Ohio (the City) was incorporated in 1931 and includes an area of approximately 10.3 square miles. The City operates under an elected Mayor/Council (nine members) administrative/legislative form of government and provides services to its more than 54,000 residents. The City established a formal charter in 1951 which governs its operations.

***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 Euclid this includes police and fire protection, parks and recreation, planning, zoning, public safety, public service, street maintenance, sanitation system, 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.

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 the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of 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 one component unit, Euclid Development Corporation.

***Euclid Development Corporation (EDCOR)*** The Euclid Development Corporation (EDCOR) is a legally separate, non-profit organization served by a self-appointed board of trustees. EDCOR was formed under Chapter 1702 of the Ohio Revised Code, for the purpose of providing administrative program assistance to the Community Development Department while combating deterioration and lessening the burdens of government by advancing, encouraging, and promoting residential and commercial redevelopment and revitalization in the City of Euclid. The City of Euclid subsidizes EDCOR's entire operation from its Community Development Block Grant. Based on the significant services and resources provided by the City to EDCOR and EDCOR's administrative program assistance to the community development program of the City, EDCOR is reflected as a component unit of the City of Euclid. EDCOR operates on a fiscal year ending December 31. Separately issued financial statements can be obtained from the Euclid Development Corporation, 585 East 222<sup>nd</sup> Street, Euclid, Ohio 44123.

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

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**Note 2 - Summary of Significant Accounting Policies**

The financial statements of the City of Euclid have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its proprietary funds unless those pronouncements conflict with or contradict GASB pronouncements. The City has elected not to apply FASB statements and interpretations issued after November 30, 1989, to its business-type activities and enterprise funds. The more significant of the City's accounting policies are described below.

***A. Basis of Presentation***

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

***Government-wide Financial Statements*** The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses.

The statement of net assets presents the financial condition of the governmental and business-type 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 and for the business-type activities of the City. 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 function or business activity 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 and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

***B. Fund Accounting***

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

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

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

**General Fund** This fund is the operating fund of the City and is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the City of Euclid for any purpose provided it is expended or transferred according to the general laws of Ohio.

**General Obligation Bond Retirement Fund** This fund is used to account for the tax levies and transfers in that are utilized for the repayment of general obligation bond debt.

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

**Proprietary Funds** Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service.

**Enterprise Funds** Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the City's major enterprise funds:

**Waste Water Treatment Fund** This fund is used to account for revenues and expenses related to the operation and maintenance of Euclid's sewage treatment plant and the construction and maintenance of the City's sanitary and storm sewers.

**Water Line Fund** This fund accounts for the provision of distribution to its residential and commercial users located within the City.

**Briardale Greens Golf Course Fund** This fund is used to account for the operations of the City owned golf course.

**Internal Service Funds** The internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City's internal service fund reports on a self-insurance program to insure the City, its properties, and its officers and employees against liability, expense, loss and damage which arise, or is claimed to have arisen, from the performance or nonperformance of official duties.

**Fiduciary Funds** Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's agency funds account for building deposits, retirees' insurance, street opening, and holding accounts for City income and property taxes.

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

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**C. Measurement Focus**

**Government-wide Financial Statements** The government-wide financial statements are presented using the economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the Statement of Net Assets. The Statement of Activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets.

**Fund Financial Statements** All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of revenues, expenses and changes in fund net assets present increases (i.e., revenues) and decreases (i.e., expenses) in total net assets. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

**D. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting; proprietary and fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

**Revenues – Exchange and Nonexchange Transactions** Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the City, available means expected to be received within sixty 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 period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 7). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

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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, fees and rentals.

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

Property taxes for which there is an enforceable legal claim as of December 31, 2005, but which were levied to finance year 2006 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

***E. 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 personal services and other expenditures object levels within each department for all funds. Budgetary modifications at the fund level may only be made by ordinance of City Council. The Finance Director has been given the authority to allocate appropriations to the function and object levels 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 budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources in effect when final appropriations were passed by Council.

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

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

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***F. Cash and Cash Equivalents***

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

The general fund made an advance to the community development block grant special revenue fund to cover a deficit cash balance. The community development block grant special revenue fund has an interfund payable for the amount received from the general fund and the general fund has an interfund receivable for the same amount on the balance sheet.

The City has segregated bank accounts for monies held separate from the City's bank accounts. These interest-bearing deposits accounts are presented on the combined balance sheet as "cash and cash equivalents in segregated accounts" since they are not required to be deposited into the City's treasury. The cash of the recreation activity is included in this line item.

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the City are presented on the financial statements as cash equivalents. Investments with an original maturity of more than three months, not purchased from the pool, are reported as investments.

During 2005, the City invested in Federal Farm Credit Bank Bonds, Federal Home Loan Bank Bonds, Federal National Mortgage Association Discount Notes, Federal National Mortgage Association Note, Federal Home Loan Mortgage Corporation Discount Notes and State Treasury Asset Reserve of Ohio (STAROhio). Investments are reported at fair value, which is based on quoted market prices.

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on December 31, 2005.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2005 amounted to \$301,318, which includes \$217,027 assigned from other City funds.

***G. Inventory***

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

***H. Prepaid Items***

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

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

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***I. Capital Assets***

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in the governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The City was able to estimate the historical cost for the initial reporting of infrastructure by backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of five thousand 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. Interest incurred during the construction of proprietary fund capital assets is also capitalized.

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> |
|-----------------------------------|------------------------|
| Land Improvements                 | 20-40 years            |
| Building and Improvements         | 20-40 years            |
| Furniture, Fixtures and Equipment | 3-10 years             |
| Infrastructure                    | 25-50 years            |

For 2005, the City's infrastructure consists of streets, and water and sewer lines. The City plans to phase in the reporting of the remaining infrastructure assets consisting of storm sewers and bridges in future years.

***J. Interfund Balances***

On fund financial statements, outstanding interfund loans are reported as "interfund receivables/payables." Interfund loans which do not represent available expendable resources are offset by a fund balance reserve account. Interfund balance amounts are eliminated in the statement of net assets, except for any residual amounts due between governmental and business-type activities, which are presented as internal balances.

***K. Compensated Absences***

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The City records a liability for all accumulated unused vacation time when earned for all employees who pass the probationary period.

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

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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 the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year end taking into consideration any limits specified in the City's termination policy.

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the amount "Matured Compensated Absences Payable" in the fund or funds from which they employees who have accumulated the leave are paid.

***L. Accrued Liabilities and Long-Term Obligations***

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments and 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.

***M. Fund Balance Reserves***

The City reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent expendable resources and therefore are not available for appropriation or expenditure. As a result, encumbrances and unclaimed monies are recorded as a reservation of fund balance. Under Ohio law, unclaimed monies are not available for appropriation until they have remained unclaimed for five years.

***N. Net Assets***

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The government-wide statement of net assets reports \$7,732,966 of restricted net assets, none of which is restricted by enabling legislation.

Net assets restricted for other purposes include resources restricted for court computerization, court special projects and other grant funds.

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

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

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***O. Operating Revenue and Expenses***

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for sewer services, water services, golf and self-insurance programs. Operating expenses are necessary costs that have been incurred in order to provide the good or service that is primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating.

***P. Interfund Activity***

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

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 and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

***Q. Bond Issuance Costs***

On the government-wide financial statements, bond issuance costs are deferred and amortized over the term of the applicable bonds using the effective interest method. Within the governmental fund statements, bond issuance cost are expended when incurred.

***R. Bond Premium***

On the government-wide financial statement, bond premiums are deferred and amortized over the term of the bonds using the effective interest method. Bond premiums are presented as an increase of the face amount of the bonds payable. On the governmental fund statements, bond premiums are received in the year the bonds are issued.

***S. Gain/Loss on Refunding***

On the government-wide financial statement, 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 refunding, is being amortized as a component of interest expense. This deferred amount is amortized over the life of the old or new debt, which is even shorter, using the effective interest method.

***T. Extraordinary and Special Items***

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

**City of Euclid, Ohio**  
*Notes to Basic Financial Statements*  
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**U. 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.

**Note 3 – Change in Accounting Principles and Restatement of Prior Year’s Fund Balance/Net Assets**

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

GASB Statement No. 40 establishes new disclosure requirements associated with deposits and investments. GASB Statement No. 42 establishes accounting and financial reporting standards for impairment of capital assets and clarifies and establishes accounting requirements for insurance recoveries.

The implementation of GASB Statement No. 40 and GASB Statement No. 42 did not affect the presentation of financial statements of the City. Prior period corrections, the reclassification of a governmental fund to an enterprise fund, reclassification of an internal service fund, understated capital assets and the reclassification of long-term debt had the following effect on fund balance and net assets at December 31, 2004.

|  | General<br>Fund    | General<br>Obligation<br>Bond<br>Retirement | Other<br>Governmental<br>Funds | Total<br>All Funds  |
|--|--------------------|---|--------------------------------|---------------------|
| Fund Balance<br>December 31, 2004            | \$7,516,156        | \$3,008,900                                 | \$9,478,203                    | \$20,003,259        |
| <b>Restatement:</b>                          |                    |   |                                |                     |
| Fund Reclassification Enterprise Fund        | 0                  | 0   | (479,745)                      | (479,745)           |
| Fund Reclassification Internal Service Funds | 94,306             |   | 19,436                         | 113,742             |
| Fund Reclassification of Unclaimed Monies    | 19,978             | 0   | 0                              | 19,978              |
| Cash and Cash Equivalents                    | 0                  | 0   | (1,390,000)                    | (1,390,000)         |
| Accrued Interest Payable                     | 0                  | 0   | 65,441                         | 65,441              |
| Interfund Activity                           | 23,986             | 195,000                                     | (218,986)                      | 0                   |
| Claims Payable                               | (552,502)          | 0   | 0                              | (552,502)           |
| Restated Fund Balance,<br>December 31, 2004  | <u>\$7,101,924</u> | <u>\$3,203,900</u>                          | <u>\$7,474,349</u>             | <u>\$17,780,173</u> |

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

|   | Governmental<br>Activities | Sewer               | Waterline          | Golf<br>Course     | Total<br>Business-Type<br>Activities | Total               |
|---|----------------------------|---------------------|--------------------|--------------------|--------------------------------------|---------------------|
| Net Assets, December 31, 2004             | \$26,675,324               | \$27,102,198        | \$0                | \$8,271,038        | \$35,373,236                         | \$62,048,560        |
| <b>Restatement:</b>                       |                            |                     |                    |                    |                                      |                     |
| Reclassification of Enterprise Fund:      |                            |                     |                    |                    |                                      |                     |
| Net Assets                                | (479,745)                  | 0                   | 479,745            | 0                  | 479,745                              | 0                   |
| Capital Assets                            | (8,551,045)                | 0                   | 8,551,045          | 0                  | 8,551,045                            | 0                   |
| General Obligation Bonds                  | 4,530,000                  | 0                   | (4,530,000)        | 0                  | (4,530,000)                          | 0                   |
| OPWC Loans                                | 2,393,318                  | 0                   | (2,393,318)        | 0                  | (2,393,318)                          | 0                   |
| Accrued Interest Payable                  | 0                          | 0                   | (36,740)           | 0                  | (36,740)                             | (36,740)            |
| Reclassification of Internal Service Fund | 0                          | 3,558               | 7,090              | 0                  | 10,648                               | 10,648              |
| Reclassification of Unclaimed Monies      | 19,978                     | 0                   | 0                  | 0                  | 0                                    | 19,978              |
| Cash and Cash Equivalents                 | (1,390,000)                | 0                   | 0                  | 0                  | 0                                    | (1,390,000)         |
| Special Assessment Receivable             | (699,096)                  | 0                   | 0                  | 0                  | 0                                    | (699,096)           |
| Capital Assets                            | 2,580,060                  | 455,830             | 0                  | 2,681              | 458,511                              | 3,038,571           |
| Accrued Interest Payable                  | 65,441                     | 0                   | 0                  | 0                  | 0                                    | 65,441              |
| Claims Payable                            | 572,226                    | (16,494)            | (8,278)            | 0                  | (24,772)                             | 547,454             |
| Capital Leases Payable                    | 323,376                    | (318,506)           | 0                  | (2,821)            | (321,327)                            | 2,049               |
| OWDA Loans Payable                        | 0                          | 4,712               | 0                  | 0                  | 4,712                                | 4,712               |
| OPWC Loans Payable                        | 0                          | 26,570              | 0                  | 0                  | 26,570                               | 26,570              |
| Bond Premium                              | (121,401)                  | (12,841)            | 0                  | 0                  | (12,841)                             | (134,242)           |
| Bond Issuance Costs                       | 352,045                    | 38,162              | 0                  | 0                  | 38,162                               | 390,207             |
| Deferred Cost of Refunding                | 166,888                    | 0                   | 0                  | 0                  | 0                                    | 166,888             |
| Restated Net Assets,<br>December 31, 2004 | <u>\$26,437,369</u>        | <u>\$27,283,189</u> | <u>\$2,069,544</u> | <u>\$8,270,898</u> | <u>\$37,623,631</u>                  | <u>\$64,061,000</u> |

During 2005, it was determined that claims payable in the self insurance internal service fund was overstated by \$1,400,000. This restatement increased net assets from (\$1,867,873) to (\$467,873) at December 31, 2004. It was also determined that the workers compensation reserve internal service fund is not an internal service fund and was reclassified into the general fund. This restatement decreased net asset from \$124,390 to \$0 at December 31, 2004.

#### **Note 4 – Compliance and Accountability**

##### **A. Legal Compliance**

The City had a negative cash balance in the community development block grant special revenue fund of \$22,858. Revenue from the general fund was used to pay obligations of this fund, contrary to Ohio Revised Code Section 5705.10. In order to eliminate these deficits, the City will be closely monitoring the drawdown of grant funds and make advances during the year.

Contrary to Section 5705.39, Ohio Revised Code, the community development block grant special revenue fund had original appropriations of \$2,314,171, \$138,157 over estimated resources plus beginning balances of \$2,176,014.

**City of Euclid, Ohio**  
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For the Year Ended December 31, 2005

Contrary to Section 5705.39, Ohio Revised Code, the following funds had final appropriations in excess of estimated resources plus beginning balances:

|                               | Estimated<br>Revenue<br>Plus Beginning<br>Balances | Appropriations | Excess    |
|-------------------------------|--|----------------|-----------|
| <i>Capital Projects Fund</i>  |  |                |           |
| General Permanent Improvement | \$840,940  | \$1,030,826    | \$189,886 |
| <i>Enterprise Fund</i>        |  |                |           |
| Water Line Improvement        | 1,117,175  | 1,860,198      | 743,023   |
| <i>Internal Service Fund</i>  |  |                |           |
| Self-Insurance                | 466,831  | 472,694        | 5,863     |

Management has indicated that appropriations will be closely monitored to ensure no future violations occur.

The following funds had expenditures plus encumbrances in excess of appropriations contrary to section 5705.41, Ohio Revised Code:

|                                   | Final<br>Appropriations | Expenditures<br>Plus<br>Encumbrances | Excess |
|-----------------------------------|-------------------------|--------------------------------------|--------|
| <i>General Fund</i>               |                         |                                      |        |
| General Government                |                         |                                      |        |
| Municipal Court                   |                         |                                      |        |
| Other Expenditures                | \$80,185                | \$81,076                             | \$891  |
| Administration                    |                         |                                      |        |
| Personal Services                 | 201,709                 | 201,968                              | 259    |
| Other Departments                 |                         |                                      |        |
| Other Expenditures                | 2,073,019               | 2,110,740                            | 37,721 |
| Security of Persons and Property  |                         |                                      |        |
| Corrections                       |                         |                                      |        |
| Personal Services                 | 1,387,164               | 1,390,346                            | 3,182  |
| Other Expenditures                | 405,012                 | 423,760                              | 18,748 |
| Public Health and Welfare         |                         |                                      |        |
| Public Health Statistics          |                         |                                      |        |
| Personal Services                 | 32,696                  | 32,839                               | 143    |
| Culture and Recreation            |                         |                                      |        |
| Recreation                        |                         |                                      |        |
| Personal Services                 | 133,395                 | 133,466                              | 71     |
| Parks                             |                         |                                      |        |
| Personal Services                 | 459,553                 | 462,264                              | 2,711  |
| Community Environment             |                         |                                      |        |
| Economic Opportunity              |                         |                                      |        |
| Other Expenditures                | 1,495                   | 1,660                                | 165    |
| <i>Special Revenue Fund</i>       |                         |                                      |        |
| Community Development Block Grant |                         |                                      |        |
| Other Expenditures                | 685,303                 | 687,739                              | 2,436  |

Management has indicated that appropriations will be closely monitored to ensure no future violations occur.

**City of Euclid, Ohio**  
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**B. Fund Deficits**

The following nonmajor funds had deficit fund balances or deficit net assets as of December 31, 2005:

|                                   |          |
|-----------------------------------|----------|
| <i>Special Revenue Funds</i>      |          |
| Recreation Operating              | \$12,471 |
| Community Development Block Grant | 44,934   |
| <i>Capital Projects Fund</i>      |          |
| Recreation Capital                | 59,999   |
| <i>Internal Service Fund</i>      |          |
| Self-Insurance                    | 394,687  |

The deficits in the special revenue and capital projects funds resulted from recognition of accrued liabilities. The general fund is responsible to cover deficit fund balances by means of a transfer. However, this is done when cash is needed rather than accruals occur.

The deficits in the internal service fund resulted from adjustments for accrued liabilities. The City continues to examine ways to maintain the self insurance program to cover future deficits.

**Note 5 - Budgetary Basis of Accounting**

While the City is reporting financial position, results of operations, and changes in fund balances/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual presented 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 basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).
4. Unrecorded cash represents amounts received but not included as revenue on the budgetary statements, but is reported on the operating statements prepared using GAAP.
5. Investments are reported at fair value (GAAP basis) rather than cost (budget basis)

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The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund.

|  |                  |
|--|------------------|
| GAAP Basis                                   | \$757,859        |
| Net Adjustment for Revenue Accruals          | (938,827)        |
| Unrecorded Cash                              | (944)            |
| Ending Fair Value Adjustment for Investments | 9,842            |
| Net Adjustment for Expenditure Accruals      | 975,836          |
| Encumbrances                                 | (78,751)         |
| Budget Basis                                 | <u>\$725,015</u> |

### **Note 6 - Deposits and Investments**

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

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

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

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

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

1. United States Treasury Notes, 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, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

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4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and,
6. The State Treasurer's investment pool (STAROhio).

The City may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest or coupons; and,
3. Obligations of the City.

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 bank failure, the City will not be able to recover deposits or collateral securities that are in possession of an outside party. At year-end, the carrying amount of the City's deposits was \$1,019,539 and the bank balance was \$854,984. Of the bank balance \$363,278 was covered by Federal depository insurance and \$491,706 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although the securities were held by the pledging institution's trust department and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

The City has no deposit policy for custodial risk beyond the requirements of the 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**

Investments are reported at fair value. As of December 31, 2005, the City had the following investments:

|   | <u>Fair Value</u>   | <u>Average Maturity</u> |
|---|---------------------|-------------------------|
| Federal Farm Credit Bank Bonds              | \$994,958           | 74 days                 |
| Federal Home Loan Bank Bonds                | 1,988,612           | 113 days                |
| Federal National Mortgage Association       |                     |                         |
| Discount Notes                              | 997,233             | 102 days                |
| Federal National Mortgage Association Notes | 1,986,355           | 102 days                |
| Federal Home Loan Mortgage Corporation      |                     |                         |
| Discount Notes                              | 3,942,470           | 120 days                |
| STAROhio                                    | 5,101,152           | 39 days                 |
| Total                                       | <u>\$15,010,780</u> |                         |

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**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 five years from the date of purchase and that the City's investment portfolio be structured so that the 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. To date, no investments have been purchased with a life greater than two years.

**Custodial Credit Risk** For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Federal Farm Credit Bank Bonds, Federal Home Loan Bank Bonds, Federal National Mortgage Association Discount Notes, Federal National Mortgage Association Notes and the Federal Home Loan Mortgage Corporation Discount Notes are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent but not in the City's name. The City has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the finance director or qualified trustee.

**Credit Risk** All investments carry a rating of AAA by Standard & Poor's with the exception of STAROhio which carries a rating of AAAM by Standard's and Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The City has no investment policy that would further limit its investment choices.

**Concentration of Credit Risk** The City places no limit on the amount it may invest in any one issuer. The following is the City's allocation as of December 31, 2005:

| Investment   | Percentage of<br>Investments |
|--|------------------------------|
| Federal Farm Credit Bank Bonds                           | 6.63 %                       |
| Federal Home Loan Bank Bonds                             | 13.25                        |
| Federal National Mortgage Association<br>Discount Notes  | 6.64                         |
| Federal National Mortgage Association Notes              | 13.23                        |
| Federal Home Loan Mortgage Corporation<br>Discount Notes | 26.26                        |
| STAROhio   | 33.99                        |

**Component Unit Deposits**

**Custodial Credit Risk** Custodial credit risk for deposits is the risk that in the event of bank failure, EDCOR will not be able to recover deposits or collateral securities that are in possession of an outside party. At year-end, the carrying amount of EDCOR's deposits was \$505,371 and the bank balance was \$515,768. Of the bank balance \$152,836 was covered by Federal depository insurance and \$362,932 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although the securities were held by the pledging institution's trust department and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject EDCOR to a successful claim by the FDIC.

EDCOR has no deposit policy for custodial risk beyond the requirements of the State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with EDCOR or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible

*City of Euclid, Ohio*  
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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.

**Note 7 - Receivables**

Receivables at December 31, 2005 consisted primarily of municipal income taxes, property and other taxes, accounts (billings for utility services), special assessments, accrued interest on investments, and intergovernmental receivables arising from entitlements and shared revenues. All receivables are deemed collectible in full. Special assessments due in more than one year are \$1,305,000 and delinquent special assessments outstanding are \$50,902.

No allowance for doubtful accounts has been recorded because uncollectible amounts are expected to be insignificant.

***A. Property Taxes***

Property taxes include amounts levied against all real, public utility and tangible personal property located in the City. Property tax revenue received during 2005 for real and public utility property taxes represents collections of 2004 taxes. Property tax payments received during 2005 for tangible personal property (other than public utility property) are for 2005 taxes.

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

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

Tangible personal property tax revenue received during calendar 2005 (other than public utility property) represents the collection of 2004 taxes. Tangible personal property taxes received in calendar year 2005 were levied in after April 1, 2004, on the value as of December 31, 2004. In prior years, tangible personal property was assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. The tangible personal property tax is being phased out-the assessment for percentage for all property including inventory for 2006 is 18.75 percent. This will be reduced to 12.5 percent for 2007, 6.25 percent for 2008 and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the City prior to June 30.

The full tax rate for all City operations for the year ended December 31, 2005 was \$15.60 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2005 property tax receipts were based are as follows:

**City of Euclid, Ohio**  
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|                            |                             |
|----------------------------|-----------------------------|
| Real Property              | \$734,139,270               |
| Public Utility Property    | 22,108,400                  |
| Tangible Personal Property | <u>77,001,463</u>           |
| Total Valuation            | <u><u>\$833,249,133</u></u> |

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.

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

The Cuyahoga County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Euclid. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2005 and for which there is an enforceable legal claim. In the governmental funds, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2005 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is deferred.

***B. Income Tax***

The City levies a municipal income tax of 2.85 percent on substantially all income earned within in the City. The .85 percent collected is to be split between the City and the school board at a ratio of .38 percent for the City and .47 percent for the schools. In addition, residents are required to pay City income tax on income earned outside the City; however, a 100 percent credit is allowed for income taxes paid to other municipalities. During 2005, the City was in the process of leaving its agent, CCA (Central Collection Agency), in order to establish its own collection division within the City. As a result, during 2005, municipal income taxes were received by both CCA and the City's newly created lockbox account.

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. Income tax proceeds are received by the general fund.

**City of Euclid, Ohio**  
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*For the Year Ended December 31, 2005*

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**C. Intergovernmental Receivables**

A summary of the principal items of intergovernmental receivables follows:

|                                      | <u>Amount</u>             |
|--------------------------------------|---------------------------|
| <b>Governmental Activities</b>       |                           |
| Local Government                     | \$2,143,935               |
| Gasoline Tax                         | 739,056                   |
| Homestead and Rollback               | 321,000                   |
| Estate Tax                           | 339,941                   |
| Fines, Licenses and Fees             | 172,215                   |
| Other Grants                         | 153,943                   |
| Permissive Tax                       | 132,264                   |
| Motor Vehicle Tax                    | <u>93,884</u>             |
| <i>Total Governmental Activities</i> | <u><u>\$4,096,238</u></u> |
| <b>Business-Type Activities</b>      |                           |
| Homestead and Rollback               | <u><u>\$28,495</u></u>    |

**D. Loans Receivable**

General fund loans receivable represent amounts loaned to a major corporation in connection with an economic development and rehabilitation project. These notes will be paid back to the City over 30 years by the corporation at an interest rate of 2 percent. The City will incur interest charges at a rate of 8.25 percent on the bonds that had been issued by the City in conjunction with this program. The difference in the interest rates is a subsidy which will be funded by nontax revenue sources.

Component unit notes receivable represent low interest loans for home improvements granted to eligible City residents through Euclid Development Corporation (EDCOR) under the Federal Community Development Block Grant program. The loans bear interest at annual rate of 3 percent. The loans are to be repaid over periods ranging from 5 to 15 years.

**Note 8 - Contingencies**

**A. Grants**

The City received financial assistance from federal and state agencies in the form of grants. The disbursements of funds received under these programs generally require 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.

**City of Euclid, Ohio**  
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**B. Litigation**

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

**Note 9 – Capital Assets**

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

|  | <u>Balance<br/>12/31/04</u> | <u>Additions</u>     | <u>Deletions</u>  | <u>Balance<br/>12/31/05</u> |
|--|-----------------------------|----------------------|-------------------|-----------------------------|
| <b>Governmental Activities</b>                 |                             |                      |                   |                             |
| <i>Capital Assets, Not Being Depreciated:</i>  |                             |                      |                   |                             |
| Land   | \$9,003,250                 | \$0                  | \$0               | \$9,003,250                 |
| <i>Capital Assets, Being Depreciated:</i>      |                             |                      |                   |                             |
| Land Improvements                              | 2,413,498                   | 0                    | 0                 | 2,413,498                   |
| Buildings and Improvements                     | 13,111,788                  | 8,550                | 0                 | 13,120,338                  |
| Furniture, Fixtures and Equipment              | 9,241,852                   | 351,656              | (180,691)         | 9,412,817                   |
| Infrastructure:                                |                             |                      |                   |                             |
| Streets  | 29,758,784                  | 0                    | 0                 | 29,758,784                  |
| <i>Total Capital Assets, Being Depreciated</i> | <u>54,525,922</u>           | <u>360,206</u>       | <u>(180,691)</u>  | <u>54,705,437</u>           |
| Less Accumulated Depreciation:                 |                             |                      |                   |                             |
| Land Improvements                              | (1,798,940)                 | (94,570)             | 0                 | (1,893,510)                 |
| Buildings and Improvements                     | (5,193,034)                 | (268,894)            | 0                 | (5,461,928)                 |
| Furniture, Fixtures and Equipment              | (5,936,285)                 | (862,668)            | 164,547           | (6,634,406)                 |
| Infrastructure:                                |                             |                      |                   |                             |
| Streets  | (5,349,166)                 | (743,970)            | 0                 | (6,093,136)                 |
| <i>Total Accumulated Depreciation</i>          | <u>(18,277,425)</u>         | <u>(1,970,102) *</u> | <u>164,547</u>    | <u>(20,082,980)</u>         |
| Total Capital Assets, Being Depreciated, Net   | <u>36,248,497</u>           | <u>(1,609,896)</u>   | <u>(16,144)</u>   | <u>34,622,457</u>           |
| Governmental Activities Capital Assets, Net    | <u>\$45,251,747</u>         | <u>(\$1,609,896)</u> | <u>(\$16,144)</u> | <u>\$43,625,707</u>         |

**City of Euclid, Ohio**  
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|   | Balance<br>12/31/04 | Additions          | Deletions            | Balance<br>12/31/05 |
|---|---------------------|--------------------|----------------------|---------------------|
| <b>Business-Type Activities</b>                   |                     |                    |                      |                     |
| <b>Capital Assets, Not Being Depreciated:</b>     |                     |                    |                      |                     |
| Land  | \$7,428,126         | \$0                | \$0                  | \$7,428,126         |
| Construction in Progress                          | 341,447             | 912,262            | (1,253,709)          | 0                   |
| <i>Total Capital Assets Not Being Depreciated</i> | <u>7,769,573</u>    | <u>912,262</u>     | <u>(1,253,709)</u>   | <u>7,428,126</u>    |
| <b>Capital Assets, Being Depreciated:</b>         |                     |                    |                      |                     |
| Land Improvements                                 | 1,371,853           | 8,451              | 0                    | 1,380,304           |
| Buildings and Improvements                        | 8,419,695           | 1,253,709          | (61,130)             | 9,612,274           |
| Furniture, Fixtures and Equipment                 | 1,947,618           | 132,737            | (13,410)             | 2,066,945           |
| Infrastructure:                                   |                     |                    |                      |                     |
| Streets   | 34,571              | 0                  | 0                    | 34,571              |
| Sewer   | 73,345,964          | 189,759            | 0                    | 73,535,723          |
| Water Lines                                       | 9,360,409           | 0                  | 0                    | 9,360,409           |
| <i>Total Capital Assets, Being Depreciated</i>    | <u>94,480,110</u>   | <u>1,584,656</u>   | <u>(74,540)</u>      | <u>95,990,226</u>   |
| Less Accumulated Depreciation:                    |                     |                    |                      |                     |
| Land Improvements                                 | (1,063,968)         | (57,929)           | 0                    | (1,121,897)         |
| Buildings and Improvements                        | (3,277,900)         | (231,501)          | 35,151               | (3,474,250)         |
| Furniture, Fixtures and Equipment                 | (1,381,140)         | (158,867)          | 13,057               | (1,526,950)         |
| Infrastructure:                                   |                     |                    |                      |                     |
| Streets   | (864)               | (864)              | 0                    | (1,728)             |
| Sewer   | (37,172,392)        | (1,837,138)        | 0                    | (39,009,530)        |
| Water Lines                                       | (809,364)           | (234,010)          | 0                    | (1,043,374)         |
| <i>Total Accumulated Depreciation</i>             | <u>(43,705,628)</u> | <u>(2,520,309)</u> | <u>48,208</u>        | <u>(46,177,729)</u> |
| Total Capital Assets, Being Depreciated, Net      | <u>50,774,482</u>   | <u>(935,653)</u>   | <u>(26,332)</u>      | <u>49,812,497</u>   |
| Business-Type Activities Capital Assets, Net      | <u>\$58,544,055</u> | <u>(\$23,391)</u>  | <u>(\$1,280,041)</u> | <u>\$57,240,623</u> |

\* Depreciation expense was charged to governmental functions as follows:

|                            |                    |
|----------------------------|--------------------|
| General Government         | \$290,532          |
| Public Safety              | 484,928            |
| Streets and Highways       | 882,055            |
| Culture and Recreation     | 156,959            |
| Community Development      | 155,628            |
| Total Depreciation Expense | <u>\$1,970,102</u> |

**City of Euclid, Ohio**  
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**Note 10 – Long-Term Obligations**

The original issue date, interest rate, original issue amount and date of maturity of each of the City's bonds, notes and loans follows:

| Debt Issue   | Interest Rate | Original Issue Date | Original Issue Amount | Date of Maturity |
|--|---------------|---------------------|-----------------------|------------------|
| <i>General Obligation Bonds:</i>                             |               |                     |                       |                  |
| Various Purpose Refunding                                    | 4.80-6.625 %  | 1998                | \$12,730,000          | 2018             |
| Various Purpose  | 3.70-5.55     | 1995                | 8,400,000             | 2015             |
| Various Purpose  | 3.70-5.50     | 1995                | 8,740,000             | 2005             |
| Various Purpose  | 3.80-4.90     | 1998                | 6,360,000             | 2018             |
| Various Purpose  | 3.25-5.50     | 2001                | 7,235,000             | 2020             |
| Various Purpose  | 2.50-5.00     | 2004                | 8,709,000             | 2025             |
| Various Purpose Refunding                                    | 2.50-5.00     | 2004                | 4,388,000             | 2025             |
| <i>Special Assessment Bonds with Governmental Commitment</i> |               |                     |                       |                  |
| Heritage Drive Improvements                                  | 4.35-5.60     | 1999                | 1,715,000             | 2019             |
| <i>Industrial Development Revenue Bonds</i>                  |               |                     |                       |                  |
| Lincoln Electric Industrial Development                      | 8.25          | 1996                | 2,135,000             | 2016             |
| <i>Long-term Notes</i>                                       |               |                     |                       |                  |
| Health Care  | 2.00          | 2004                | 2,000,000             | 2005             |
| Golf Course Clubhouse  | 2.00          | 2004                | 2,500,000             | 2005             |
| Golf Course Renovation                                       | 2.00          | 2004                | 283,000               | 2005             |
| Streets and Municipal Property                               | 2.00          | 2004                | 20,000                | 2005             |
| Park Improvements  | 2.00          | 2004                | 60,000                | 2005             |
| Motorized Vehicles   | 2.00          | 2004                | 360,000               | 2005             |
| Streets Improvements   | 2.00          | 2004                | 362,000               | 2005             |
| Municipal Building Improvements                              | 2.00          | 2004                | 362,000               | 2005             |
| HVAC Improvements  | 2.00          | 2005                | 100,000               | 2006             |
| <i>Enterprise General Obligation Bonds:</i>                  |               |                     |                       |                  |
| Peterson Waterline   | 3.80-5.125    | 1998                | 2,145,000             | 2018             |
| Waterline Improvement  | 3.80-5.125    | 1998                | 1,025,000             | 2018             |
| Waterline Improvement  | 3.25-5.50     | 2001                | 4,260,000             | 2020             |
| Various Purpose Refunding                                    | 2.50-5.00     | 2004                | 1,243,000             | 2025             |
| <i>Enterprise OWDA Loans</i>                                 |               |                     |                       |                  |
| Wastewater Treatment and Collections Systems                 | 5.20          | 1993                | 9,842,765             | 2014             |
| Wastewater Treatment and Collections Systems                 | 4.56          | 1994                | 2,397,760             | 2014             |
| Sewer Improvements   | 11.19         | 1991                | 6,093,465             | 2011             |
| <i>Enterprise OPWC Loans</i>                                 |               |                     |                       |                  |
| Newton Avenue Improvements                                   | 0.00          | 2000                | 1,468,836             | 2019             |
| East 226th Street/Edgecliff                                  | 0.00          | 2003                | 1,528,108             | 2023             |
| East 197th Street  | 0.00          | 2001                | 759,025               | 2020             |
| East 255th Street  | 0.00          | 2002                | 400,534               | 2022             |
| East 216th Street  | 0.00          | 2004                | 581,131               | 2024             |
| Miller Avenue  | 0.00          | 2001                | 1,689,900             | 2020             |
| East 222nd Street  | 0.00          | 2003                | 874,958               | 2023             |
| East 214th Street  | 0.00          | 2001                | 262,735               | 2020             |
| <i>Long-Term Notes</i>                                       |               |                     |                       |                  |
| Waterline Improvements                                       | 5.00          | 2005                | 1,000,000             | 2006             |

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

Changes in bonds and other long-term obligations of the City during 2005 were as follows:

|  | Principal<br>Outstanding<br>12/31/04 | Additions          | Deletions           | Principal<br>Outstanding<br>12/31/05 | Due<br>Within<br>One Year |
|--|--------------------------------------|--------------------|---------------------|--------------------------------------|---------------------------|
| <b>Governmental Activities</b>                                   |                                      |                    |                     |                                      |                           |
| <i>General Obligation Bonds:</i>                                 |                                      |                    |                     |                                      |                           |
| Various Purpose Refunding - 1998                                 | \$1,935,000                          | \$0                | \$420,000           | \$1,515,000                          | \$450,000                 |
| Various Purpose - 1995   | 3,460,000                            | 0                  | 620,000             | 2,840,000                            | 655,000                   |
| Various Purpose - 1995   | 495,000                              | 0                  | 495,000             | 0                                    | 0                         |
| Various Purpose - 1998   | 4,590,000                            | 0                  | 295,000             | 4,295,000                            | 315,000                   |
| Various Purpose - 2001   | 5,950,000                            | 0                  | 395,000             | 5,555,000                            | 345,000                   |
| Various Purpose - 2004   | 8,709,000                            | 0                  | 0                   | 8,709,000                            | 109,000                   |
| Unamortized Premium  | 90,869                               | 0                  | 4,548               | 86,321                               | 0                         |
| Various Purpose Refunding - 2004                                 | 4,388,000                            | 0                  | 0                   | 4,388,000                            | 355,000                   |
| Unamortized Premium  | 30,530                               | 0                  | 2,796               | 27,734                               | 0                         |
| Unamortized Gain on Refunding                                    | (166,888)                            | 0                  | (15,288)            | (151,600)                            | 0                         |
| <i>Total General Obligation Bonds</i>                            | <u>29,481,511</u>                    | <u>0</u>           | <u>2,217,056</u>    | <u>27,264,455</u>                    | <u>2,229,000</u>          |
| <i>Special Assessment Bonds<br/>with Governmental Commitment</i> |                                      |                    |                     |                                      |                           |
| Heritage Drive Improvements - 1999                               | 1,440,000                            | 0                  | 65,000              | 1,375,000                            | 70,000                    |
| <i>Notes Payable:</i>  |                                      |                    |                     |                                      |                           |
| Health Care - 2004   | 2,000,000                            | 0                  | 2,000,000           | 0                                    | 0                         |
| Golf Course Clubhouse - 2004                                     | 2,500,000                            | 0                  | 2,500,000           | 0                                    | 0                         |
| Golf Course Renovation - 2004                                    | 283,000                              | 0                  | 283,000             | 0                                    | 0                         |
| Streets and Municipal Property - 2004                            | 20,000                               | 0                  | 20,000              | 0                                    | 0                         |
| Park Improvements - 2004   | 60,000                               | 0                  | 60,000              | 0                                    | 0                         |
| Motorized Vehicles - 2004  | 360,000                              | 0                  | 360,000             | 0                                    | 0                         |
| Street Improvements - 2004                                       | 362,000                              | 0                  | 362,000             | 0                                    | 0                         |
| Municipal Building Improvements - 2004                           | 396,000                              | 0                  | 396,000             | 0                                    | 0                         |
| HVAC Improvements - 2005   | 0                                    | 100,000            | 0                   | 100,000                              | 0                         |
| <i>Total Notes Payable</i>                                       | <u>5,981,000</u>                     | <u>100,000</u>     | <u>5,981,000</u>    | <u>100,000</u>                       | <u>0</u>                  |
| <i>Industrial Development Revenue Bonds</i>                      |                                      |                    |                     |                                      |                           |
| Lincoln Electric Industrial Development                          | 1,615,000                            | 0                  | 85,000              | 1,530,000                            | 90,000                    |
| <i>Other Obligations:</i>  |                                      |                    |                     |                                      |                           |
| Capital Leases   | 1,452,525                            | 1,077,689          | 355,529             | 2,174,685                            | 481,810                   |
| Claims   | 264,624                              | 32,860             | 0                   | 297,484                              | 132,095                   |
| Compensated Absences   | 3,213,909                            | 4,872,391          | 1,471,867           | 6,614,433                            | 1,319,691                 |
| <i>Total Governmental Activities</i>                             | <u>\$43,448,569</u>                  | <u>\$6,082,940</u> | <u>\$10,175,452</u> | <u>\$39,356,057</u>                  | <u>\$4,322,596</u>        |

**City of Euclid, Ohio**  
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|  | Outstanding<br>12/31/04 | Additions          | Deletions          | Outstanding<br>12/31/05 | Within<br>One Year |
|--|-------------------------|--------------------|--------------------|-------------------------|--------------------|
| <b>Business-Type Activities</b>                        |                         |                    |                    |                         |                    |
| <i>General Obligation Bonds:</i>                       |                         |                    |                    |                         |                    |
| Waste Water Fund:                                      |                         |                    |                    |                         |                    |
| Peterson Waterline - 1998                              | \$1,675,000             | \$0                | \$90,000           | \$1,585,000             | \$85,000           |
| Various Purpose Refunding - 2004                       | 1,243,000               | 0                  | 0                  | 1,243,000               | 1,000              |
| Unamortized Premium                                    | 12,841                  | 0                  | 648                | 12,193                  | 0                  |
| Waterline Fund:  |                         |                    |                    |                         |                    |
| Waterline Improvement - 1998                           | 805,000                 | 0                  | 40,000             | 765,000                 | 45,000             |
| Waterline Improvement - 2001                           | 3,725,000               | 0                  | 165,000            | 3,560,000               | 170,000            |
| Total Waterline Fund                                   | <u>4,530,000</u>        | <u>0</u>           | <u>205,000</u>     | <u>4,325,000</u>        | <u>215,000</u>     |
| <i>Total General Obligation Bonds</i>                  | <u>7,460,841</u>        | <u>0</u>           | <u>295,648</u>     | <u>7,165,193</u>        | <u>301,000</u>     |
| <i>Notes Payable:</i>                                  |                         |                    |                    |                         |                    |
| Waterline Improvements                                 | 1,200,000               | 1,000,000          | 1,200,000          | 1,000,000               | 0                  |
| <i>OWDA Loans:</i>                                     |                         |                    |                    |                         |                    |
| Waste Water Fund:                                      |                         |                    |                    |                         |                    |
| Wastewater Treatment and<br>Collections Systems - 1993 | 8,021,258               | 0                  | 672,230            | 7,349,028               | 707,640            |
| Wastewater Treatment and<br>Collections Systems - 1994 | 1,962,039               | 0                  | 158,838            | 1,803,201               | 166,164            |
| Sewer Improvement - 1991                               | 4,777,837               | 0                  | 540,152            | 4,237,685               | 601,595            |
| <i>Total OWDA Loans</i>                                | <u>14,761,134</u>       | <u>0</u>           | <u>1,371,220</u>   | <u>13,389,914</u>       | <u>1,475,399</u>   |
| <i>OPWC Loans:</i>                                     |                         |                    |                    |                         |                    |
| Waste Water Fund:                                      |                         |                    |                    |                         |                    |
| Newton Avenue Improvements - 2000                      | 1,101,627               | 0                  | 73,442             | 1,028,185               | 73,442             |
| East 226th Street/Edgecliff - 2003                     | 1,413,500               | 0                  | 76,406             | 1,337,094               | 76,406             |
| East 197th Street - 2001                               | 607,220                 | 0                  | 37,951             | 569,269                 | 37,951             |
| East 255th Street - 2002                               | 350,467                 | 0                  | 20,027             | 330,440                 | 20,027             |
| East 216th Street - 2004                               | 581,131                 | 0                  | 29,056             | 552,075                 | 29,056             |
| Total Waste Water Fund                                 | <u>4,053,945</u>        | <u>0</u>           | <u>236,882</u>     | <u>3,817,063</u>        | <u>236,882</u>     |
| Waterline Fund   |                         |                    |                    |                         |                    |
| Miller Avenue - 2001                                   | 1,351,920               | 0                  | 84,495             | 1,267,425               | 84,495             |
| East 222nd Street - 2003                               | 831,210                 | 0                  | 43,748             | 787,462                 | 43,748             |
| East 214th Street - 2001                               | 210,188                 | 0                  | 13,137             | 197,051                 | 13,137             |
| Total Water Fund                                       | <u>2,393,318</u>        | <u>0</u>           | <u>141,380</u>     | <u>2,251,938</u>        | <u>141,380</u>     |
| <i>Total OPWC Loans</i>                                | <u>6,447,263</u>        | <u>0</u>           | <u>378,262</u>     | <u>6,069,001</u>        | <u>378,262</u>     |
| <i>Other Obligations:</i>                              |                         |                    |                    |                         |                    |
| Capital Leases   | 747,279                 | 40,553             | 94,590             | 693,242                 | 108,551            |
| Claims Payable   | 24,772                  | 42,080             | 0                  | 66,852                  | 29,685             |
| Compensated Absences                                   | 206,152                 | 563,398            | 112,066            | 657,484                 | 98,687             |
| <i>Total Business-Type Activities</i>                  | <u>\$30,847,441</u>     | <u>\$1,646,031</u> | <u>\$3,451,786</u> | <u>\$29,041,686</u>     | <u>\$2,391,584</u> |

General obligation bonds will be paid from the general obligation bond retirement debt service fund. Special assessment bonds will be paid from the proceeds of special assessments levied against benefited property owners. In the event that a property owner would fail to pay the assessment, payment would be made by the City. The industrial development revenue bonds are paid from the general fund. The health care note was paid from the general fund.

***City of Euclid, Ohio***  
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*For the Year Ended December 31, 2005*

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In 2004, the City issued \$7,181,000 in general obligation bonds which were used to pay off outstanding notes payable in 2005. Of this amount, \$5,981,000 was sent to an escrow agent to pay the notes. The long-term notes payable will be paid from the general permanent improvement capital projects fund and the waterline enterprise fund.

Capital leases will be paid from the general fund, streets and highways, culture recreation and community development special revenue funds, general permanent improvement capital projects fund, and the sewer and golf course enterprise funds.

The City participates in the State Worker's Compensation retrospective rating and payment system. This plan involves the payment of a minimum premium for administrative services and stop-loss coverage plus the actual claim costs for injured employees. The maintenance of these benefits is accounted for in the Workers' Compensation internal service fund. Claims will be paid from the funds from which the employees are paid.

Compensated absences will be paid from the general fund, the court computerization, court special projects, animal shelter, street construction, maintenance and repair, community television, recreation operating, community development block grant, and other grants special revenue funds, the recreation capital capital projects fund and the sewer and golf course enterprise funds.

The general obligation bonds for the waterline improvement, OPWC waterline loans, long-term notes payable and capital leases for machinery and equipment will be paid from water usage charges. The general obligation bonds for sewer improvements, ODWA wastewater treatment and collections loans, OPWC wastewater improvement loans and capital leases for equipment will be paid from the sewer user charges.

***Refunded Bonds***

On December 8, 2004, the City issued \$4,388,000 in general obligation refunding bonds at interest rates varying from 2.50 percent to 5.00 percent. Proceeds were used to refund \$4,155,000 of the outstanding 1995 various purpose bonds. As a result, \$4,155,000 of these bonds were considered defeased and the liability for the refunded bonds has been removed from the basic financial statements. On December 31, 2005, \$3,360,000 of bonds outstanding are considered defeased.

In 1998, the City issued \$13,097,000 in general obligation refunding bonds at interest rates varying from 4.80 percent to 6.25 percent. A portion of the proceeds were used to refund \$4,155,000 of the outstanding 1995 various purpose bonds. As a result, \$4,155,000 of these bonds were considered defeased and the liability for the refunded bonds has been removed from the basic financial statements. On December 31, 2005, \$495,000 of bonds outstanding are considered defeased.

The City's overall legal debt margin was \$57,176,192 and an unvoted debt margin of \$15,513,735 at December 31, 2005. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2005 are as follows:

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

| <b>Governmental Activities</b> |                             |                    |                             |                  |   |                  |                                  |                    |
|--------------------------------|-----------------------------|--------------------|-----------------------------|------------------|---|------------------|----------------------------------|--------------------|
| Years                          | General<br>Obligation Bonds |                    | Special<br>Assessment Bonds |                  | Industrial Development<br>Revenue Bonds |                  | Total<br>Governmental Activities |                    |
|                                | Principal                   | Interest           | Principal                   | Interest         | Principal                               | Interest         | Principal                        | Interest           |
| 2006                           | \$2,229,000                 | \$987,069          | \$70,000                    | \$75,356         | \$90,000                                | \$126,226        | \$2,389,000                      | \$1,188,651        |
| 2007                           | 2,044,000                   | 938,330            | 70,000                      | 71,926           | 100,000                                 | 118,800          | 2,214,000                        | 1,129,056          |
| 2008                           | 2,119,000                   | 861,883            | 75,000                      | 68,424           | 105,000                                 | 110,550          | 2,299,000                        | 1,040,857          |
| 2009                           | 2,209,000                   | 779,872            | 80,000                      | 64,600           | 115,000                                 | 101,888          | 2,404,000                        | 946,360            |
| 2010                           | 1,938,000                   | 690,421            | 85,000                      | 60,480           | 125,000                                 | 92,400           | 2,148,000                        | 843,301            |
| 2011-2015                      | 8,472,000                   | 2,516,836          | 495,000                     | 226,240          | 795,000                                 | 289,576          | 9,762,000                        | 3,032,652          |
| 2016-2020                      | 5,366,000                   | 1,201,015          | 500,000                     | 71,960           | 200,000                                 | 16,500           | 6,066,000                        | 1,289,475          |
| 2021-2025                      | 2,925,000                   | 397,613            | 0                           | 0                | 0                                       | 0                | 2,925,000                        | 397,613            |
| <b>Total</b>                   | <b>\$27,302,000</b>         | <b>\$8,373,039</b> | <b>\$1,375,000</b>          | <b>\$638,986</b> | <b>\$1,530,000</b>                      | <b>\$855,940</b> | <b>\$30,207,000</b>              | <b>\$9,867,965</b> |

| <b>Business-Type Activities</b> |                              |                    |                     |                    |                    |                                      |                    |
|---------------------------------|------------------------------|--------------------|---------------------|--------------------|--------------------|--------------------------------------|--------------------|
| Years                           | General<br>Obligations Bonds |                    | OWDA Loans          |                    | OPWC               | Total<br>Business-Type<br>Activities |                    |
|                                 | Principal                    | Interest           | Principal           | Interest           | Principal          | Principal                            | Interest           |
| 2006                            | \$301,000                    | \$341,948          | \$1,475,399         | \$927,619          | \$378,262          | \$2,154,661                          | \$1,269,567        |
| 2007                            | 316,000                      | 329,210            | 1,586,543           | 815,472            | 378,262            | 2,280,805                            | 1,144,682          |
| 2008                            | 326,000                      | 315,657            | 1,708,526           | 693,489            | 378,262            | 2,412,788                            | 1,009,146          |
| 2009                            | 346,000                      | 301,417            | 1,841,309           | 560,708            | 378,262            | 2,565,571                            | 862,125            |
| 2010                            | 417,000                      | 286,024            | 1,985,951           | 416,066            | 378,262            | 2,781,213                            | 702,090            |
| 2011-2015                       | 2,413,000                    | 1,116,652          | 4,792,186           | 512,758            | 1,891,308          | 9,096,494                            | 1,629,410          |
| 2016-2020                       | 2,554,000                    | 456,795            | 0                   | 0                  | 1,817,861          | 4,371,861                            | 456,795            |
| 2021-2025                       | 480,000                      | 65,200             | 0                   | 0                  | 468,522            | 948,522                              | 65,200             |
| <b>Total</b>                    | <b>\$7,153,000</b>           | <b>\$3,212,903</b> | <b>\$13,389,914</b> | <b>\$3,926,112</b> | <b>\$6,069,001</b> | <b>\$26,611,915</b>                  | <b>\$7,139,015</b> |

**Note 11 – Compensated Absences**

The criteria for determining the vacation and sick leave liabilities are derived from negotiated agreements and City ordinances. Full-time employees earn 10 to 30 vacation days per year, depending upon length of service. Unused vacation balances that can be carried over to the next year vary according to the employee's classification. All non-union employees may carry over vacation for a maximum of two years. Union employees may not carry over vacation from one year to the next. Police and fire department employees may convert any unused vacation to comp time. Accumulated, unused vacation, compensatory time, and holidays are paid upon termination of employment.

All employees of the City earn sick leave at the rate of 1.25 days per month of work completed except for school guards and certain part-time employees who accrue sick leave at a rate of 4.6 hours per 80 hours of work completed. Full-time fire employees earn 1.5 days of sick leave per month. Sick leave accumulation is unlimited. Upon retirement of non-union employees, total payment is determined by multiplying the hourly rate by the maximum number of hours allowed, depending on the years of service as of January 1, 2005:

**City of Euclid, Ohio**  
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| Years of Service<br>as of January 1, 2005 | Upon Retirement<br>Sick Hours Max Out at: |
|---|---|
| Hired after January 1, 2005               | 240                                       |
| 5 or less years                           | 320                                       |
| 6-10                                      | 480                                       |
| 11-15                                     | 640                                       |
| 16-20                                     | 800                                       |
| Over 20 years                             | 960                                       |

The City developed this policy in order to limit the amount of sick time it will pay out in the future for retirees.

Upon retirement of union employees, individuals with less than 1,200 hours will have sick leave paid out at the accrued number of hours multiplied by the hourly rate. Individuals with more than 1,200 hours will have the first 1,200 hours multiplied by the hourly rate and any hours over 1,200 multiplied by \$2.50.

**Note 12 - Risk Management**

***A. Property and Liability***

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Since 1988 the City of Euclid is self-funded with regard to general liability. An internal service fund is used to process claims against the City. The City's administrative code included provisions that the council shall annually appropriate funds to cover the costs of this fund.

During 2005, the City negotiated with Love Insurance Company for commercial insurance coverage relating to property, broiler and machinery insurance. The cost of the current coverage was \$67,504 for 2005. The City carries a commercial package property insurance policy for blanket coverage in excess of \$84,000,000. The policy coverage includes loss of business income for specific locations, personal property, securities and property in the open. Included in this blanket is coverage for equipment breakdown with its own \$5,000 deductible. Additionally the City carries inland marine insurance of \$5,198,630 with a \$1,000 deductible, fire rescue and heavy vehicles coverage of \$2,019,856 with a \$5,000 deductible and a crime shield coverage of \$25,000 with a \$500 deductible.

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years and there was no significant change in insurance coverage from the prior year.

The claims liability of \$462,500 reported in the self insurance internal service fund at December 31, 2005 is based on an estimate of costs relating to incurred but not reported claims. Changes in the funds claims liability amount for the last two years follow:

|      | Balance at<br>Beginning of Year | Current<br>Year Claims | Claims<br>Payment | Balance at<br>End of Year |
|------|---------------------------------|------------------------|-------------------|---------------------------|
| 2004 | \$787,500                       | \$191,189              | \$303,689         | \$675,000                 |
| 2005 | 675,000                         | 79,068                 | 291,568           | 462,500                   |

**City of Euclid, Ohio**  
*Notes to Basic Financial Statements*  
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**B. Health Insurance Benefits**

The City provides health insurance coverage for employees of the City through a self-funded program. A third party administrator, Medical Mutual is used to evaluate individual claims and costs. Coverage includes health, prescription drug benefits and dental care.

The City structured its health care plan through a cost sharing program that includes yearly deductible amounts as well as co-pays. For covered individuals, the yearly deductible amount is \$200 and for families the yearly deductible is \$300. In addition to this, covered employees or family members have a required co-pay of \$10 per office visit or \$50 per emergency care visit. If admitted, the \$50 co-pay is waived. Upon meeting the required employee contributions as well as staying within medical mutual provider, maximum coverage is provided by the plan parameters. However, if an individual seeks care at a non-medical mutual provider, then 80 percent of the cost would be covered. Furthermore, the plan allows for catastrophic (stop-loss) coverage of \$150,000 per occurrence. Employee medical benefits are charged to the respective fund in which the individual's salary is paid.

The claims liability of \$571,509 reported in the general fund at December 31, 2005 is based on an estimate of costs relating to incurred but not reported claims. Changes in the funds claims liability amount for the last two years follow:

|      | Balance at<br>Beginning of Year | Current<br>Year Claims | Claims<br>Payment | Balance at<br>End of Year |
|------|---------------------------------|------------------------|-------------------|---------------------------|
| 2004 | \$514,759                       | \$3,482,441            | \$3,444,698       | \$552,502                 |
| 2005 | 552,502                         | 3,586,992              | 3,567,985         | 571,509                   |

**Note 13 - Defined Benefit Pension Plans**

**A. Ohio Public Employee Retirement System**

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

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report which may be obtained by writing OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

**City of Euclid, Ohio**  
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For the year ended December 31, 2005, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9 percent. The City's contribution rate for pension benefits for 2005 was 9.55 percent, except for those plan members in law enforcement or public safety. For those classifications, the City's pension contributions were 12.7 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The City's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2005, 2004 and 2003, were \$1,129,838, \$1,189,609 and \$1,073,592, respectively; 93.00 percent has been contributed for 2005 and 100 percent for 2004 and 2003. Contributions to the member-directed plan for 2005 were \$8,862 made by the City and \$5,559 made by the plan members.

***B. Ohio Police and Fire Pension Fund***

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

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the City is required to contribute 11.75 percent for police officers and 16.25 percent for firefighters. Contributions are authorized by State statute. The City's contributions to OP&F for police for the years ended December 31, 2005, 2004 and 2003 were \$733,690, \$1,152,116 and \$1,051,282, respectively. The City's contributions to OP&F for fire for the years ended December 31, 2005, 2004 and 2003 were \$847,375, \$1,352,483 and \$1,234,079, respectively. The full amount for both the police and fire departments has been contributed for 2004 and 2003. 99.80 percent for the police department and 100.00 percent for the fire department have been contributed for 2005.

**Note 14 - Postemployment Benefits**

***A. Ohio Public Employees Retirement System (OPERS)***

The Ohio Public Employees Retirement System of Ohio (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2005 local government employer contribution rate was 13.55 percent of covered payroll (16.7 percent for public safety and law enforcement); 4.0 percent was the portion that was used to fund health care.

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

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Benefits are advanced-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 8.0 percent, an annual increase in active employee total payroll of 4.0 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1.00 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number active contributing participants in the traditional and combined plans were 376,109. Actual employer contributions for 2005 which were used to fund postemployment benefits were \$473,231. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2005 were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

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

***B. Ohio Police and Fire Pension Fund***

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

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in *GASB Statement No. 12*. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care cost paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution rate is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24.0 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the postemployment health care program during 2005 and 2004. In addition, since July 1, 1992, most retirees and survivors have been required to contribute a portion of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The City's actual contributions for 2005 that were used to fund postemployment benefits were \$483,923 for police and \$404,133 for firefighters. The OP&F's total health care expense for the year ended December 31, 2005 was \$108,039,449, which was net of member contributions of \$55,665,341. The number of OP&F participants eligible to receive health care benefits as of December 31, 2005, was 13,922 for police and 10,537 for firefighters.

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

**Note 15 – Capital Leases**

In 2005 the City entered into a lease for the acquisition of office equipment and mowers. In prior years, the City entered into leases for the acquisition of postage meter, phone system, Honeywell retrofits, snow plow truck and a sweeper. The City’s lease obligations meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards Board No. 13, “Accounting for Leases.” Capital lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements. These expenditures are reflected as program/function expenditures on a budgetary basis.

Capital assets acquired by lease have been capitalized and depreciated as follows as of December 31, 2005:

|   | <i>Governmental<br/>Activities</i> | <i>Business-Type<br/>Activities</i> |
|---|------------------------------------|-------------------------------------|
| <b>Capital Assets, Being Depreciated:</b> |                                    |                                     |
| Furniture, Fixtures and Equipment         | \$3,251,205                        | \$1,056,042                         |
| <b>Less Accumulated Depreciation:</b>     |                                    |                                     |
| Furniture, Fixtures and Equipment         | (632,493)                          | (339,774)                           |
|   | \$2,618,712                        | \$716,268                           |

|   | <b>Governmental<br/>Activities</b> | <b>Business-Type<br/>Activities</b> |
|---|------------------------------------|-------------------------------------|
| <b>Year Ending December 31,</b>         |                                    |                                     |
| 2006                                    | \$579,258                          | \$139,492                           |
| 2007                                    | 464,436                            | 122,352                             |
| 2008                                    | 427,050                            | 122,352                             |
| 2009                                    | 424,922                            | 122,352                             |
| 2010                                    | 152,800                            | 111,014                             |
| 2011-2013                               | 454,940                            | 192,250                             |
| Total Minimum Lease Payments            | 2,503,406                          | 809,812                             |
| Less: Amount Representing Interest      | (328,721)                          | (116,570)                           |
| Present Value of Minimum Lease Payments | \$2,174,685                        | \$693,242                           |

**Note 16 - Interfund Transfers and Balances**

**A. Transfers**

Transfers are primarily from the general fund or waste water treatment fund to various funds within the City. Transfers made from the general fund typically cover general operating and project costs. Transfers from the waste water treatment fund are reimbursements to the general fund, as specified by City ordinance. Transfers to and from non-major funds include general operating and project costs.

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

Transfers made during the year ended December 31, 2005 were as follows:

| <u>Transfer To</u>             | <u>Transfer From</u>           |                  |                                     | <u>Totals</u>    |
|--------------------------------|--------------------------------|------------------|-------------------------------------|------------------|
|                                | <u>Governmental Activities</u> |                  | <u>Business-Type<br/>Activities</u> |                  |
|                                | <u>General</u>                 | <u>Nonmajor</u>  | <u>Waste Water<br/>Treatment</u>    |                  |
| <u>Governmental Activities</u> |                                |                  |                                     |                  |
| General                        | \$0                            | \$472,600        | \$286,456                           | \$759,056        |
| Nonmajor Funds                 | 124,000                        | 35,000           | 0                                   | 159,000          |
| Total                          | <u>\$124,000</u>               | <u>\$507,600</u> | <u>\$286,456</u>                    | <u>\$918,056</u> |

**B. Balances**

As of December 31, 2005, the general fund had a \$22,108 interfund receivable. The community development block grant special revenue fund had an interfund payable of \$22,108 due to negative cash. \$130,000 interfund transaction between the general obligation bond retirement debt service fund and the recreation capital, capital projects fund is a manuscript note.

**Note 17 – Subsequent Event**

On May 31, 2006, the City issued \$4,134,000 in notes for various purposes. The notes have an interest rate of 4.5 percent and mature on May 31, 2007.

# Combing Statements and Individual Fund Schedules

## Fund Descriptions - Nonmajor Governmental Funds

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### *Nonmajor Special Revenue Funds*

Special Revenue funds are used to account for the proceeds of specific revenue sources (other than amounts relating to major capital projects) that are legally restricted to expenditure for specified purposes.

*Street Construction, Maintenance and Repair Fund* – This fund accounts for that portion of State gasoline tax and motor vehicle registration fees used for the maintenance and repair of dedicated streets within in the City.

*State Highway Fund* – This fund accounts for that portion of State gasoline tax and motor vehicle registration fees designated for State highways maintenance within the City.

*Indigent Drivers Fund* – This fund accounts for fees collected by the municipal court from persons whose driver’s license or permit was suspended for driving under the influence of alcohol. By order of the court, this fund will provide for the cost of rehabilitation for those deemed to be indigent.

*Court Computerization Fund* – This fund accounts for court fees collected by the municipal court to be used for equipment, computers and improvements for the court.

*Court Special Projects Fund* – This fund accounts for court fees collected by the municipal court designated for the hiring of security bailiffs for the Euclid Municipal Court.

*Animal Shelter Fund* – This fund accounts for revenues and expenditures related to the Euclid Animal Shelter.

*Nuisance Abatement Fund* – This fund accounts for services provided and assessments collected for the abatement of neighborhood nuisances.

*Community Television Fund* – This fund accounts cable franchise tax used for the operating activities of community television.

*Recreation Operating Fund* – This fund accounts for operations and maintenance of all recreational facilities within the City as well as City sponsored recreation programs which are funded by participation fees and facility rentals.

*Community Development Block Grant Fund* – This fund accounts for revenues received from the federal government related to the United States Department of Housing and Urban Development.

*Litter Control Fund* – This fund accounts for grants used for recycling and composting activities in the City.

*Law Enforcement Trust Fund* – This fund accounts for monies received from fines from convictions related to drug cases used for the education of the community.

*Other Grant Funds* - This fund accounts for grant monies received from the federal and state government.

(continued)

## Fund Descriptions - Nonmajor Governmental Funds (continued)

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### *Nonmajor Capital Projects Funds*

Capital Projects Funds are used to account for financial resources restricted for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

*General Permanent Improvement Fund* – This fund accounts for tax revenues and grants expended for various capital projects of the City.

*Recreation Capital Fund* – This fund accounts for tax revenues for the ongoing maintenance and construction of all recreational facilities.

*Sidewalk Repair Fund* – This fund accounts for the collection of assessments for costs associated with the construction and improvement of City sidewalks.

*Public Building Construction Fund* – This fund accounts for tax revenues used for the construction of public buildings.

*Euclid Endowment Fund* – This fund accounts for proceeds of sales of City property used for the expenditures for economic development.

*Sims Park Fund* – This fund accounts for the erosion control project.

*Bennington Hamlet Fund* – This fund accounts for the collection of assessments for cost associated with economic development.

*CMP Properties* – This fund accounts for the collection of assessments for cost associated with economic development.

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

|   | Nonmajor<br>Special<br>Revenue<br>Funds | Nonmajor<br>Capital<br>Projects<br>Funds | Total<br>Nonmajor<br>Governmental<br>Funds |
|---|---|--|--|
| <b>Assets</b>                                       |   |  |  |
| Equity in Pooled Cash and<br>Cash Equivalents       | \$1,221,892                             | \$919,191                                | \$2,141,083                                |
| Cash and Cash Equivalents<br>in Segregated Accounts | 610                                     | 0  | 610  |
| Materials and Supplies Inventory                    | 208,598                                 | 0  | 208,598                                    |
| Accounts Receivable                                 | 3,294                                   | 50,000                                   | 53,294                                     |
| Intergovernmental Receivable                        | 1,151,178                               | 24,220                                   | 1,175,398                                  |
| Prepaid Items                                       | 4,052                                   | 0  | 4,052                                      |
| Property Taxes Receivable                           | 436,012                                 | 570,167                                  | 1,006,179                                  |
| <i>Total Assets</i>                                 | <u>\$3,025,636</u>                      | <u>\$1,563,578</u>                       | <u>\$4,589,214</u>                         |
| <b>Liabilities and Fund Balances</b>                |   |  |  |
| <b>Liabilities</b>                                  |   |  |  |
| Accounts Payable                                    | \$50,696                                | \$16,793                                 | \$67,489                                   |
| Contracts Payable                                   | 23,230                                  | 0  | 23,230                                     |
| Accrued Wages and Benefits                          | 26,511                                  | 782                                      | 27,293                                     |
| Retainage Payable                                   | 0                                       | 29,522                                   | 29,522                                     |
| Interfund Payable                                   | 22,108                                  | 130,000                                  | 152,108                                    |
| Intergovernmental Payable                           | 15,317                                  | 106                                      | 15,423                                     |
| Deferred Revenue                                    | 1,236,298                               | 594,387                                  | 1,830,685                                  |
| <i>Total Liabilities</i>                            | <u>1,374,160</u>                        | <u>771,590</u>                           | <u>2,145,750</u>                           |
| <b>Fund Balances</b>                                |   |  |  |
| Reserved for Encumbrances                           | 131,396                                 | 390,779                                  | 522,175                                    |
| Unreserved, Undesignated, Reported in:              |   |  |  |
| Special Revenue Funds                               | 1,520,080                               | 0  | 1,520,080                                  |
| Capital Projects Funds                              | 0                                       | 401,209                                  | 401,209                                    |
| <i>Total Fund Balances</i>                          | <u>1,651,476</u>                        | <u>791,988</u>                           | <u>2,443,464</u>                           |
| <i>Total Liabilities and Fund Balances</i>          | <u>\$3,025,636</u>                      | <u>\$1,563,578</u>                       | <u>\$4,589,214</u>                         |

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

|   | Nonmajor<br>Special<br>Revenue<br>Funds | Nonmajor<br>Capital<br>Projects<br>Funds | Total<br>Nonmajor<br>Governmental<br>Funds |
|---|---|--|--|
| <b>Revenues</b>                                     |   |  |  |
| Property and Other Local Taxes                      | \$438,561                               | \$527,901                                | \$966,462                                  |
| Payment in Lieu of Taxes                            | 0                                       | 59,293                                   | 59,293                                     |
| Charges for Services                                | 783,098                                 | 462,027                                  | 1,245,125                                  |
| Fines and Forfeitures                               | 120,762                                 | 0  | 120,762                                    |
| Intergovernmental                                   | 3,039,629                               | 48,439                                   | 3,088,068                                  |
| Special Assessments                                 | 9,087                                   | 14,024                                   | 23,111                                     |
| Interest  | 79,924                                  | 11,702                                   | 91,626                                     |
| Rentals   | 56,796                                  | 0  | 56,796                                     |
| Contributions and Donations                         | 35,280                                  | 0  | 35,280                                     |
| Miscellaneous                                       | 10,827                                  | 0  | 10,827                                     |
| <i>Total Revenues</i>                               | <u>4,573,964</u>                        | <u>1,123,386</u>                         | <u>5,697,350</u>                           |
| <b>Expenditures</b>                                 |   |  |  |
| Current:  |   |  |  |
| General Government                                  | 320,883                                 | 0  | 320,883                                    |
| Public Safety                                       | 206,308                                 | 0  | 206,308                                    |
| Streets and Highways                                | 1,587,855                               | 0  | 1,587,855                                  |
| Community Development                               | 1,115,306                               | 0  | 1,115,306                                  |
| Culture and Recreation                              | 920,911                                 | 0  | 920,911                                    |
| Capital Outlay                                      | 0                                       | 3,227,405                                | 3,227,405                                  |
| Debt Service:                                       |   |  |  |
| Principal Retirement                                | 33,033                                  | 4,123,266                                | 4,156,299                                  |
| Interest and Fiscal Charges                         | 9,769                                   | 12,588                                   | 22,357                                     |
| <i>Total Expenditures</i>                           | <u>4,194,065</u>                        | <u>7,363,259</u>                         | <u>11,557,324</u>                          |
| <i>Excess of Revenues Over (Under) Expenditures</i> | <u>379,899</u>                          | <u>(6,239,873)</u>                       | <u>(5,859,974)</u>                         |
| <b>Other Financing Sources (Uses)</b>               |   |  |  |
| Notes Issued  | 0                                       | 100,000                                  | 100,000                                    |
| Inception of Capital Lease                          | 0                                       | 1,077,689                                | 1,077,689                                  |
| Transfers In  | 159,000                                 | 0  | 159,000                                    |
| Transfers Out                                       | (1,000)                                 | (506,600)                                | (507,600)                                  |
| <i>Total Other Financing Sources (Uses)</i>         | <u>158,000</u>                          | <u>671,089</u>                           | <u>829,089</u>                             |
| <i>Net Change in Fund Balances</i>                  | 537,899                                 | (5,568,784)                              | (5,030,885)                                |
| <i>Fund Balances Beginning of Year</i>              | <u>1,113,577</u>                        | <u>6,360,772</u>                         | <u>7,474,349</u>                           |
| <i>Fund Balances End of Year</i>                    | <u>\$1,651,476</u>                      | <u>\$791,988</u>                         | <u>\$2,443,464</u>                         |

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

|   | Street<br>Construction,<br>Maintenance<br>and Repair | State<br>Highway | Indigent<br>Drivers | Court<br>Computerization |
|---|--|------------------|---------------------|--------------------------|
| <b>Assets</b>                                       |  |                  |                     |                          |
| Equity in Pooled Cash and<br>Cash Equivalents       | \$597,974  | \$102,099        | \$5,409             | \$93,777                 |
| Cash and Cash Equivalents<br>in Segregated Accounts | 0  | 0                | 0                   | 0                        |
| Materials and Supplies Inventory                    | 205,720  | 0                | 0                   | 0                        |
| Accounts Receivable                                 | 0  | 0                | 0                   | 0                        |
| Intergovernmental Receivable                        | 728,121  | 237,083          | 1,686               | 4,948                    |
| Prepaid Items                                       | 0  | 0                | 0                   | 0                        |
| Property Taxes Receivable                           | 0  | 0                | 0                   | 0                        |
| <i>Total Assets</i>                                 | <u>\$1,531,815</u>                                   | <u>\$339,182</u> | <u>\$7,095</u>      | <u>\$98,725</u>          |
| <b>Liabilities and Fund Balances</b>                |  |                  |                     |                          |
| <b>Liabilities</b>                                  |  |                  |                     |                          |
| Accounts Payable                                    | \$10,883   | \$10,430         | \$0                 | \$0                      |
| Contracts Payable                                   | 3,646  | 0                | 0                   | 0                        |
| Accrued Wages and Benefits                          | 17,290   | 0                | 0                   | 0                        |
| Interfund Payable                                   | 0  | 0                | 0                   | 0                        |
| Intergovernmental Payable                           | 7,136  | 0                | 0                   | 0                        |
| Deferred Revenue                                    | 470,940  | 156,882          | 0                   | 0                        |
| <i>Total Liabilities</i>                            | <u>509,895</u>                                       | <u>167,312</u>   | <u>0</u>            | <u>0</u>                 |
| <b>Fund Balances</b>                                |  |                  |                     |                          |
| Reserved for Encumbrances                           | 52   | 664              | 0                   | 0                        |
| Unreserved, Undesignated (Deficit)                  | 1,021,868  | 171,206          | 7,095               | 98,725                   |
| <i>Total Fund Balances (Deficit)</i>                | <u>1,021,920</u>                                     | <u>171,870</u>   | <u>7,095</u>        | <u>98,725</u>            |
| <i>Total Liabilities and Fund Balances</i>          | <u>\$1,531,815</u>                                   | <u>\$339,182</u> | <u>\$7,095</u>      | <u>\$98,725</u>          |

| <u>Court<br/>Special<br/>Projects</u> | <u>Animal<br/>Shelter</u> | <u>Nuiance<br/>Abatement</u> | <u>Community<br/>Television</u> | <u>Recreation<br/>Operating</u> | <u>Community<br/>Development<br/>Block<br/>Grant</u> | <u>Litter<br/>Control</u> |
|---------------------------------------|---------------------------|------------------------------|---------------------------------|---------------------------------|--|---------------------------|
| \$25,354                              | \$60                      | \$38,687                     | \$10,830                        | \$11,036                        | \$0  | \$17,600                  |
| 0                                     | 0                         | 0                            | 0                               | 610                             | 0  | 0                         |
| 0                                     | 0                         | 0                            | 0                               | 2,878                           | 0  | 0                         |
| 0                                     | 1,794                     | 0                            | 0                               | 1,500                           | 0  | 0                         |
| 6,876                                 | 0                         | 0                            | 0                               | 18,521                          | 0  | 0                         |
| 0                                     | 0                         | 0                            | 0                               | 4,052                           | 0  | 0                         |
| 0                                     | 0                         | 0                            | 0                               | 436,012                         | 0  | 0                         |
| <u>\$32,230</u>                       | <u>\$1,854</u>            | <u>\$38,687</u>              | <u>\$10,830</u>                 | <u>\$474,609</u>                | <u>\$0</u>   | <u>\$17,600</u>           |
| \$0                                   | \$0                       | \$0                          | \$0                             | \$5,314                         | \$13,950   | \$1,239                   |
| 0                                     | 0                         | 0                            | 0                               | 19,584                          | 0  | 0                         |
| 656                                   | 363                       | 0                            | 0                               | 3,332                           | 4,658  | 212                       |
| 0                                     | 0                         | 0                            | 0                               | 0                               | 22,108   | 0                         |
| 89                                    | 1,041                     | 0                            | 419                             | 3,135                           | 3,468  | 29                        |
| 0                                     | 0                         | 0                            | 0                               | 454,533                         | 0  | 0                         |
| <u>745</u>                            | <u>1,404</u>              | <u>0</u>                     | <u>419</u>                      | <u>485,898</u>                  | <u>44,184</u>  | <u>1,480</u>              |
| 0                                     | 0                         | 0                            | 0                               | 73                              | 82,279   | 0                         |
| <u>31,485</u>                         | <u>450</u>                | <u>38,687</u>                | <u>10,411</u>                   | <u>(11,362)</u>                 | <u>(126,463)</u>                                     | <u>16,120</u>             |
| <u>31,485</u>                         | <u>450</u>                | <u>38,687</u>                | <u>10,411</u>                   | <u>(11,289)</u>                 | <u>(44,184)</u>                                      | <u>16,120</u>             |
| <u>\$32,230</u>                       | <u>\$1,854</u>            | <u>\$38,687</u>              | <u>\$10,830</u>                 | <u>\$474,609</u>                | <u>\$0</u>   | <u>\$17,600</u>           |

(continued)

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

|   | Law<br>Enforcement<br>Trust | Other<br>Grants  | Total<br>Nonmajor<br>Special Revenue<br>Funds |
|---|-----------------------------|------------------|---|
| <b>Assets</b>                                       |                             |                  |   |
| Equity in Pooled Cash and<br>Cash Equivalents       | \$150,843                   | \$168,223        | \$1,221,892                                   |
| Cash and Cash Equivalents<br>in Segregated Accounts | 0                           | 0                | 610   |
| Materials and Supplies Inventory                    | 0                           | 0                | 208,598                                       |
| Accounts Receivable                                 | 0                           | 0                | 3,294   |
| Intergovernmental Receivable                        | 0                           | 153,943          | 1,151,178                                     |
| Prepaid Items                                       | 0                           | 0                | 4,052   |
| Property Taxes Receivable                           | 0                           | 0                | 436,012                                       |
| <i>Total Assets</i>                                 | <u>\$150,843</u>            | <u>\$322,166</u> | <u>\$3,025,636</u>                            |
| <b>Liabilities and Fund Balances</b>                |                             |                  |   |
| <b>Liabilities</b>                                  |                             |                  |   |
| Accounts Payable                                    | \$1,633                     | \$7,247          | \$50,696                                      |
| Contracts Payable                                   | 0                           | 0                | 23,230  |
| Accrued Wages and Benefits                          | 0                           | 0                | 26,511  |
| Interfund Payable                                   | 0                           | 0                | 22,108  |
| Intergovernmental Payable                           | 0                           | 0                | 15,317  |
| Deferred Revenue                                    | 0                           | 153,943          | 1,236,298                                     |
| <i>Total Liabilities</i>                            | <u>1,633</u>                | <u>161,190</u>   | <u>1,374,160</u>                              |
| <b>Fund Balances</b>                                |                             |                  |   |
| Reserved for Encumbrances                           | 36,517                      | 11,811           | 131,396                                       |
| Unreserved, Undesignated (Deficit)                  | 112,693                     | 149,165          | 1,520,080                                     |
| <i>Total Fund Balances</i>                          | <u>149,210</u>              | <u>160,976</u>   | <u>1,651,476</u>                              |
| <i>Total Liabilities and Fund Balances</i>          | <u>\$150,843</u>            | <u>\$322,166</u> | <u>\$3,025,636</u>                            |

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

|   | Street<br>Construction,<br>Maintenance<br>and Repair | State<br>Highway | Indigent<br>Drivers | Court<br>Computerization |
|---|--|------------------|---------------------|--------------------------|
| <b>Revenues</b>                                     |  |                  |                     |                          |
| Property and Other Local Taxes                      | \$0  | \$0              | \$0                 | \$0                      |
| Charges for Services                                | 191,361  | 0                | 0                   | 0                        |
| Fines and Forfeitures                               | 0  | 0                | 7,095               | 59,690                   |
| Intergovernmental                                   | 1,686,609  | 176,426          | 0                   | 0                        |
| Special Assessments                                 | 0  | 0                | 0                   | 0                        |
| Interest  | 0  | 2,073            | 0                   | 0                        |
| Rentals   | 0  | 0                | 0                   | 0                        |
| Contributions and Donations                         | 0  | 0                | 0                   | 0                        |
| Miscellaneous                                       | 5,627  | 0                | 0                   | 0                        |
| <i>Total Revenues</i>                               | <u>1,883,597</u>                                     | <u>178,499</u>   | <u>7,095</u>        | <u>59,690</u>            |
| <b>Expenditures</b>                                 |  |                  |                     |                          |
| Current:  |  |                  |                     |                          |
| General Government                                  | 0  | 0                | 0                   | 0                        |
| Public Safety                                       | 0  | 0                | 0                   | 51,287                   |
| Streets and Highways                                | 1,460,813  | 127,042          | 0                   | 0                        |
| Community Development                               | 0  | 0                | 0                   | 0                        |
| Culture and Recreation                              | 0  | 0                | 0                   | 0                        |
| Debt Service:                                       |  |                  |                     |                          |
| Principal Retirement                                | 8,545  | 0                | 0                   | 0                        |
| Interest and Fiscal Charges                         | 2,740  | 0                | 0                   | 0                        |
| <i>Total Expenditures</i>                           | <u>1,472,098</u>                                     | <u>127,042</u>   | <u>0</u>            | <u>51,287</u>            |
| <i>Excess of Revenues Over (Under) Expenditures</i> | <u>411,499</u>                                       | <u>51,457</u>    | <u>7,095</u>        | <u>8,403</u>             |
| <b>Other Financing Sources (Uses)</b>               |  |                  |                     |                          |
| Transfers In  | 0  | 0                | 0                   | 0                        |
| Transfers Out                                       | 0  | 0                | 0                   | 0                        |
| <i>Total Other Financing Sources (Uses)</i>         | <u>0</u>   | <u>0</u>         | <u>0</u>            | <u>0</u>                 |
| <i>Net Change in Fund Balances</i>                  | 411,499  | 51,457           | 7,095               | 8,403                    |
| <i>Fund Balances (Deficit) Beginning of Year</i>    | <u>610,421</u>                                       | <u>120,413</u>   | <u>0</u>            | <u>90,322</u>            |
| <i>Fund Balances (Deficit) End of Year</i>          | <u>\$1,021,920</u>                                   | <u>\$171,870</u> | <u>\$7,095</u>      | <u>\$98,725</u>          |

(continued)

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

|   | Court<br>Special<br>Projects | Animal<br>Shelter | Nuiance<br>Abatement | Community<br>Television |
|---|------------------------------|-------------------|----------------------|-------------------------|
| <b>Revenues</b>                                     |                              |                   |                      |                         |
| Property and Other Local Taxes                      | \$0                          | \$0               | \$0                  | \$0                     |
| Charges for Services                                | 0                            | 26,505            | 6,520                | 10                      |
| Fines and Forfeitures                               | 53,977                       | 0                 | 0                    | 0                       |
| Intergovernmental                                   | 0                            | 0                 | 0                    | 0                       |
| Special Assessments                                 | 0                            | 0                 | 9,087                | 0                       |
| Interest  | 0                            | 0                 | 0                    | 0                       |
| Rentals   | 0                            | 36,996            | 0                    | 0                       |
| Contributions and Donations                         | 0                            | 1,400             | 0                    | 0                       |
| Miscellaneous                                       | 0                            | 0                 | 0                    | 5,200                   |
| <i>Total Revenues</i>                               | <u>53,977</u>                | <u>64,901</u>     | <u>15,607</u>        | <u>5,210</u>            |
| <b>Expenditures</b>                                 |                              |                   |                      |                         |
| Current:  |                              |                   |                      |                         |
| General Government                                  | 0                            | 0                 | 0                    | 0                       |
| Public Safety                                       | 46,099                       | 71,063            | 0                    | 0                       |
| Streets and Highways                                | 0                            | 0                 | 0                    | 0                       |
| Community Development                               | 0                            | 0                 | 32,030               | 117,097                 |
| Culture and Recreation                              | 0                            | 0                 | 0                    | 0                       |
| Debt Service:                                       |                              |                   |                      |                         |
| Principal Retirement                                | 0                            | 0                 | 0                    | 0                       |
| Interest and Fiscal Charges                         | 0                            | 0                 | 0                    | 0                       |
| <i>Total Expenditures</i>                           | <u>46,099</u>                | <u>71,063</u>     | <u>32,030</u>        | <u>117,097</u>          |
| <i>Excess of Revenues Over (Under) Expenditures</i> | <u>7,878</u>                 | <u>(6,162)</u>    | <u>(16,423)</u>      | <u>(111,887)</u>        |
| <b>Other Financing Sources (Uses)</b>               |                              |                   |                      |                         |
| Transfers In  | 0                            | 0                 | 25,000               | 115,000                 |
| Transfers Out                                       | 0                            | 0                 | 0                    | 0                       |
| <i>Total Other Financing Sources (Uses)</i>         | <u>0</u>                     | <u>0</u>          | <u>25,000</u>        | <u>115,000</u>          |
| <i>Net Change in Fund Balances</i>                  | 7,878                        | (6,162)           | 8,577                | 3,113                   |
| <i>Fund Balances (Deficit) Beginning of Year</i>    | <u>23,607</u>                | <u>6,612</u>      | <u>30,110</u>        | <u>7,298</u>            |
| <i>Fund Balances (Deficit) End of Year</i>          | <u>\$31,485</u>              | <u>\$450</u>      | <u>\$38,687</u>      | <u>\$10,411</u>         |

| Recreation<br>Operating | Community<br>Development<br>Block<br>Grant | Litter<br>Control | Law<br>Enforcement<br>Trust | Other<br>Grants  | Total<br>Nonmajor<br>Special Revenue<br>Funds |
|-------------------------|--|-------------------|-----------------------------|------------------|---|
| \$438,561               | \$0  | \$0               | \$0                         | \$0              | \$438,561                                     |
| 490,019                 | 0  | 0                 | 0                           | 68,683           | 783,098                                       |
| 0                       | 0  | 0                 | 0                           | 0                | 120,762                                       |
| 0                       | 1,116,634                                  | 34,699            | 0                           | 25,261           | 3,039,629                                     |
| 0                       | 0  | 0                 | 0                           | 0                | 9,087   |
| 0                       | 0  | 0                 | 4,680                       | 73,171           | 79,924  |
| 19,800                  | 0  | 0                 | 0                           | 0                | 56,796  |
| 3,818                   | 0  | 0                 | 0                           | 30,062           | 35,280  |
| 0                       | 0  | 0                 | 0                           | 0                | 10,827  |
| <u>952,198</u>          | <u>1,116,634</u>                           | <u>34,699</u>     | <u>4,680</u>                | <u>197,177</u>   | <u>4,573,964</u>                              |
| 0                       | 0  | 50,489            | 0                           | 270,394          | 320,883                                       |
| 0                       | 0  | 0                 | 37,859                      | 0                | 206,308                                       |
| 0                       | 0  | 0                 | 0                           | 0                | 1,587,855                                     |
| 0                       | 966,179                                    | 0                 | 0                           | 0                | 1,115,306                                     |
| 920,911                 | 0  | 0                 | 0                           | 0                | 920,911                                       |
| 17,226                  | 7,262                                      | 0                 | 0                           | 0                | 33,033  |
| 6,340                   | 689  | 0                 | 0                           | 0                | 9,769   |
| <u>944,477</u>          | <u>974,130</u>                             | <u>50,489</u>     | <u>37,859</u>               | <u>270,394</u>   | <u>4,194,065</u>                              |
| <u>7,721</u>            | <u>142,504</u>                             | <u>(15,790)</u>   | <u>(33,179)</u>             | <u>(73,217)</u>  | <u>379,899</u>                                |
| 0                       | 0  | 19,000            | 0                           | 0                | 159,000                                       |
| (1,000)                 | 0  | 0                 | 0                           | 0                | (1,000)                                       |
| <u>(1,000)</u>          | <u>0</u>                                   | <u>19,000</u>     | <u>0</u>                    | <u>0</u>         | <u>158,000</u>                                |
| 6,721                   | 142,504                                    | 3,210             | (33,179)                    | (73,217)         | 537,899                                       |
| (18,010)                | (186,688)                                  | 12,910            | 182,389                     | 234,193          | 1,113,577                                     |
| <u>(\$11,289)</u>       | <u>(\$44,184)</u>                          | <u>\$16,120</u>   | <u>\$149,210</u>            | <u>\$160,976</u> | <u>\$1,651,476</u>                            |

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

|   | General<br>Permanent<br>Improvement | Recreation<br>Capital | Sidewalk<br>Repair | Public<br>Building<br>Construction | Euclid<br>Endowment |
|---|-------------------------------------|-----------------------|--------------------|------------------------------------|---------------------|
| <b>Assets</b>                                 |                                     |                       |                    |                                    |                     |
| Equity in Pooled Cash and<br>Cash Equivalents | \$243,044                           | \$70,889              | \$178,653          | \$140,706                          | \$16,082            |
| Accounts Receivable                           | 0                                   | 0                     | 0                  | 0                                  | 50,000              |
| Intergovernmental Receivable                  | 14,247                              | 9,973                 | 0                  | 0                                  | 0                   |
| Property Taxes Receivable                     | 335,392                             | 234,775               | 0                  | 0                                  | 0                   |
| <i>Total Assets</i>                           | <u>\$592,683</u>                    | <u>\$315,637</u>      | <u>\$178,653</u>   | <u>\$140,706</u>                   | <u>\$66,082</u>     |
| <b>Liabilities and Fund Balances</b>          |                                     |                       |                    |                                    |                     |
| <b>Liabilities</b>                            |                                     |                       |                    |                                    |                     |
| Accounts Payable                              | \$13,641                            | \$0                   | \$0                | \$3,152                            | \$0                 |
| Accrued Wages and Benefits                    | 0                                   | 782                   | 0                  | 0                                  | 0                   |
| Retainage Payable                             | 29,522                              | 0                     | 0                  | 0                                  | 0                   |
| Interfund Payable                             | 0                                   | 130,000               | 0                  | 0                                  | 0                   |
| Intergovernmental Payable                     | 0                                   | 106                   | 0                  | 0                                  | 0                   |
| Deferred Revenue                              | 349,639                             | 244,748               | 0                  | 0                                  | 0                   |
| <i>Total Liabilities</i>                      | <u>392,802</u>                      | <u>375,636</u>        | <u>0</u>           | <u>3,152</u>                       | <u>0</u>            |
| <b>Fund Balances</b>                          |                                     |                       |                    |                                    |                     |
| Reserved for Encumbrances                     | 197,574                             | 193                   | 0                  | 126,663                            | 0                   |
| Unreserved, Undesignated (Deficit)            | 2,307                               | (60,192)              | 178,653            | 10,891                             | 66,082              |
| <i>Total Fund Balances (Deficit)</i>          | <u>199,881</u>                      | <u>(59,999)</u>       | <u>178,653</u>     | <u>137,554</u>                     | <u>66,082</u>       |
| <i>Total Liabilities and Fund Balances</i>    | <u>\$592,683</u>                    | <u>\$315,637</u>      | <u>\$178,653</u>   | <u>\$140,706</u>                   | <u>\$66,082</u>     |

| Sims<br>Park     | Bennington<br>Hamlet | CMP<br>Properties | Total<br>Nonmajor<br>Capital Projects<br>Funds |
|------------------|----------------------|-------------------|--|
| \$160,375        | \$62,611             | \$46,831          | \$919,191                                      |
| 0                | 0                    | 0                 | 50,000   |
| 0                | 0                    | 0                 | 24,220   |
| 0                | 0                    | 0                 | 570,167  |
| <u>\$160,375</u> | <u>\$62,611</u>      | <u>\$46,831</u>   | <u>\$1,563,578</u>                             |

|     |     |     |          |
|-----|-----|-----|----------|
| \$0 | \$0 | \$0 | \$16,793 |
| 0   | 0   | 0   | 782      |
| 0   | 0   | 0   | 29,522   |
| 0   | 0   | 0   | 130,000  |
| 0   | 0   | 0   | 106      |
| 0   | 0   | 0   | 594,387  |

|   |   |   |         |
|---|---|---|---------|
| 0 | 0 | 0 | 771,590 |
|---|---|---|---------|

|                  |                 |                 |                    |
|------------------|-----------------|-----------------|--------------------|
| 0                | 27,102          | 39,247          | 390,779            |
| 160,375          | 35,509          | 7,584           | 401,209            |
| 160,375          | 62,611          | 46,831          | 791,988            |
| <u>\$160,375</u> | <u>\$62,611</u> | <u>\$46,831</u> | <u>\$1,563,578</u> |

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

|   | General<br>Permanent<br>Improvement | Recreation<br>Capital | Sidewalk<br>Repair | Public<br>Building<br>Construction | Euclid<br>Endowment |
|---|-------------------------------------|-----------------------|--------------------|------------------------------------|---------------------|
| <b>Revenues</b>   |                                     |                       |                    |                                    |                     |
| Property and Other Local Taxes                          | \$311,036                           | \$216,865             | \$0                | \$0                                | \$0                 |
| Payments in Lieu of Taxes                               | 0                                   | 0                     | 0                  | 0                                  | 0                   |
| Charges for Services                                    | 113,278                             | 0                     | 0                  | 0                                  | 348,749             |
| Intergovernmental                                       | 28,494                              | 19,945                | 0                  | 0                                  | 0                   |
| Special Assessments                                     | 2,980                               | 0                     | 11,044             | 0                                  | 0                   |
| Interest  | 144                                 | 0                     | 0                  | 2,088                              | 9,470               |
| <i>Total Revenues</i>                                   | <u>455,932</u>                      | <u>236,810</u>        | <u>11,044</u>      | <u>2,088</u>                       | <u>358,219</u>      |
| <b>Expenditures</b>                                     |                                     |                       |                    |                                    |                     |
| Capital Outlay  | 1,685,051                           | 229,052               | 108                | 1,124,325                          | 62,742              |
| Debt Service:   |                                     |                       |                    |                                    |                     |
| Principal Retirement                                    | 1,340,266                           | 0                     | 0                  | 2,783,000                          | 0                   |
| Interest and Fiscal Charges                             | 4,690                               | 7,898                 | 0                  | 0                                  | 0                   |
| <i>Total Expenditures</i>                               | <u>3,030,007</u>                    | <u>236,950</u>        | <u>108</u>         | <u>3,907,325</u>                   | <u>62,742</u>       |
| <i>Excess of Revenues Over<br/>(Under) Expenditures</i> | <u>(2,574,075)</u>                  | <u>(140)</u>          | <u>10,936</u>      | <u>(3,905,237)</u>                 | <u>295,477</u>      |
| <b>Other Financing Sources (Uses)</b>                   |                                     |                       |                    |                                    |                     |
| Notes Issued  | 100,000                             | 0                     | 0                  | 0                                  | 0                   |
| Inception of Capital Lease                              | 1,077,689                           | 0                     | 0                  | 0                                  | 0                   |
| Transfers Out   | 0                                   | (9,000)               | (25,000)           | 0                                  | (472,600)           |
| <i>Total Other Financing Sources (Uses)</i>             | <u>1,177,689</u>                    | <u>(9,000)</u>        | <u>(25,000)</u>    | <u>0</u>                           | <u>(472,600)</u>    |
| <i>Net Change in Fund Balances</i>                      | (1,396,386)                         | (9,140)               | (14,064)           | (3,905,237)                        | (177,123)           |
| <i>Fund Balances (Deficit) Beginning of Year</i>        | <u>1,596,267</u>                    | <u>(50,859)</u>       | <u>192,717</u>     | <u>4,042,791</u>                   | <u>243,205</u>      |
| <i>Fund Balances (Deficit) End of Year</i>              | <u>\$199,881</u>                    | <u>(\$59,999)</u>     | <u>\$178,653</u>   | <u>\$137,554</u>                   | <u>\$66,082</u>     |

| Sims<br>Park | Bennington<br>Hamlet | CMP<br>Properties | Total<br>Nonmajor<br>Capital Projects<br>Funds |
|--------------|----------------------|-------------------|--|
| \$0          | \$0                  | \$0               | \$527,901                                      |
| 0            | 23,955               | 35,338            | 59,293   |
| 0            | 0                    | 0                 | 462,027  |
| 0            | 0                    | 0                 | 48,439   |
| 0            | 0                    | 0                 | 14,024   |
| 0            | 0                    | 0                 | 11,702   |
| 0            | 23,955               | 35,338            | 1,123,386                                      |
| 6,000        | 36,043               | 84,084            | 3,227,405                                      |
| 0            | 0                    | 0                 | 4,123,266                                      |
| 0            | 0                    | 0                 | 12,588   |
| 6,000        | 36,043               | 84,084            | 7,363,259                                      |
| (6,000)      | (12,088)             | (48,746)          | (6,239,873)                                    |
| 0            | 0                    | 0                 | 100,000  |
| 0            | 0                    | 0                 | 1,077,689                                      |
| 0            | 0                    | 0                 | (506,600)                                      |
| 0            | 0                    | 0                 | 671,089  |
| (6,000)      | (12,088)             | (48,746)          | (5,568,784)                                    |
| 166,375      | 74,699               | 95,577            | 6,360,772                                      |
| \$160,375    | \$62,611             | \$46,831          | \$791,988                                      |

## *Fund Descriptions - Fiduciary Fund*

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### *Fiduciary Fund*

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. The City's only trust fund is the Unclaimed Monies private purpose trust. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

### *Agency Funds*

***Deposits Fund*** - This fund accounts for deposits from various contractors, developers or individuals to insure compliance with City Ordinances. These monies are returned when the work is completed.

***Retirees' Fund*** – This fund accounts for payments by retirees that retain a life insurance policy.

***Street Opening Fund*** – This fund accounts for collection of monies and the distribution of these monies that go into opening a new street.

***Revolving Fund*** – This fund accounts for the City's income tax holding account.

***Temporary Suspense*** - This fund accounts for the City's property tax holding account.

**City of Euclid, Ohio**  
*Combining Statement of Changes in Assets and Liabilities*  
*Agency Funds*  
*For the Year Ended December 31, 2005*

|   | Beginning<br>Balance<br>12/31/04 | Additions    | Deductions   | Ending<br>Balance<br>12/31/05 |
|---|----------------------------------|--------------|--------------|-------------------------------|
| <b>Deposits</b>                               |                                  |              |              |                               |
| <b>Assets</b>                                 |                                  |              |              |                               |
| Equity in Pooled Cash and<br>Cash Equivalents | \$85,235                         | \$36,507     | \$79,700     | \$42,042                      |
| <b>Liabilities</b>                            |                                  |              |              |                               |
| Deposits Held and Due to Others               | \$85,235                         | \$36,507     | \$79,700     | \$42,042                      |
| <br><b>Retirees' Insurance</b>                |                                  |              |              |                               |
| <b>Assets</b>                                 |                                  |              |              |                               |
| Equity in Pooled Cash and<br>Cash Equivalents | \$5,122                          | \$33,411     | \$34,847     | \$3,686                       |
| <b>Liabilities</b>                            |                                  |              |              |                               |
| Deposits Held and Due to Others               | \$5,122                          | \$33,411     | \$34,847     | \$3,686                       |
| <br><b>Street Opening</b>                     |                                  |              |              |                               |
| <b>Assets</b>                                 |                                  |              |              |                               |
| Equity in Pooled Cash and<br>Cash Equivalents | \$24,475                         | \$3,000      | \$1,000      | \$26,475                      |
| <b>Liabilities</b>                            |                                  |              |              |                               |
| Deposits Held and Due to Others               | \$24,475                         | \$3,000      | \$1,000      | \$26,475                      |
| <br><b>Revolving</b>                          |                                  |              |              |                               |
| <b>Assets</b>                                 |                                  |              |              |                               |
| Equity in Pooled Cash and<br>Cash Equivalents | \$56,572                         | \$25,040,372 | \$24,921,709 | \$175,235                     |
| <b>Liabilities</b>                            |                                  |              |              |                               |
| Deposits Held and Due to Others               | \$56,572                         | \$25,040,372 | \$24,921,709 | \$175,235                     |

(continued)

**City of Euclid, Ohio**  
*Combining Statement of Changes in Assets and Liabilities*  
*Agency Funds (continued)*  
*For the Year Ended December 31, 2005*

|   | Beginning<br>Balance<br>12/31/04 | Additions    | Deductions   | Ending<br>Balance<br>12/31/05 |
|---|----------------------------------|--------------|--------------|-------------------------------|
| <b><i>Temporary Suspense</i></b>              |                                  |              |              |                               |
| <b>Assets</b>                                 |                                  |              |              |                               |
| Equity in Pooled Cash and<br>Cash Equivalents | \$25,470                         | \$62,356     | \$87,826     | \$0                           |
| <b>Liabilities</b>                            |                                  |              |              |                               |
| Deposits Held and Due to Others               | \$25,470                         | \$62,356     | \$87,826     | \$0                           |
| <br><b><i>Total - All Agency Funds</i></b>    |                                  |              |              |                               |
| <b>Assets</b>                                 |                                  |              |              |                               |
| Equity in Pooled Cash and<br>Cash Equivalents | \$196,874                        | \$25,175,646 | \$25,125,082 | \$247,438                     |
| <b>Liabilities</b>                            |                                  |              |              |                               |
| Deposits Held and Due to Others               | \$196,874                        | \$25,175,646 | \$25,125,082 | \$247,438                     |

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

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

|                              | Budgeted Amounts   |                 | Actual      | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|------------------------------|--------------------|-----------------|-------------|---|
|                              | Original<br>Budget | Final<br>Budget |             |   |
| <b>Revenues</b>              |                    |                 |             |   |
| Property and Other Taxes     | \$2,138,813        | \$2,138,813     | \$2,081,900 | (\$56,913)  |
| Municipal Income Taxes       | 21,953,000         | 21,953,000      | 21,771,029  | (181,971)   |
| Charges for Services         | 2,941,506          | 2,941,506       | 3,135,124   | 193,618   |
| Licenses and Permits         | 313,700            | 313,700         | 262,930     | (50,770)  |
| Fines and Forfeitures        | 1,343,300          | 1,343,300       | 1,333,328   | (9,972)   |
| Intergovernmental            | 4,660,216          | 4,660,216       | 4,840,347   | 180,131   |
| Interest                     | 100,000            | 100,000         | 366,734     | 266,734   |
| Rentals                      | 260,000            | 260,000         | 237,519     | (22,481)  |
| <i>Total Revenues</i>        | 33,710,535         | 33,710,535      | 34,028,911  | 318,376   |
| <b>Expenditures</b>          |                    |                 |             |   |
| Current:                     |                    |                 |             |   |
| General Government:          |                    |                 |             |   |
| Council:                     |                    |                 |             |   |
| Personal Services            | 145,078            | 145,078         | 144,575     | 503   |
| Other Expenditures           |                    |                 |             |   |
| Materials and Supplies       | 1,500              | 1,503           | 1,273       | 230   |
| Capital Outlay               | 200                | 150             | 0           | 150   |
| Other                        | 1,245              | 1,292           | 177         | 1,115   |
| <b>Total Council</b>         | 148,023            | 148,023         | 146,025     | 1,998   |
| Mayor:                       |                    |                 |             |   |
| Personal Services            | 195,999            | 218,999         | 207,456     | 11,543  |
| Other Expenditures           |                    |                 |             |   |
| Contractual Services         | 600                | 637             | 0           | 637   |
| Materials and Supplies       | 2,408              | 2,551           | 2,085       | 466   |
| Other                        | 860                | 680             | 616         | 64  |
| <b>Total Mayor</b>           | 199,867            | 222,867         | 210,157     | 12,710  |
| Finance:                     |                    |                 |             |   |
| Personal Services            | 667,575            | 650,159         | 648,017     | 2,142   |
| Other Expenditures           |                    |                 |             |   |
| Contractual Services         | 634,798            | 664,632         | 626,599     | 38,033  |
| Materials and Supplies       | 30,181             | 32,539          | 31,258      | 1,281   |
| Capital Outlay               | 762                | 762             | 761         | 1   |
| Other                        | 1,788              | 2,912           | 2,725       | 187   |
| <b>Total Finance</b>         | 1,335,104          | 1,351,004       | 1,309,360   | 41,644  |
| Municipal Court:             |                    |                 |             |   |
| Personal Services            | 705,145            | 705,145         | 644,845     | 60,300  |
| Other Expenditures           |                    |                 |             |   |
| Contractual Services         | 41,225             | 45,800          | 44,770      | 1,030   |
| Materials and Supplies       | 34,810             | 30,235          | 32,391      | (2,156)   |
| Capital Outlay               | 700                | 700             | 595         | 105   |
| Other                        | 3,450              | 3,450           | 3,320       | 130   |
| <b>Total Municipal Court</b> | \$785,330          | \$785,330       | \$725,921   | \$59,409  |

(continued)

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

|                           | Budgeted Amounts   |                 | Actual      | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---------------------------|--------------------|-----------------|-------------|---|
|                           | Original<br>Budget | Final<br>Budget |             |   |
| Law:                      |                    |                 |             |   |
| Personal Services         | \$433,603          | \$437,603       | \$425,246   | \$12,357  |
| Other Expenditures        |                    |                 |             |   |
| Contractual Services      | 64,000             | 63,700          | 63,427      | 273   |
| Materials and Supplies    | 18,000             | 17,500          | 15,635      | 1,865   |
| Other                     | 2,500              | 3,300           | 2,191       | 1,109   |
| Total Law                 | 518,103            | 522,103         | 506,499     | 15,604  |
| Buildings and Plant:      |                    |                 |             |   |
| Personal Services         | 1,409,698          | 1,421,498       | 1,401,648   | 19,850  |
| Other Expenditures        |                    |                 |             |   |
| Contractual Services      | 82,342             | 90,762          | 93,943      | (3,181)   |
| Materials and Supplies    | 354,835            | 385,369         | 380,627     | 4,742   |
| Capital Outlay            | 35,157             | 40,188          | 30,092      | 10,096  |
| Other                     | 10,375             | 11,860          | 11,398      | 462   |
| Total Buildings and Plant | 1,892,407          | 1,949,677       | 1,917,708   | 31,969  |
| Administration:           |                    |                 |             |   |
| Personal Services         | 200,196            | 201,709         | 201,968     | (259)   |
| Other Expenditures        |                    |                 |             |   |
| Contractual Services      | 66,240             | 121,726         | 102,615     | 19,111  |
| Materials and Supplies    | 6,993              | 13,100          | 12,695      | 405   |
| Other                     | 427                | 800             | 439         | 361   |
| Total Administration      | 273,856            | 337,335         | 317,717     | 19,618  |
| Other Departments:        |                    |                 |             |   |
| Personal Services         | 4,209,336          | 3,943,745       | 3,644,087   | 299,658   |
| Other Expenditures        |                    |                 |             |   |
| Contractual Services      | 413,496            | 447,385         | 369,967     | 77,418  |
| Materials and Supplies    | 1,189,728          | 1,253,993       | 1,385,865   | (131,872)   |
| Other                     | 326,195            | 371,641         | 354,908     | 16,733  |
| Total Other Departments   | 6,138,755          | 6,016,764       | 5,754,827   | 261,937   |
| Total General Government  | 11,291,445         | 11,333,103      | 10,888,214  | 444,889   |
| Public Safety:            |                    |                 |             |   |
| Police:                   |                    |                 |             |   |
| Personal Services         | 9,664,223          | 9,642,699       | 9,598,100   | 44,599  |
| Other Expenditures        |                    |                 |             |   |
| Contractual Services      | 106,829            | 105,347         | 102,183     | 3,164   |
| Materials and Supplies    | 105,048            | 114,161         | 105,564     | 8,597   |
| Capital Outlay            | 7,785              | 8,368           | 7,887       | 481   |
| Other                     | 19,673             | 19,883          | 19,200      | 683   |
| Total Police              | \$9,903,558        | \$9,890,458     | \$9,832,934 | \$57,524  |

(continued)

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

|   | Budgeted Amounts   |                   |                   | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|--------------------|-------------------|-------------------|---|
|   | Original<br>Budget | Final<br>Budget   | Actual            |   |
| Fire:                                       |                    |                   |                   |   |
| Personal Services                           | \$7,095,602        | \$7,183,602       | \$7,155,746       | \$27,856  |
| Other Expenditures                          |                    |                   |                   |   |
| Contractual Services                        | 16,045             | 16,743            | 10,901            | 5,842   |
| Materials and Supplies                      | 30,208             | 29,398            | 26,547            | 2,851   |
| Capital Outlay                              | 6,188              | 6,261             | 2,917             | 3,344   |
| Other                                       | 3,351              | 3,390             | 2,199             | 1,191   |
| <b>Total Fire</b>                           | <b>7,151,394</b>   | <b>7,239,394</b>  | <b>7,198,310</b>  | <b>41,084</b>   |
| Corrections:                                |                    |                   |                   |   |
| Personal Services                           | 1,325,147          | 1,387,164         | 1,390,346         | (3,182)   |
| Other Expenditures                          |                    |                   |                   |   |
| Contractual Services                        | 125,819            | 154,368           | 154,364           | 4   |
| Materials and Supplies                      | 209,158            | 237,363           | 256,115           | (18,752)  |
| Capital Outlay                              | 9,429              | 11,569            | 11,569            | 0   |
| Other                                       | 5,606              | 1,712             | 1,712             | 0   |
| <b>Total Corrections</b>                    | <b>1,675,159</b>   | <b>1,792,176</b>  | <b>1,814,106</b>  | <b>(21,930)</b>   |
| <b>Total Public Safety</b>                  | <b>18,730,111</b>  | <b>18,922,028</b> | <b>18,845,350</b> | <b>76,678</b>   |
| Public Health Services:                     |                    |                   |                   |   |
| Public Health and Services:                 |                    |                   |                   |   |
| Personal Services                           | 32,716             | 32,696            | 32,839            | (143)   |
| Other Expenditures                          |                    |                   |                   |   |
| Contractual Services                        | 179,899            | 176,602           | 176,602           | 0   |
| Materials and Supplies                      | 45                 | 45                | 45                | 0   |
| Other                                       | 45,548             | 48,840            | 42,830            | 6,010   |
| <b>Total Public Health Services</b>         | <b>258,208</b>     | <b>258,183</b>    | <b>252,316</b>    | <b>5,867</b>  |
| Refuse Collection and Disposal:             |                    |                   |                   |   |
| Rubbish:                                    |                    |                   |                   |   |
| Other Expenditures                          |                    |                   |                   |   |
| Contractual Services                        | 1,696,682          | 1,794,260         | 1,794,256         | 4   |
| Other                                       | 3,168              | 3,350             | 3,250             | 100   |
| <b>Total Refuse Collection and Disposal</b> | <b>1,699,850</b>   | <b>1,797,610</b>  | <b>1,797,506</b>  | <b>104</b>  |
| Culture and Recreation:                     |                    |                   |                   |   |
| Recreation:                                 |                    |                   |                   |   |
| Personal Services                           | 134,895            | 133,395           | 133,466           | (71)  |
| Other Expenditures                          |                    |                   |                   |   |
| Contractual Services                        | 9,056              | 10,321            | 8,891             | 1,430   |
| Materials and Supplies                      | 100,882            | 115,461           | 115,259           | 202   |
| Other                                       | 4,699              | 5,355             | 4,839             | 516   |
| <b>Total Recreation</b>                     | <b>\$249,532</b>   | <b>\$264,532</b>  | <b>\$262,455</b>  | <b>\$2,077</b>  |

(continued)

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

|                                     | Budgeted Amounts   |                  |                  | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|-------------------------------------|--------------------|------------------|------------------|---|
|                                     | Original<br>Budget | Final<br>Budget  | Actual           |   |
| <b>Parks:</b>                       |                    |                  |                  |   |
| Personal Services                   | \$458,153          | \$459,553        | \$462,264        | (\$2,711)   |
| Other Expenditures                  |                    |                  |                  |   |
| Contractual Services                | 6,162              | 7,846            | 5,489            | 2,357   |
| Materials and Supplies              | 6,951              | 6,081            | 5,870            | 211   |
| Other                               | 7,473              | 6,659            | 6,621            | 38  |
| <b>Total Parks</b>                  | <b>478,739</b>     | <b>480,139</b>   | <b>480,244</b>   | <b>(105)</b>  |
| <b>Total Culture and Recreation</b> | <b>728,271</b>     | <b>744,671</b>   | <b>742,699</b>   | <b>1,972</b>  |
| <b>Community Development:</b>       |                    |                  |                  |   |
| <b>Economic Development:</b>        |                    |                  |                  |   |
| Personal Services                   | 146,001            | 146,001          | 144,924          | 1,077   |
| Other Expenditures                  |                    |                  |                  |   |
| Contractual Services                | 700                | 6,900            | 472              | 6,428   |
| Materials and Supplies              | 8,146              | 1,945            | 1,278            | 667   |
| Other                               | 855                | 855              | 855              | 0   |
| <b>Total Economic Development</b>   | <b>155,702</b>     | <b>155,701</b>   | <b>147,529</b>   | <b>8,172</b>  |
| <b>Inspection:</b>                  |                    |                  |                  |   |
| Personal Services                   | 485,056            | 485,056          | 480,965          | 4,091   |
| Other Expenditures                  |                    |                  |                  |   |
| Contractual Services                | 179,893            | 179,758          | 164,772          | 14,986  |
| Materials and Supplies              | 7,417              | 6,786            | 5,910            | 876   |
| Other                               | 12,147             | 12,263           | 10,522           | 1,741   |
| <b>Total Inspection</b>             | <b>684,513</b>     | <b>683,863</b>   | <b>662,169</b>   | <b>21,694</b>   |
| <b>Economic Opportunity:</b>        |                    |                  |                  |   |
| Personal Services                   | 401,880            | 402,805          | 383,271          | 19,534  |
| Other Expenditures                  |                    |                  |                  |   |
| Other                               | 720                | 1,495            | 1,660            | (165)   |
| <b>Total Economic Opportunity</b>   | <b>402,600</b>     | <b>404,300</b>   | <b>384,931</b>   | <b>19,369</b>   |
| <b>Unclaimed Monies:</b>            |                    |                  |                  |   |
| Other Expenditures                  |                    |                  |                  |   |
| Other                               | 10,000             | 10,000           | 0                | 10,000  |
| <b>Total Unclaimed Monies</b>       | <b>10,000</b>      | <b>10,000</b>    | <b>0</b>         | <b>10,000</b>   |
| <b>Total Community Development</b>  | <b>1,252,815</b>   | <b>1,253,864</b> | <b>1,194,629</b> | <b>59,235</b>   |
| <b>Debt Service:</b>                |                    |                  |                  |   |
| Principal Retirement                | 85,000             | 85,000           | 85,000           | 0   |
| Interest and Fiscal Charges         | 133,238            | 133,238          | 133,238          | 0   |
| <b>Total Debt Service</b>           | <b>\$218,238</b>   | <b>\$218,238</b> | <b>\$218,238</b> | <b>\$0</b>  |

(continued)

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

|   | Budgeted Amounts   |                 |              | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|--------------------|-----------------|--------------|---|
|   | Original<br>Budget | Final<br>Budget | Actual       |   |
| <i>Total Expenditures</i>                               | \$34,178,938       | \$34,527,697    | \$33,938,952 | \$588,745   |
| <i>Excess of Revenues Over<br/>(Under) Expenditures</i> | (468,403)          | (817,162)       | 89,959       | 907,121   |
| <b>Other Financing Sources (Uses)</b>                   |                    |                 |              |   |
| Transfers In  | 759,056            | 759,056         | 759,056      | 0   |
| Transfers Out   | (124,000)          | (159,000)       | (124,000)    | 35,000  |
| <i>Total Other Financing Sources (Uses)</i>             | 635,056            | 600,056         | 635,056      | 35,000  |
| <i>Net Change in Fund Balance</i>                       | 166,653            | (217,106)       | 725,015      | 942,121   |
| <i>Fund Balance Beginning of Year</i>                   | 1,149,127          | 1,149,127       | 1,149,127    | 0   |
| Prior Year Encumbrances Appropriated                    | 63,897             | 63,897          | 63,897       | 0   |
| <i>Fund Balance End of Year</i>                         | \$1,379,677        | \$995,918       | \$1,938,039  | \$942,121   |

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

|  | Budgeted Amounts   |                    | Actual             | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|--------------------|--------------------|--------------------|---|
|  | Original<br>Budget | Final<br>Budget    |                    |   |
| <b>Revenues</b>                              |                    |                    |                    |   |
| Property and Other Taxes                     | \$2,935,741        | \$2,935,741        | \$2,844,877        | (\$90,864)  |
| Charges for Services                         | 57,705             | 57,705             | 75,496             | 17,791  |
| Special Assessments                          | 102,835            | 102,835            | 255,680            | 152,845   |
| Intergovernmental                            | 276,550            | 276,550            | 365,036            | 88,486  |
| Interest                                     | 62,193             | 62,193             | 102,746            | 40,553  |
| Rentals                                      | 0                  | 0                  | 35,000             | 35,000  |
| <i>Total Revenues</i>                        | <u>3,435,024</u>   | <u>3,435,024</u>   | <u>3,678,835</u>   | <u>243,811</u>  |
| <b>Expenditures</b>                          |                    |                    |                    |   |
| Current:                                     |                    |                    |                    |   |
| General Government:                          |                    |                    |                    |   |
| Personal Services                            | 60,096             | 63,663             | 62,774             | 889   |
| Other Expenditures                           |                    |                    |                    |   |
| Contractual Services                         | 71,857             | 68,290             | 57,234             | 11,056  |
| Total General Government                     | <u>131,953</u>     | <u>131,953</u>     | <u>120,008</u>     | <u>11,945</u>   |
| Debt Service:                                |                    |                    |                    |   |
| Principal Retirement                         | 3,145,000          | 3,145,000          | 2,290,000          | 855,000   |
| Interest and Fiscal Charges                  | 1,653,728          | 1,653,728          | 1,472,105          | 181,623   |
| Total Debt Service                           | <u>4,798,728</u>   | <u>4,798,728</u>   | <u>3,762,105</u>   | <u>1,036,623</u>  |
| <i>Total Expenditures</i>                    | <u>4,930,681</u>   | <u>4,930,681</u>   | <u>3,882,113</u>   | <u>1,048,568</u>  |
| <i>Excess of Revenues Under Expenditures</i> | (1,495,657)        | (1,495,657)        | (203,278)          | 1,292,379   |
| <b>Other Financing Sources</b>               |                    |                    |                    |   |
| Transfers In                                 | 917,000            | 917,000            | 0                  | (917,000)   |
| <i>Net Change in Fund Balance</i>            | (578,657)          | (578,657)          | (203,278)          | 375,379   |
| <i>Fund Balance Beginning of Year</i>        | <u>3,052,299</u>   | <u>3,052,299</u>   | <u>3,052,299</u>   | <u>0</u>  |
| <i>Fund Balance End of Year</i>              | <u>\$2,473,642</u> | <u>\$2,473,642</u> | <u>\$2,849,021</u> | <u>\$375,379</u>  |

**City of Euclid, Ohio**  
*Schedule of Revenues, Expenses and Changes*  
*in Fund Equity - Budget (Non-GAAP Basis) and Actual*  
*Waste Water Fund*  
*For the Year Ended December 31, 2005*

|   | Budgeted Amounts   |                    | Actual             | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|--------------------|--------------------|--------------------|---|
|   | Original<br>Budget | Final<br>Budget    |                    |   |
| <b>Revenues</b>                                     |                    |                    |                    |   |
| Property Taxes                                      | \$647,733          | \$647,733          | \$619,613          | (\$28,120)  |
| Intergovernmental                                   | 1,251,628          | 1,251,628          | 585,693            | (665,935)   |
| Charges for Services                                | 10,781,202         | 10,781,202         | 10,900,676         | 119,474   |
| Interest  | 0                  | 0                  | 372                | 372   |
| <i>Total Revenues</i>                               | <u>12,680,563</u>  | <u>12,680,563</u>  | <u>12,106,354</u>  | <u>(574,209)</u>  |
| <b>Expenses</b>                                     |                    |                    |                    |   |
| Personal Services                                   | 4,198,169          | 4,198,169          | 3,732,465          | 465,704   |
| Other Expenses                                      |                    |                    |                    |   |
| Contractual Services                                | 1,780,648          | 1,780,648          | 1,419,998          | 360,650   |
| Materials and Supplies                              | 2,745,560          | 2,745,560          | 2,572,385          | 173,175   |
| Capital Outlay                                      | 930,320            | 930,320            | 837,290            | 93,030  |
| Other   | 76,138             | 76,138             | 55,481             | 20,657  |
| Debt Service:                                       |                    |                    |                    |   |
| Principal Retirement                                | 1,786,268          | 1,786,268          | 1,784,280          | 1,988   |
| Interest and Fiscal Charges                         | 1,215,786          | 1,215,786          | 1,197,054          | 18,732  |
| <i>Total Expenses</i>                               | <u>12,732,889</u>  | <u>12,732,889</u>  | <u>11,598,953</u>  | <u>1,133,936</u>  |
| <i>Excess of Revenues Over<br/>(Under) Expenses</i> | (52,326)           | (52,326)           | 507,401            | 559,727   |
| Transfers Out                                       | (280,256)          | (280,256)          | (286,456)          | (6,200)   |
| <i>Net Change in Fund Equity</i>                    | (332,582)          | (332,582)          | 220,945            | 553,527   |
| <i>Fund Equity Beginning of Year</i>                | 5,778,279          | 5,778,279          | 5,778,279          | 0   |
| Prior Year Encumbrances Appropriated                | 408,967            | 408,967            | 408,967            | 0   |
| <i>Fund Equity End of Year</i>                      | <u>\$5,854,664</u> | <u>\$5,854,664</u> | <u>\$6,408,191</u> | <u>\$553,527</u>  |

**City of Euclid, Ohio**  
*Schedule of Revenues, Expenses and Changes*  
*in Fund Equity - Budget (Non-GAAP Basis) and Actual*  
*Water Line Fund*  
*For the Year Ended December 31, 2005*

|  | <u>Budgeted Amounts</u>    |                         | <u>Actual</u>    | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|--|----------------------------|-------------------------|------------------|---|
|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> |                  |   |
| <b>Revenues</b>                          |                            |                         |                  |   |
| Charges for Services                     | \$975,610                  | \$975,610               | \$972,288        | (\$3,322)   |
| Notes Issued                             | 0                          | 0                       | 1,000,000        | 1,000,000   |
| <i>Total Revenues</i>                    | <u>975,610</u>             | <u>975,610</u>          | <u>1,972,288</u> | <u>996,678</u>  |
| <b>Expenses</b>                          |                            |                         |                  |   |
| Other Expenses                           |                            |                         |                  |   |
| Contractual Services                     | 293,446                    | 1,293,376               | 832,800          | 460,576   |
| Debt Service:                            |                            |                         |                  |   |
| Principal Retirement                     | 346,380                    | 346,380                 | 346,380          | 0   |
| Interest and Fiscal Charges              | 220,442                    | 220,442                 | 220,441          | 1   |
| <i>Total Expenses</i>                    | <u>860,268</u>             | <u>1,860,198</u>        | <u>1,399,621</u> | <u>460,577</u>  |
| <i>Net Change in Fund Equity</i>         | 115,342                    | (884,588)               | 572,667          | 1,457,255   |
| <i>Fund Equity Beginning of Year</i>     | 108,625                    | 108,625                 | 108,625          | 0   |
| Prior Year Encumbrances Appropriated     | 32,940                     | 32,940                  | 32,940           | 0   |
| <i>Fund Equity (Deficit) End of Year</i> | <u>\$256,907</u>           | <u>(\$743,023)</u>      | <u>\$714,232</u> | <u>\$1,457,255</u>  |

**City of Euclid, Ohio**  
*Schedule of Revenues, Expenses and Changes*  
*in Fund Equity - Budget (Non-GAAP Basis) and Actual*  
*Briardale Greens Golf Course Fund*  
*For the Year Ended December 31, 2005*

|                                      | Budgeted Amounts   |                 | Actual    | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--------------------------------------|--------------------|-----------------|-----------|---|
|                                      | Original<br>Budget | Final<br>Budget |           |   |
| <b>Revenues</b>                      |                    |                 |           |   |
| Charges for Services                 | \$953,500          | \$953,500       | \$791,340 | (\$162,160)   |
| <b>Expenses</b>                      |                    |                 |           |   |
| Personal Services                    | 580,796            | 579,131         | 548,109   | 31,022  |
| Other Expenses                       |                    |                 |           |   |
| Contractual Services                 | 98,593             | 107,735         | 104,843   | 2,892   |
| Materials and Supplies               | 175,422            | 194,510         | 183,784   | 10,726  |
| Capital Outlay                       | 17,217             | 33,577          | 27,874    | 5,703   |
| Other                                | 115,465            | 133,005         | 110,884   | 22,121  |
| Debt Service:                        |                    |                 |           |   |
| Principal Retirement                 | 8,763              | 8,763           | 8,412     | 351   |
| Interest and Fiscal Charges          | 1,779              | 1,779           | 1,429     | 350   |
| <i>Total Expenses</i>                | 998,035            | 1,058,500       | 985,335   | 73,165  |
| <i>Net Change in Fund Balance</i>    | (44,535)           | (105,000)       | (193,995) | (88,995)  |
| <i>Fund Equity Beginning of Year</i> | 385,633            | 385,633         | 385,633   | 0   |
| Prior Year Encumbrances Appropriated | 70                 | 70              | 70        | 0   |
| <i>Fund Equity End of Year</i>       | \$341,168          | \$280,703       | \$191,708 | (\$88,995)  |

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

|                                       | Budgeted Amounts        |                         | Actual                  | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---------------------------------------|-------------------------|-------------------------|-------------------------|---|
|                                       | Original<br>Budget      | Final<br>Budget         |                         |   |
| <b>Revenues</b>                       |                         |                         |                         |   |
| Charges for Services                  | \$247,930               | \$247,930               | \$191,361               | (\$56,569)  |
| Intergovernmental                     | 1,401,500               | 1,401,500               | 1,697,400               | 295,900   |
| Other                                 | 3,936                   | 3,936                   | 5,627                   | 1,691   |
| <i>Total Revenues</i>                 | <u>1,653,366</u>        | <u>1,653,366</u>        | <u>1,894,388</u>        | <u>241,022</u>  |
| <b>Expenditures</b>                   |                         |                         |                         |   |
| Current:                              |                         |                         |                         |   |
| Streets and Highways:                 |                         |                         |                         |   |
| Street Maintenance and Repair:        |                         |                         |                         |   |
| Personal Services                     | 1,079,803               | 1,211,563               | 1,167,127               | 44,436  |
| Other Expenditures                    |                         |                         |                         |   |
| Contractual Services                  | 43,089                  | 44,595                  | 45,767                  | (1,172)   |
| Materials and Supplies                | 472,565                 | 488,060                 | 486,722                 | 1,338   |
| Capital Outlay                        | 22,511                  | 23,298                  | 13,783                  | 9,515   |
| Other                                 | 12,911                  | 13,363                  | 12,535                  | 828   |
| <i>Total Expenditures</i>             | <u>1,630,879</u>        | <u>1,780,879</u>        | <u>1,725,934</u>        | <u>54,945</u>   |
| <i>Net Change in Fund Balance</i>     | 22,487                  | (127,513)               | 168,454                 | 295,967   |
| <i>Fund Balance Beginning of Year</i> | 401,602                 | 401,602                 | 401,602                 | 0   |
| Prior Year Encumbrances Appropriated  | <u>19,622</u>           | <u>19,622</u>           | <u>19,622</u>           | <u>0</u>  |
| <i>Fund Balance End of Year</i>       | <u><u>\$443,711</u></u> | <u><u>\$293,711</u></u> | <u><u>\$589,678</u></u> | <u><u>\$295,967</u></u>                                 |

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

|                                       | Budgeted Amounts       |                        | Actual                 | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---------------------------------------|------------------------|------------------------|------------------------|---|
|                                       | Original<br>Budget     | Final<br>Budget        |                        |   |
| <b>Revenues</b>                       |                        |                        |                        |   |
| Intergovernmental                     | \$87,000               | \$87,000               | \$114,510              | \$27,510  |
| Interest                              | 1,000                  | 1,000                  | 2,079                  | 1,079   |
| <i>Total Revenues</i>                 | <u>88,000</u>          | <u>88,000</u>          | <u>116,589</u>         | <u>28,589</u>   |
| <b>Expenditures</b>                   |                        |                        |                        |   |
| Current:                              |                        |                        |                        |   |
| Streets and Highways:                 |                        |                        |                        |   |
| State Highway:                        |                        |                        |                        |   |
| Personal Services                     | 40,510                 | 40,510                 | 16,332                 | 24,178  |
| Other Expenditures                    |                        |                        |                        |   |
| Materials and Supplies                | 151,966                | 151,966                | 147,671                | 4,295   |
| <i>Total Expenditures</i>             | <u>192,476</u>         | <u>192,476</u>         | <u>164,003</u>         | <u>28,473</u>   |
| <i>Net Change in Fund Balance</i>     | (104,476)              | (104,476)              | (47,414)               | 57,062  |
| <i>Fund Balance Beginning of Year</i> | 93,618                 | 93,618                 | 93,618                 | 0   |
| Prior Year Encumbrances Appropriated  | 44,801                 | 44,801                 | 44,801                 | 0   |
| <i>Fund Balance End of Year</i>       | <u><u>\$33,943</u></u> | <u><u>\$33,943</u></u> | <u><u>\$91,005</u></u> | <u><u>\$57,062</u></u>                                  |

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

|                                       | Budgeted Amounts   |                   | Actual                | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---------------------------------------|--------------------|-------------------|-----------------------|---|
|                                       | Original<br>Budget | Final<br>Budget   |                       |   |
| <b>Revenues</b>                       |                    |                   |                       |   |
| Fines and Forfeitures                 | \$0                | \$0               | \$5,409               | \$5,409   |
| <b>Expenditures</b>                   | <u>0</u>           | <u>0</u>          | <u>0</u>              | <u>0</u>  |
| <i>Net Change in Fund Balance</i>     | 0                  | 0                 | 5,409                 | 5,409   |
| <i>Fund Balance Beginning of Year</i> | <u>0</u>           | <u>0</u>          | <u>0</u>              | <u>0</u>  |
| <i>Fund Balance End of Year</i>       | <u><u>\$0</u></u>  | <u><u>\$0</u></u> | <u><u>\$5,409</u></u> | <u><u>\$5,409</u></u>                                   |

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

|                                       | <u>Budgeted Amounts</u>    |                         | <u>Actual</u>          | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---------------------------------------|----------------------------|-------------------------|------------------------|---|
|                                       | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> |                        |   |
| <b>Revenues</b>                       |                            |                         |                        |   |
| Fines and Forfeitures                 | \$68,669                   | \$68,669                | \$58,129               | (\$10,540)  |
| <b>Expenditures</b>                   |                            |                         |                        |   |
| Current:                              |                            |                         |                        |   |
| Public Safety:                        |                            |                         |                        |   |
| Court Computerization:                |                            |                         |                        |   |
| Personal Services                     | 45,037                     | 45,037                  | 40,170                 | 4,867   |
| Other Expenditures                    |                            |                         |                        |   |
| Contractual Services                  | 70,000                     | 70,000                  | 9,149                  | 60,851  |
| Materials and Supplies                | 2,000                      | 2,000                   | 1,968                  | 32  |
| <i>Total Expenditures</i>             | <u>117,037</u>             | <u>117,037</u>          | <u>51,287</u>          | <u>65,750</u>   |
| <i>Net Change in Fund Balance</i>     | (48,368)                   | (48,368)                | 6,842                  | 55,210  |
| <i>Fund Balance Beginning of Year</i> | <u>86,935</u>              | <u>86,935</u>           | <u>86,935</u>          | <u>0</u>  |
| <i>Fund Balance End of Year</i>       | <u><u>\$38,567</u></u>     | <u><u>\$38,567</u></u>  | <u><u>\$93,777</u></u> | <u><u>\$55,210</u></u>                                  |

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

|                                       | Budgeted Amounts   |                 | Actual          | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---------------------------------------|--------------------|-----------------|-----------------|---|
|                                       | Original<br>Budget | Final<br>Budget |                 |   |
| <b>Revenues</b>                       |                    |                 |                 |   |
| Fines and Forfeitures                 | \$49,000           | \$49,000        | \$47,101        | (\$1,899)   |
| <b>Expenditures</b>                   |                    |                 |                 |   |
| Current:                              |                    |                 |                 |   |
| Public Safety:                        |                    |                 |                 |   |
| Court Projects:                       |                    |                 |                 |   |
| Personal Services                     | 39,904             | 39,904          | 39,353          | 551   |
| Other Expenditures                    |                    |                 |                 |   |
| Contractual Services                  | 5,000              | 5,000           | 605             | 4,395   |
| Materials and Supplies                | 6,500              | 6,500           | 5,241           | 1,259   |
| Capital Outlay                        | 2,800              | 2,800           | 0               | 2,800   |
| Other                                 | 1,000              | 1,000           | 909             | 91  |
| <i>Total Expenditures</i>             | <u>55,204</u>      | <u>55,204</u>   | <u>46,108</u>   | <u>9,096</u>  |
| <i>Net Change in Fund Balance</i>     | (6,204)            | (6,204)         | 993             | 7,197   |
| <i>Fund Balance Beginning of Year</i> | <u>24,361</u>      | <u>24,361</u>   | <u>24,361</u>   | <u>0</u>  |
| <i>Fund Balance End of Year</i>       | <u>\$18,157</u>    | <u>\$18,157</u> | <u>\$25,354</u> | <u>\$7,197</u>  |

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

|                                       | Budgeted Amounts   |                 | Actual        | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---------------------------------------|--------------------|-----------------|---------------|---|
|                                       | Original<br>Budget | Final<br>Budget |               |   |
| <b>Revenues</b>                       |                    |                 |               |   |
| Charges for Services                  | \$35,500           | \$35,500        | \$24,710      | (\$10,790)  |
| Rentals                               | 36,996             | 36,996          | 36,996        | 0   |
| Contributions and Donations           | 0                  | 0               | 1,400         | 1,400   |
| <i>Total Revenues</i>                 | <u>72,496</u>      | <u>72,496</u>   | <u>63,106</u> | <u>(9,390)</u>  |
| <b>Expenditures</b>                   |                    |                 |               |   |
| Current:                              |                    |                 |               |   |
| Public Safety:                        |                    |                 |               |   |
| Animal Shelter:                       |                    |                 |               |   |
| Personal Services                     | 71,110             | 71,110          | 69,643        | 1,467   |
| Other Expenditures                    |                    |                 |               |   |
| Other                                 | 9,800              | 9,800           | 6,160         | 3,640   |
| <i>Total Expenditures</i>             | <u>80,910</u>      | <u>80,910</u>   | <u>75,803</u> | <u>5,107</u>  |
| <i>Net Change in Fund Balance</i>     | (8,414)            | (8,414)         | (12,697)      | (4,283)   |
| <i>Fund Balance Beginning of Year</i> | <u>12,757</u>      | <u>12,757</u>   | <u>12,757</u> | <u>0</u>  |
| <i>Fund Balance End of Year</i>       | <u>\$4,343</u>     | <u>\$4,343</u>  | <u>\$60</u>   | <u>(\$4,283)</u>  |

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

|  | Budgeted Amounts   |                 | Actual          | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|--------------------|-----------------|-----------------|---|
|  | Original<br>Budget | Final<br>Budget |                 |   |
| <b>Revenues</b>                              |                    |                 |                 |   |
| Charges for Services                         | \$0                | \$0             | \$6,520         | \$6,520   |
| Special Assessments                          | 0                  | 0               | 9,087           | 9,087   |
| <i>Total Revenues</i>                        | 0                  | 0               | 15,607          | 15,607  |
| <b>Expenditures</b>                          |                    |                 |                 |   |
| Current:                                     |                    |                 |                 |   |
| Community Development:                       |                    |                 |                 |   |
| Nuisance Abatement:                          |                    |                 |                 |   |
| Other Expenditures                           |                    |                 |                 |   |
| Contractual Services                         | 25,000             | 50,000          | 32,030          | 17,970  |
| <i>Excess of Revenues Under Expenditures</i> | (25,000)           | (50,000)        | (16,423)        | 33,577  |
| <b>Other Financing Sources</b>               |                    |                 |                 |   |
| Transfers In                                 | 25,000             | 25,000          | 25,000          | 0   |
| <i>Net Change in Fund Balance</i>            | 0                  | (25,000)        | 8,577           | 33,577  |
| <i>Fund Balance Beginning of Year</i>        | 30,110             | 30,110          | 30,110          | 0   |
| <i>Fund Balance End of Year</i>              | <u>\$30,110</u>    | <u>\$5,110</u>  | <u>\$38,687</u> | <u>\$33,577</u>   |

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

|  | Budgeted Amounts   |                 | Actual    | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|--------------------|-----------------|-----------|---|
|  | Original<br>Budget | Final<br>Budget |           |   |
| <b>Revenues</b>                              |                    |                 |           |   |
| Charges for Services                         | \$200              | \$200           | \$10      | (\$190)   |
| Other  | 8,400              | 8,400           | 5,200     | (3,200)   |
| <i>Total Revenues</i>                        | 8,600              | 8,600           | 5,210     | (3,390)   |
| <b>Expenditures</b>                          |                    |                 |           |   |
| Current:                                     |                    |                 |           |   |
| Community Development:                       |                    |                 |           |   |
| Community Television:                        |                    |                 |           |   |
| Personal Services                            | 112,243            | 112,243         | 108,919   | 3,324   |
| Other Expenditures                           |                    |                 |           |   |
| Contractual Services                         | 500                | 500             | 405       | 95  |
| Materials and Supplies                       | 1,500              | 1,500           | 932       | 568   |
| Capital Outlay                               | 11,424             | 11,424          | 4,282     | 7,142   |
| Other  | 350                | 350             | 0         | 350   |
| <i>Total Expenditures</i>                    | 126,017            | 126,017         | 114,538   | 11,479  |
| <i>Excess of Revenues Under Expenditures</i> | (117,417)          | (117,417)       | (109,328) | 8,089   |
| <b>Other Financing Sources</b>               |                    |                 |           |   |
| Transfers In                                 | 115,000            | 115,000         | 115,000   | 0   |
| <i>Net Change in Fund Balance</i>            | (2,417)            | (2,417)         | 5,672     | 8,089   |
| <i>Fund Balance Beginning of Year</i>        | 5,158              | 5,158           | 5,158     | 0   |
| <i>Fund Balance End of Year</i>              | \$2,741            | \$2,741         | \$10,830  | \$8,089   |

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

|  | Budgeted Amounts   |                  | Actual           | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|--------------------|------------------|------------------|---|
|  | Original<br>Budget | Final<br>Budget  |                  |   |
| <b>Revenues</b>                              |                    |                  |                  |   |
| Property Taxes                               | \$442,829          | \$442,829        | \$438,561        | (\$4,268)   |
| Charges for Services                         | 595,400            | 595,400          | 487,909          | (107,491)   |
| Rentals                                      | 40,000             | 40,000           | 19,800           | (20,200)  |
| Contributions and Donations                  | 4,000              | 4,000            | 3,818            | (182)   |
| <i>Total Revenues</i>                        | <u>1,082,229</u>   | <u>1,082,229</u> | <u>950,088</u>   | <u>(132,141)</u>  |
| <b>Expenditures</b>                          |                    |                  |                  |   |
| Current:                                     |                    |                  |                  |   |
| Culture and Recreation:                      |                    |                  |                  |   |
| Recreation Operating:                        |                    |                  |                  |   |
| Personal Services                            | 691,096            | 665,434          | 591,373          | 74,061  |
| Other Expenditures                           |                    |                  |                  |   |
| Contractual Services                         | 100,182            | 107,876          | 102,289          | 5,587   |
| Materials and Supplies                       | 286,256            | 300,955          | 273,675          | 27,280  |
| Capital Outlay                               | 534                | 575              | 355              | 220   |
| Other  | 42,034             | 45,262           | 41,368           | 3,894   |
| <i>Total Expenditures</i>                    | <u>1,120,102</u>   | <u>1,120,102</u> | <u>1,009,060</u> | <u>111,042</u>  |
| <i>Excess of Revenues Under Expenditures</i> | (37,873)           | (37,873)         | (58,972)         | (21,099)  |
| <b>Other Financing Uses</b>                  |                    |                  |                  |   |
| Transfers Out                                | (1,000)            | (1,000)          | (1,000)          | 0   |
| <i>Net Change in Fund Balance</i>            | (38,873)           | (38,873)         | (59,972)         | (21,099)  |
| <i>Fund Balance Beginning of Year</i>        | 65,732             | 65,732           | 65,732           | 0   |
| Prior Year Encumbrances Appropriated         | 4,726              | 4,726            | 4,726            | 0   |
| <i>Fund Balance End of Year</i>              | <u>\$31,585</u>    | <u>\$31,585</u>  | <u>\$10,486</u>  | <u>(\$21,099)</u>                                       |

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

|   | Budgeted Amounts   |                  | Actual             | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|--------------------|------------------|--------------------|---|
|   | Original<br>Budget | Final<br>Budget  |                    |   |
| <b>Revenues</b>                                 |                    |                  |                    |   |
| Intergovernmental                               | \$2,200,000        | \$2,200,000      | \$1,116,634        | (\$1,083,366)   |
| <b>Expenditures</b>                             |                    |                  |                    |   |
| Current:  |                    |                  |                    |   |
| Community Development:                          |                    |                  |                    |   |
| Community Development Block Grant               |                    |                  |                    |   |
| Personal Services                               | 685,497            | 685,497          | 687,801            | (2,304)   |
| Other Expenditures                              |                    |                  |                    |   |
| Contractual Services                            | 465,757            | 961,630          | 197,147            | 764,483   |
| Materials and Supplies                          | 345,793            | 157,045          | 134,322            | 22,723  |
| Capital Outlay                                  | 312,390            | 141,875          | 55,665             | 86,210  |
| Other   | 504,928            | 229,318          | 132,548            | 96,770  |
| <i>Total Expenditures</i>                       | <u>2,314,365</u>   | <u>2,175,365</u> | <u>1,207,483</u>   | <u>967,882</u>  |
| <i>Net Change in Fund Balance</i>               | (114,365)          | 24,635           | (90,849)           | (115,484)   |
| <i>Fund Balance (Deficit) Beginning of Year</i> | (137,345)          | (137,345)        | (137,345)          | 0   |
| Prior Year Encumbrances Appropriated            | <u>114,171</u>     | <u>114,171</u>   | <u>114,171</u>     | <u>0</u>  |
| <i>Fund Balance (Deficit) End of Year</i>       | <u>(\$137,539)</u> | <u>\$1,461</u>   | <u>(\$114,023)</u> | <u>(\$115,484)</u>                                      |

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

|  | Budgeted Amounts   |                 | Actual   | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|--------------------|-----------------|----------|---|
|  | Original<br>Budget | Final<br>Budget |          |   |
| <b>Revenues</b>                              |                    |                 |          |   |
| Intergovernmental                            | \$45,569           | \$45,569        | \$34,699 | (\$10,870)  |
| <b>Expenditures</b>                          |                    |                 |          |   |
| Current:                                     |                    |                 |          |   |
| General Government:                          |                    |                 |          |   |
| Litter:                                      |                    |                 |          |   |
| Personal Services                            | 35,489             | 35,489          | 29,792   | 5,697   |
| Other Expenditures                           |                    |                 |          |   |
| Materials and Supplies                       | 20,880             | 20,880          | 16,517   | 4,363   |
| Capital Outlay                               | 8,200              | 8,200           | 6,479    | 1,721   |
| <i>Total Expenditures</i>                    | 64,569             | 64,569          | 52,788   | 11,781  |
| <i>Excess of Revenues Under Expenditures</i> | (19,000)           | (19,000)        | (18,089) | 911   |
| <b>Other Financing Sources</b>               |                    |                 |          |   |
| Transfers In                                 | 19,000             | 19,000          | 19,000   | 0   |
| <i>Net Change in Fund Balance</i>            | 0                  | 0               | 911      | 911   |
| <i>Fund Balance Beginning of Year</i>        | 15,449             | 15,449          | 15,449   | 0   |
| <i>Fund Balance End of Year</i>              | \$15,449           | \$15,449        | \$16,360 | \$911   |

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

|                                       | Budgeted Amounts   |                 | Actual           | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---------------------------------------|--------------------|-----------------|------------------|---|
|                                       | Original<br>Budget | Final<br>Budget |                  |   |
| <b>Revenues</b>                       |                    |                 |                  |   |
| Interest                              | \$3,019            | \$3,019         | \$4,679          | \$1,660   |
| Intergovernmental                     | 75,000             | 75,000          | 0                | (75,000)  |
| <i>Total Revenues</i>                 | <u>78,019</u>      | <u>78,019</u>   | <u>4,679</u>     | <u>(73,340)</u>   |
| <b>Expenditures</b>                   |                    |                 |                  |   |
| Current:                              |                    |                 |                  |   |
| Public Safety:                        |                    |                 |                  |   |
| Police Department:                    |                    |                 |                  |   |
| Personal Service                      | 26,520             | 26,520          | 0                | 26,520  |
| Other Expenditures                    |                    |                 |                  |   |
| Contractual Services                  | 40,536             | 40,536          | 18,505           | 22,031  |
| Materials and Supplies                | 50,734             | 50,734          | 3,437            | 47,297  |
| Capital Outlay                        | 85,556             | 85,556          | 51,184           | 34,372  |
| Other                                 | 6,413              | 6,413           | 0                | 6,413   |
| <i>Total Expenditures</i>             | <u>209,759</u>     | <u>209,759</u>  | <u>73,126</u>    | <u>136,633</u>  |
| <i>Net Change in Fund Balance</i>     | (131,740)          | (131,740)       | (68,447)         | 63,293  |
| <i>Fund Balance Beginning of Year</i> | 173,723            | 173,723         | 173,723          | 0   |
| Prior Year Encumbrances Appropriated  | 8,667              | 8,667           | 8,667            | 0   |
| <i>Fund Balance End of Year</i>       | <u>\$50,650</u>    | <u>\$50,650</u> | <u>\$113,943</u> | <u>\$63,293</u>   |

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

|                                       | Budgeted Amounts   |                  | Actual           | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---------------------------------------|--------------------|------------------|------------------|---|
|                                       | Original<br>Budget | Final<br>Budget  |                  |   |
| <b>Revenues</b>                       |                    |                  |                  |   |
| Charges for Services                  | \$0                | \$0              | \$68,683         | \$68,683  |
| Intergovernmental                     | 369,890            | 369,890          | 80,630           | (\$289,260)   |
| Interest                              | 52,000             | 52,000           | 73,173           | \$21,173  |
| Contributions and Donations           | 38,300             | 38,300           | 30,062           | (8,238)   |
| <i>Total Revenues</i>                 | <u>460,190</u>     | <u>460,190</u>   | <u>252,548</u>   | <u>(207,642)</u>  |
| <b>Expenditures</b>                   |                    |                  |                  |   |
| Current:                              |                    |                  |                  |   |
| General Government:                   |                    |                  |                  |   |
| Other Grants:                         |                    |                  |                  |   |
| Personal Services                     | 147,729            | 160,644          | 111,613          | 49,031  |
| Other Expenditures                    |                    |                  |                  |   |
| Contractual Services                  | 72,179             | 70,390           | 49,953           | 20,437  |
| Materials and Supplies                | 31,479             | 28,956           | 27,521           | 1,435   |
| Capital Outlay                        | 101,330            | 93,208           | 84,922           | 8,286   |
| Other                                 | 6,000              | 5,519            | 3,918            | 1,601   |
| <i>Total Expenditures</i>             | <u>358,717</u>     | <u>358,717</u>   | <u>277,927</u>   | <u>80,790</u>   |
| <i>Net Change in Fund Balance</i>     | 101,473            | 101,473          | (25,379)         | (126,852)   |
| <i>Fund Balance Beginning of Year</i> | 122,497            | 122,497          | 122,497          | 0   |
| Prior Year Encumbrances Appropriated  | 56,325             | 56,325           | 56,325           | 0   |
| <i>Fund Balance End of Year</i>       | <u>\$280,295</u>   | <u>\$280,295</u> | <u>\$153,443</u> | <u>(\$126,852)</u>                                      |

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

|  | <u>Budgeted Amounts</u>    |                         | <u>Actual</u>   | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|--|----------------------------|-------------------------|-----------------|---|
|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> |                 |   |
| <b>Revenues</b>                              |                            |                         |                 |   |
| Property and Other Taxes                     | \$319,325                  | \$319,325               | \$311,036       | (\$8,289)   |
| Charges for Services                         | 87,333                     | 87,333                  | 113,278         | 25,945  |
| Intergovernmental                            | 25,814                     | 25,814                  | 28,494          | 2,680   |
| Special Assessments                          | 10,201                     | 10,201                  | 2,980           | (7,221)   |
| Interest                                     | 0                          | 0                       | 144             | 144   |
| <i>Total Revenues</i>                        | <u>442,673</u>             | <u>442,673</u>          | <u>455,932</u>  | <u>13,259</u>   |
| <b>Expenditures</b>                          |                            |                         |                 |   |
| Capital Outlay:                              |                            |                         |                 |   |
| Other Expenditures                           |                            |                         |                 |   |
| Contractual Services                         | 112,951                    | 139,440                 | 139,421         | 19  |
| Materials and Supplies                       | 1,620                      | 2,000                   | 0               | 2,000   |
| Capital Outlay                               | 575,799                    | 779,618                 | 673,183         | 106,435   |
| Other  | 729                        | 900                     | 900             | 0   |
| Debt Service:                                |                            |                         |                 |   |
| Principal Retirement                         | 104,177                    | 104,177                 | 104,176         | 1   |
| Interest and Fiscal Charges                  | 4,691                      | 4,691                   | 4,690           | 1   |
| <i>Total Expenditures</i>                    | <u>799,967</u>             | <u>1,030,826</u>        | <u>922,370</u>  | <u>108,456</u>  |
| <i>Excess of Revenues Under Expenditures</i> | (357,294)                  | (588,153)               | (466,438)       | 121,715   |
| <b>Other Financing Sources</b>               |                            |                         |                 |   |
| Notes Issued                                 | 0                          | 0                       | 100,000         | 100,000   |
| <i>Net Change in Fund Balance</i>            | (357,294)                  | (588,153)               | (366,438)       | 221,715   |
| <i>Fund Balance Beginning of Year</i>        | 286,825                    | 286,825                 | 286,825         | 0   |
| Prior Year Encumbrances Appropriated         | <u>111,442</u>             | <u>111,442</u>          | <u>111,442</u>  | <u>0</u>  |
| <i>Fund Balance (Deficit) End of Year</i>    | <u>\$40,973</u>            | <u>(\$189,886)</u>      | <u>\$31,829</u> | <u>\$221,715</u>  |

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

|  | Budgeted Amounts   |                 | Actual          | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|--------------------|-----------------|-----------------|---|
|  | Original<br>Budget | Final<br>Budget |                 |   |
| <b>Revenues</b>                              |                    |                 |                 |   |
| Property and Other Taxes                     | \$223,048          | \$223,048       | \$216,865       | (\$6,183)   |
| Charges for Services                         | 6,900              | 6,900           | 0               | (6,900)   |
| Intergovernmental                            | 16,829             | 16,829          | 19,945          | 3,116   |
| <i>Total Revenues</i>                        | <u>246,777</u>     | <u>246,777</u>  | <u>236,810</u>  | <u>(9,967)</u>  |
| <b>Expenditures</b>                          |                    |                 |                 |   |
| Capital Outlay:                              |                    |                 |                 |   |
| Personal Services                            | 61,000             | 61,000          | 60,855          | 145   |
| Other Expenditures                           |                    |                 |                 |   |
| Contractual Services                         | 45,509             | 38,525          | 25,162          | 13,363  |
| Materials and Supplies                       | 40,887             | 32,383          | 29,395          | 2,988   |
| Capital Outlay                               | 217,520            | 172,277         | 121,343         | 50,934  |
| Other  | 1,294              | 1,025           | 0               | 1,025   |
| Debt Service:                                |                    |                 |                 |   |
| Principal Retirement                         | 65,163             | 65,163          | 65,000          | 163   |
| Interest and Fiscal Charges                  | 13,283             | 13,283          | 7,898           | 5,385   |
| <i>Total Expenditures</i>                    | <u>444,656</u>     | <u>383,656</u>  | <u>309,653</u>  | <u>74,003</u>   |
| <i>Excess of Revenues Under Expenditures</i> | (197,879)          | (136,879)       | (72,843)        | 64,036  |
| <b>Other Financing Uses</b>                  |                    |                 |                 |   |
| Transfers Out                                | (9,000)            | (9,000)         | (9,000)         | 0   |
| <i>Net Change in Fund Balance</i>            | (206,879)          | (145,879)       | (81,843)        | 64,036  |
| <i>Fund Balance Beginning of Year</i>        | 132,551            | 132,551         | 132,551         | 0   |
| Prior Year Encumbrances Appropriated         | 19,988             | 19,988          | 19,988          | 0   |
| <i>Fund Balance (Deficit) End of Year</i>    | <u>(\$54,340)</u>  | <u>\$6,660</u>  | <u>\$70,696</u> | <u>\$64,036</u>   |

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

|   | <u>Budgeted Amounts</u>    |                         | <u>Actual</u>           | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|---|----------------------------|-------------------------|-------------------------|---|
|   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> |                         |   |
| <b>Revenues</b>   |                            |                         |                         |   |
| Special Assessments                                     | \$10,000                   | \$10,000                | \$11,044                | \$1,044   |
| <b>Expenditures</b>                                     |                            |                         |                         |   |
| Capital Outlay:   |                            |                         |                         |   |
| Other Expenditures                                      |                            |                         |                         |   |
| Contractual Services                                    | 5,000                      | 5,000                   | 108                     | 4,892   |
| Capital Outlay  | 10,000                     | 70,000                  | 0                       | 70,000  |
| <i>Total Expenditures</i>                               | <u>15,000</u>              | <u>75,000</u>           | <u>108</u>              | <u>74,892</u>   |
| <i>Excess of Revenues Over<br/>(Under) Expenditures</i> | (5,000)                    | (65,000)                | 10,936                  | 75,936  |
| <b>Other Financing Uses</b>                             |                            |                         |                         |   |
| Transfers Out   | 0                          | (25,000)                | (25,000)                | 0   |
| <i>Net Change in Fund Balance</i>                       | (5,000)                    | (90,000)                | (14,064)                | 75,936  |
| <i>Fund Balance Beginning of Year</i>                   | <u>192,717</u>             | <u>192,717</u>          | <u>192,717</u>          | <u>0</u>  |
| <i>Fund Balance End of Year</i>                         | <u><u>\$187,717</u></u>    | <u><u>\$102,717</u></u> | <u><u>\$178,653</u></u> | <u><u>\$75,936</u></u>  |

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

|                                       | Budgeted Amounts   |                 | Actual      | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---------------------------------------|--------------------|-----------------|-------------|---|
|                                       | Original<br>Budget | Final<br>Budget |             |   |
| <b>Revenues</b>                       |                    |                 |             |   |
| Interest                              | \$0                | \$0             | \$2,096     | \$2,096   |
| <b>Expenditures</b>                   |                    |                 |             |   |
| Capital Outlay:                       |                    |                 |             |   |
| Other Expenditures                    |                    |                 |             |   |
| Contractual Services                  | 12,928             | 13,846          | 13,652      | 194   |
| Materials and Supplies                | 21,009             | 22,500          | 20,866      | 1,634   |
| Capital Outlay                        | 1,199,192          | 1,286,783       | 1,283,228   | 3,555   |
| <i>Total Expenditures</i>             | 1,233,129          | 1,323,129       | 1,317,746   | 5,383   |
| <i>Net Change in Fund Balance</i>     | (1,233,129)        | (1,323,129)     | (1,315,650) | 7,479   |
| <i>Fund Balance Beginning of Year</i> | 143,413            | 143,413         | 143,413     | 0   |
| Prior Year Encumbrances Appropriated  | 1,183,128          | 1,183,128       | 1,183,128   | 0   |
| <i>Fund Balance End of Year</i>       | \$93,412           | \$3,412         | \$10,891    | \$7,479   |

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

|   | <u>Budgeted Amounts</u>    |                         | <u>Actual</u>   | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|---|----------------------------|-------------------------|-----------------|---|
|   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> |                 |   |
| <b>Revenues</b>                             |                            |                         |                 |   |
| Charges for Services                        | \$904,000                  | \$904,000               | \$298,749       | (\$605,251)   |
| Interest                                    | 1,000                      | 1,000                   | 9,482           | 8,482   |
| <i>Total Revenues</i>                       | 905,000                    | 905,000                 | 308,231         | (596,769)   |
| <b>Expenditures</b>                         |                            |                         |                 |   |
| Capital Outlay:                             |                            |                         |                 |   |
| Other Expenditures                          |                            |                         |                 |   |
| Contractual Services                        | 82,400                     | 139,400                 | 81,965          | 57,435  |
| <i>Excess of Revenues Over Expenditures</i> | 822,600                    | 765,600                 | 226,266         | (539,334)   |
| <b>Other Financing Uses</b>                 |                            |                         |                 |   |
| Transfers Out                               | (472,600)                  | (472,600)               | (472,600)       | 0   |
| <i>Net Change in Fund Balance</i>           | 350,000                    | 293,000                 | (246,334)       | (539,334)   |
| <i>Fund Balance Beginning of Year</i>       | 262,416                    | 262,416                 | 262,416         | 0   |
| <i>Fund Balance End of Year</i>             | <u>\$612,416</u>           | <u>\$555,416</u>        | <u>\$16,082</u> | <u>(\$539,334)</u>  |

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

|  | <u>Budgeted Amounts</u>    |                         | <u>Actual</u>    | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|--|----------------------------|-------------------------|------------------|---|
|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> |                  |   |
| <b>Revenues</b>                              | \$0                        | \$0                     | \$0              | \$0   |
| <b>Expenditures</b>                          |                            |                         |                  |   |
| Capital Outlay:                              |                            |                         |                  |   |
| Other Expenditures                           |                            |                         |                  |   |
| Contractual Services                         | 50,000                     | 50,000                  | 6,000            | 44,000  |
| <i>Excess of Revenues Under Expenditures</i> | (50,000)                   | (50,000)                | (6,000)          | 44,000  |
| <b>Other Financing Sources</b>               |                            |                         |                  |   |
| Transfers In                                 | 50,000                     | 50,000                  | 0                | (50,000)  |
| <i>Net Change in Fund Balance</i>            | 0                          | 0                       | (6,000)          | (6,000)   |
| <i>Fund Balance Beginning of Year</i>        | 166,375                    | 166,375                 | 166,375          | 0   |
| <i>Fund Balance End of Year</i>              | <u>\$166,375</u>           | <u>\$166,375</u>        | <u>\$160,375</u> | <u>(\$6,000)</u>  |

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

|                                       | <u>Budgeted Amounts</u>    |                         | <u>Actual</u>   | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---------------------------------------|----------------------------|-------------------------|-----------------|---|
|                                       | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> |                 |   |
| <b>Revenues</b>                       |                            |                         |                 |   |
| Payment in Lieu of Taxes              | \$20,000                   | \$20,000                | \$23,954        | \$3,954   |
| <b>Expenditures</b>                   |                            |                         |                 |   |
| Capital Outlay:                       |                            |                         |                 |   |
| Other Expenditures                    |                            |                         |                 |   |
| Contractual Services                  | 46,626                     | 81,626                  | 67,171          | 14,455  |
| <i>Net Change in Fund Balance</i>     | (26,626)                   | (61,626)                | (43,217)        | 18,409  |
| <i>Fund Balance Beginning of Year</i> | 32,100                     | 32,100                  | 32,100          | 0   |
| Prior Year Encumbrances Appropriated  | 46,626                     | 46,626                  | 46,626          | 0   |
| <i>Fund Balance End of Year</i>       | <u>\$52,100</u>            | <u>\$17,100</u>         | <u>\$35,509</u> | <u>\$18,409</u>   |

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

|                                       | <u>Budgeted Amounts</u>    |                         | <u>Actual</u>         | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|---------------------------------------|----------------------------|-------------------------|-----------------------|---|
|                                       | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> |                       |   |
| <b>Revenues</b>                       |                            |                         |                       |   |
| Payment in Lieu of Taxes              | \$32,000                   | \$32,000                | \$35,338              | \$3,338   |
| <b>Expenditures</b>                   |                            |                         |                       |   |
| Capital Outlay:                       |                            |                         |                       |   |
| Other Expenditures                    |                            |                         |                       |   |
| Contractual Services                  | <u>0</u>                   | <u>125,000</u>          | <u>123,331</u>        | <u>1,669</u>  |
| <i>Net Change in Fund Balance</i>     | 32,000                     | (93,000)                | (87,993)              | 5,007   |
| <i>Fund Balance Beginning of Year</i> | <u>95,577</u>              | <u>95,577</u>           | <u>95,577</u>         | <u>0</u>  |
| <i>Fund Balance End of Year</i>       | <u><u>\$127,577</u></u>    | <u><u>\$2,577</u></u>   | <u><u>\$7,584</u></u> | <u><u>\$5,007</u></u>   |

**City of Euclid, Ohio**  
*Schedule of Revenues, Expenses and Changes*  
*In Fund Equity - Budget (Non-GAAP Basis) and Actual*  
*Self Insurance Fund*  
*For the Year Ended December 31, 2005*

|  | Budgeted Amounts |           | Actual    | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|------------------|-----------|-----------|---|
|  | Original         | Final     |           |   |
| <b>Revenues</b>                          |                  |           |           |   |
| Charges for Services                     | \$360,000        | \$360,000 | \$395,000 | \$35,000  |
| Interest                                 | 3,476            | 3,476     | 2,582     | (894)   |
| <i>Total Revenues</i>                    | 363,476          | 363,476   | 397,582   | 34,106  |
| <b>Expenses</b>                          |                  |           |           |   |
| Personal Services                        | 47,664           | 42,664    | 30,436    | 12,228  |
| Other Expenses                           |                  |           |           |   |
| Contractual Services                     | 60,976           | 67,230    | 65,881    | 1,349   |
| Materials and Supplies                   | 726              | 800       | 472       | 328   |
| Claims                                   | 328,328          | 362,000   | 291,568   | 70,432  |
| <i>Total Expenses</i>                    | 437,694          | 472,694   | 388,357   | 84,337  |
| <i>Net Change in Fund Equity</i>         | (74,218)         | (109,218) | 9,225     | 118,443   |
| <i>Fund Equity Beginning of Year</i>     | 103,355          | 103,355   | 103,355   | 0   |
| <i>Fund Equity (Deficit) End of Year</i> | \$29,137         | (\$5,863) | \$112,580 | \$118,443   |

## **STATISTICAL SECTION**

The following statistical tables reflect various social and economic data, financial trends and the fiscal capacity of the City.

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**City of Euclid, Ohio**  
*Governmental Activities*  
*Revenues by Source and Expenses by Program*  
*Last Three Years*

|  | 2005                | 2004                | 2003                |
|--|---------------------|---------------------|---------------------|
| <b>Program Revenues</b>  |                     |                     |                     |
| Charges for Services   | \$6,132,895         | \$6,120,302         | \$7,263,058         |
| Operating Grants Contributions                                 | 3,326,731           | 4,086,701           | 502,101             |
| Capital Grants Contributions                                   | 50,986              | 0                   | 1,525,639           |
| <b>General Revenues</b>  |                     |                     |                     |
| Property and Other Taxes                                       | 5,471,671           | 5,816,840           | 9,514,574           |
| Income Taxes   | 22,004,837          | 20,213,175          | 18,311,962          |
| Grants and Entitlements not Restricted<br>to Specific Programs | 5,745,954           | 4,528,583           | 3,540,576           |
| Investment Earnings  | 663,536             | 398,378             | 257,951             |
| Payments in Lieu of Taxes                                      | 59,293              | 53,367              | 0                   |
| Miscellaneous  | 10,827              | 19,978              | 0                   |
| <i>Total</i>   | <u>\$43,466,730</u> | <u>\$41,237,324</u> | <u>\$40,915,861</u> |
| <b>Expenses</b>  |                     |                     |                     |
| General Government   | \$11,114,592        | \$11,059,220        | \$12,228,561        |
| Public Safety  | 21,544,601          | 21,147,901          | 19,842,460          |
| Public Health Services   | 256,582             | 1,489,045           | 287,591             |
| Streets and Highways   | 4,626,115           | 1,912,089           | 1,432,019           |
| Community Development  | 2,619,435           | 2,104,632           | 965,181             |
| Refuse Collection and Disposal                                 | 1,777,289           | 2,728,020           | 1,848,221           |
| Culture Recreation   | 1,924,054           | 478,828             | 1,914,797           |
| Interest and Fiscal Charges                                    | 1,566,775           | 2,003,907           | 1,913,236           |
| <i>Total</i>   | <u>\$45,429,443</u> | <u>\$42,923,642</u> | <u>\$40,432,066</u> |

Source: City Financial Records

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

|                                | 2005                | 2004                | 2003                | 2002                | 2001                |
|--------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Revenues</b>                |                     |                     |                     |                     |                     |
| Taxes (1)                      | \$0                 | \$23,767,496        | \$21,843,023        | \$21,387,965        | \$24,761,167        |
| Property and Other Taxes       | 2,081,900           | 0                   | 0                   | 0                   | 0                   |
| Income Taxes                   | 23,029,224          | 0                   | 0                   | 0                   | 0                   |
| Charges for Services           | 2,888,084           | 2,713,693           | 2,771,188           | 2,430,993           | 2,326,618           |
| Licenses and Permits           | 241,899             | 572,019             | 436,977             | 305,921             | 303,514             |
| Fines and Forfeitures          | 1,230,126           | 1,378,744           | 1,339,464           | 1,248,945           | 1,482,768           |
| Intergovernmental              | 4,948,770           | 3,173,934           | 3,210,223           | 3,498,503           | 3,921,294           |
| Interest                       | 301,318             | 233,483             | 133,023             | 137,063             | 606,822             |
| Rentals                        | 237,519             | 215,847             | 234,606             | 252,429             | 277,749             |
| Miscellaneous                  | 0                   | 30,628              | 34,691              | 36,178              | 33,279              |
| <b>Total</b>                   | <b>\$34,958,840</b> | <b>\$32,085,844</b> | <b>\$30,003,195</b> | <b>\$29,297,997</b> | <b>\$33,713,211</b> |
| <b>Expenditures</b>            |                     |                     |                     |                     |                     |
| Current                        |                     |                     |                     |                     |                     |
| General Government             | \$10,091,812        | \$11,630,152        | \$9,783,349         | \$10,153,387        | \$10,211,292        |
| Public Safety                  | 18,376,665          | 19,254,200          | 18,341,798          | 19,831,262          | 20,394,430          |
| Public Health Services         | 257,846             | 234,419             | 199,086             | 445,574             | 482,245             |
| Streets and Highways           | 0                   | 0                   | 0                   | 0                   | 0                   |
| Community Development          | 1,162,260           | 463,494             | 501,357             | 806,731             | 1,243,184           |
| Refuse Collection and Disposal | 1,786,082           | 1,811,025           | 1,733,196           | 1,762,594           | 1,742,455           |
| Culture Recreation             | 742,015             | 731,426             | 784,664             | 987,648             | 1,065,087           |
| Debt Service                   | 2,419,357           | 246,138             | 215,612             | 215,975             | 215,925             |
| <b>Total</b>                   | <b>\$34,836,037</b> | <b>\$34,370,854</b> | <b>\$31,559,062</b> | <b>\$34,203,171</b> | <b>\$35,354,618</b> |

Source: City financial records

(1) Prior to 2005, Income taxes and Property taxes were combined.

| 2000                | 1999                | 1998                | 1997                | 1996                |
|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$25,909,780        | \$25,735,381        | \$27,734,389        | \$25,397,788        | \$24,656,837        |
| 0                   | 0                   | 0                   | 0                   | 0                   |
| 0                   | 0                   | 0                   | 0                   | 0                   |
| 2,360,681           | 2,269,376           | 2,109,422           | 1,665,416           | 2,170,323           |
| 259,928             | 240,531             | 218,423             | 218,938             | 197,084             |
| 1,440,985           | 1,584,801           | 1,618,113           | 1,387,229           | 1,556,553           |
| 3,816,568           | 3,705,822           | 3,411,029           | 3,089,698           | 2,868,483           |
| 1,187,513           | 1,325,307           | 657,829             | 1,058,839           | 778,853             |
| 264,974             | 205,047             | 212,688             | 228,993             | 179,925             |
| 41,472              | 31,488              | 0                   | 113,471             | 267,963             |
| <u>\$35,281,901</u> | <u>\$35,097,753</u> | <u>\$35,961,893</u> | <u>\$33,160,372</u> | <u>\$32,676,021</u> |
| \$11,165,798        | \$9,861,370         | \$9,850,128         | \$8,389,349         | \$8,629,483         |
| 19,844,597          | 19,655,764          | 18,071,345          | 16,684,241          | 16,658,809          |
| 450,109             | 406,503             | 423,823             | 419,884             | 383,860             |
| 0                   | 0                   | 0                   | 0                   | 6,765               |
| 1,122,195           | 879,469             | 819,517             | 686,139             | 688,706             |
| 1,695,841           | 1,423,506           | 1,357,854           | 1,342,346           | 1,183,976           |
| 963,167             | 1,063,252           | 876,426             | 834,307             | 713,403             |
| 215,462             | 220,000             | 219,125             | 217,838             | 343,285             |
| <u>\$35,457,169</u> | <u>\$33,509,864</u> | <u>\$31,618,218</u> | <u>\$28,574,104</u> | <u>\$28,608,287</u> |

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

| Year | Current Tax<br>Levy (1) | Delinquent<br>Tax Levy (2) | Total<br>Tax Levy | Current<br>Tax<br>Collections | Percentage of<br>Total<br>Collections<br>to Current<br>Tax Levy |
|------|-------------------------|----------------------------|-------------------|-------------------------------|---|
| 2005 | \$6,103,143             | \$468,728                  | \$6,571,871       | \$5,470,854                   | 94.60%  |
| 2004 | 6,596,349               | 506,607                    | 7,102,956         | 5,765,902                     | 93.72   |
| 2003 | 6,288,835               | 482,989                    | 6,771,824         | 5,729,679                     | 96.00   |
| 2002 | 6,337,927               | 486,760                    | 6,824,687         | 5,760,886                     | 96.60   |
| 2001 | 6,096,329               | 468,205                    | 6,564,534         | 5,848,361                     | 98.21   |
| 2000 | 6,202,008               | 476,321                    | 6,678,329         | 5,975,461                     | 99.08   |
| 1999 | 5,563,667               | 427,296                    | 5,990,963         | 5,340,761                     | 99.19   |
| 1998 | 6,524,265               | 501,071                    | 7,025,336         | 6,342,329                     | 99.87   |
| 1997 | 6,811,872               | 523,159                    | 7,335,031         | 6,051,475                     | 90.79   |
| 1996 | 6,303,984               | 484,153                    | 6,788,137         | 6,065,053                     | 98.97   |

Source: Cuyahoga County Auditor

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

| <u>Delinquent<br/>Tax<br/>Collections</u> | <u>Total<br/>Tax<br/>Collections</u> | <u>Percentage of<br/>Total<br/>Collections<br/>to Total<br/>Tax Levy</u> | <u>Outstanding<br/>Delinquent<br/>Taxes (2)</u> | <u>Percentage<br/>of Outstanding<br/>Delinquent<br/>Taxes to Total<br/>Tax Levy</u> |
|---|--------------------------------------|--|---|---|
| \$302,983                                 | \$5,773,837                          | 87.86%   | \$552,594                                       | 8.41%   |
| 416,427                                   | 6,182,329                            | 87.04  | 773,180   | 10.89   |
| 307,880                                   | 6,037,559                            | 89.16  | 797,874   | 11.78   |
| 361,604                                   | 6,122,490                            | 89.71  | 569,507   | 8.34  |
| 138,590                                   | 5,986,951                            | 91.20  | 480,106   | 7.31  |
| 169,445                                   | 6,144,906                            | 92.01  | 621,329   | 9.30  |
| 177,714                                   | 5,518,475                            | 92.11  | 396,693   | 6.62  |
| 173,514                                   | 6,515,843                            | 92.75  | 472,070   | 6.72  |
| 133,259                                   | 6,184,734                            | 84.32  | 470,242   | 6.41  |
| 173,855                                   | 6,238,908                            | 91.91  | 448,550   | 6.61  |

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

| <u>Year</u> | <u>Current Tax Levy</u> | <u>Delinquent Tax Levy</u> | <u>Total Tax Levy</u> | <u>Current Tax Collections (1)</u> | <u>Percentage of Current Collections to Current Tax Levy</u> |
|-------------|-------------------------|----------------------------|-----------------------|------------------------------------|--|
| 2005        | \$1,215,017             | \$328,440                  | \$1,543,457           | \$1,194,399                        | 98.30%   |
| 2004        | 1,549,206               | 118,981                    | 1,668,187             | 1,258,814                          | 81.26  |
| 2003        | 1,476,984               | 113,434                    | 1,590,418             | 1,250,906                          | 84.69  |
| 2002        | 1,488,513               | 114,319                    | 1,602,832             | 1,257,719                          | 84.49  |
| 2001        | 1,431,772               | 109,962                    | 1,541,734             | 1,276,817                          | 89.18  |
| 2000        | 1,456,592               | 111,868                    | 1,568,460             | 1,426,397                          | 97.93  |
| 1999        | 1,306,672               | 100,354                    | 1,407,026             | 1,272,974                          | 97.42  |
| 1998        | 1,532,276               | 117,680                    | 1,649,956             | 1,384,660                          | 90.37  |
| 1997        | 1,599,823               | 122,868                    | 1,722,691             | 1,321,161                          | 82.58  |
| 1996        | 1,480,542               | 113,707                    | 1,594,249             | 1,445,957                          | 97.66  |

Source: Cuyahoga County Auditor

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

| <u>Delinquent<br/>Tax<br/>Collections</u> | <u>Total Tax<br/>Collections</u> | <u>Percentage<br/>of Total<br/>Collections<br/>to Total<br/>Tax Levy</u> | <u>Outstanding<br/>Delinquent<br/>Taxes</u> | <u>Percentage<br/>of Outstanding<br/>Delinquent<br/>Taxes to Total<br/>Tax Levy</u> |
|---|----------------------------------|--|---|---|
| \$78,695                                  | \$1,273,094                      | 82.48%   | \$270,416                                   | 17.52%  |
| 108,160                                   | 1,366,974                        | 81.94  | 378,360                                     | 22.68   |
| 79,967                                    | 1,330,873                        | 83.68  | 390,445                                     | 24.55   |
| 93,921                                    | 1,351,640                        | 84.33  | 278,692                                     | 17.39   |
| 35,996                                    | 1,312,813                        | 85.15  | 234,944                                     | 15.24   |
| 44,011                                    | 1,470,408                        | 93.75  | 304,052                                     | 19.39   |
| 46,159                                    | 1,319,133                        | 93.75  | 194,125                                     | 13.80   |
| 45,067                                    | 1,429,727                        | 86.65  | 231,011                                     | 14.00   |
| 34,612                                    | 1,355,773                        | 78.70  | 230,116                                     | 13.36   |
| 45,156                                    | 1,491,113                        | 95.53  | 219,502                                     | 13.77   |

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

| Year | Real Property  |                            | Public Utility Property |                            |
|------|----------------|----------------------------|-------------------------|----------------------------|
|      | Assessed Value | Estimated Actual Value (1) | Assessed Value          | Estimated Actual Value (1) |
| 2005 | \$734,139,270  | \$2,097,540,771            | \$22,108,400            | \$25,123,182               |
| 2004 | 751,895,150    | 2,148,271,857              | 24,947,560              | 28,349,500                 |
| 2003 | 701,793,380    | 2,005,123,943              | 24,563,360              | 27,912,909                 |
| 2002 | 698,146,480    | 1,994,704,229              | 25,710,060              | 29,215,977                 |
| 2001 | 694,215,541    | 1,983,472,974              | 31,693,229              | 36,015,033                 |
| 2000 | 634,434,970    | 1,812,671,343              | 32,953,180              | 37,446,795                 |
| 1999 | 643,825,810    | 1,839,502,314              | 36,010,170              | 40,920,648                 |
| 1998 | 645,220,500    | 1,843,487,143              | 36,901,670              | 41,933,716                 |
| 1997 | 614,787,700    | 1,756,536,286              | 38,623,560              | 43,890,409                 |
| 1996 | 615,151,910    | 1,757,576,886              | 40,351,590              | 45,854,080                 |

Source: Cuyahoga County Auditor

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

| Tangible Personal Property |                            | Total          |                        |        |
|----------------------------|----------------------------|----------------|------------------------|--------|
| Assessed Value             | Estimated Actual Value (1) | Assessed Value | Estimated Actual Value | Ratio  |
| \$77,001,463               | \$308,005,852              | \$833,249,133  | \$2,430,669,805        | 34.28% |
| 88,592,903                 | 354,371,612                | 865,435,613    | 2,530,992,969          | 34.19  |
| 90,128,261                 | 360,513,044                | 816,485,001    | 2,393,549,896          | 34.11  |
| 102,144,004                | 408,576,016                | 826,000,544    | 2,432,496,222          | 33.96  |
| 102,559,423                | 410,237,692                | 828,468,193    | 2,429,725,699          | 34.10  |
| 100,830,156                | 403,320,624                | 768,218,306    | 2,253,438,762          | 34.09  |
| 110,781,356                | 443,125,424                | 790,617,336    | 2,323,548,386          | 34.03  |
| 111,485,310                | 445,941,240                | 793,607,480    | 2,331,362,099          | 34.04  |
| 111,984,245                | 447,936,980                | 765,395,505    | 2,248,363,675          | 34.04  |
| 99,697,733                 | 398,790,932                | 755,201,233    | 2,202,221,897          | 34.29  |

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

| Year | General Fund | Recreation Operating | Bond Retirement | Recreation Capital Improvement | General Capital Improvement | Sewer Levy | Total City Rate |
|------|--------------|----------------------|-----------------|--------------------------------|-----------------------------|------------|-----------------|
| 2005 | \$6.72       | \$1.30               | \$3.88          | \$0.70                         | \$1.00                      | \$2.00     | \$15.60         |
| 2004 | 6.72         | 1.30                 | 3.88            | 0.70                           | 1.00                        | 2.00       | 15.60           |
| 2003 | 6.72         | 1.30                 | 3.88            | 0.70                           | 1.00                        | 2.00       | 15.60           |
| 2002 | 6.72         | 1.30                 | 3.88            | 0.70                           | 1.00                        | 2.00       | 15.60           |
| 2001 | 6.72         | 1.30                 | 3.88            | 0.70                           | 1.00                        | 2.00       | 15.60           |
| 2000 | 6.72         | 1.30                 | 3.88            | 0.70                           | 1.00                        | 2.00       | 15.60           |
| 1999 | 6.72         | 1.30                 | 3.88            | 0.70                           | 1.00                        | 2.00       | 15.60           |
| 1998 | 6.92         | 1.30                 | 3.88            | 0.70                           | 1.00                        | 2.00       | 15.80           |
| 1997 | 6.92         | 1.30                 | 3.88            | 0.70                           | 1.00                        | 2.00       | 15.80           |
| 1996 | 6.96         | 1.30                 | 3.94            | 0.70                           | 1.00                        | 2.00       | 15.90           |

Source: Cuyahoga County Auditor

| City, Library<br>and School<br>District | County  | Total<br>Tax Levy |
|---|---------|-------------------|
| \$75.30                                 | \$18.30 | \$109.20          |
| 72.80                                   | 18.00   | 106.40            |
| 73.10                                   | 16.20   | 104.90            |
| 72.70                                   | 16.20   | 104.50            |
| 72.80                                   | 16.20   | 104.60            |
| 72.20                                   | 15.30   | 103.10            |
| 65.30                                   | 15.30   | 96.20             |
| 65.40                                   | 16.60   | 97.80             |
| 65.50                                   | 16.60   | 97.90             |
| 65.40                                   | 16.60   | 97.90             |

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

|   |              |               |
|---|--------------|---------------|
| Assessed Value  |              | \$833,249,133 |
| Legal Debt Margin:  |              |               |
| Debt Limitation - 10.5 percent<br>of Assessed Value                                 |              | 87,491,159    |
| Debt Outstanding:   |              |               |
| General Obligation Bonds  | \$27,302,000 |               |
| General Obligation Bonds - Enterprise   | 7,153,000    |               |
| Special Assessment Bonds  | 1,375,000    |               |
| Notes   | 100,000      |               |
| Notes - Enterprise  | 1,000,000    |               |
| OWDA Loans  | 13,389,914   |               |
| OPWC Loans  | 6,069,001    |               |
| Industrial Development Revenue Bonds  | 1,530,000    |               |
| Gross Indebtedness<br>(Total Voted and Unvoted Debt)                                | 57,918,915   |               |
| Less: Debt Outside Limitations  |              |               |
| General Obligation Bonds - Enterprise   | 7,153,000    |               |
| Special Assessment Bonds  | 1,375,000    |               |
| Notes   | 100,000      |               |
| Notes - Enterprise  | 1,000,000    |               |
| OWDA Loans  | 13,389,914   |               |
| Industrial Development Revenue Bonds  | 1,530,000    |               |
| Total Debt Outside Limitations  | 24,547,914   |               |
| Total Debt Applicable to Limitation -<br>Within 10.5% Limitations                   | 33,371,001   |               |
| Less: Amount Available in Debt Service Fund<br>to pay debt applicable to limitation | (3,056,034)  |               |
| Net Debt Within 10.5% Limitation  |              | 30,314,967    |
| Overall Debt Margin Within 10.5% Limitation   |              | \$57,176,192  |
| Unvoted Debt Limitation - 5.5% of Assessed Valuation                                |              | \$45,828,702  |
| Gross Indebtedness Authorized by Council  | 57,918,915   |               |
| Less: Debt Outside Limitations:   |              |               |
| Total Debt Outside Limitations  | 24,547,914   |               |
| Debt Within 5.5% Limitation   | 33,371,001   |               |
| Less Amount Available in Debt Service Fund  | (3,056,034)  |               |
| Net Debt Within 5.5% Limitation   |              | 30,314,967    |
| Unvoted Debt Margin Within 5.5% Limitation  |              | \$15,513,735  |

Source: City Financial Records

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

| Year | Net<br>General<br>Bonded Debt (1) | Assessed<br>Value | Population (2) | Ratio<br>of Net<br>Bonded<br>Debt to<br>Assessed<br>Value | Net<br>Bonded<br>Debt<br>Per<br>Capita |
|------|-----------------------------------|-------------------|----------------|---|--|
| 2005 | \$27,150,966                      | \$833,249,133     | 52,717         | 3.26%   | \$515.03                               |
| 2004 | 34,103,100                        | 865,435,613       | 52,717         | 3.94  | 646.91                                 |
| 2003 | 27,870,102                        | 816,485,001       | 52,717         | 3.41  | 528.67                                 |
| 2002 | 30,010,330                        | 826,000,544       | 52,717         | 3.63  | 569.27                                 |
| 2001 | 31,791,044                        | 828,468,193       | 52,717         | 3.84  | 603.05                                 |
| 2000 | 21,079,168                        | 768,218,306       | 52,717         | 2.74  | 399.86                                 |
| 1999 | 23,348,591                        | 790,617,336       | 54,875         | 2.95  | 425.49                                 |
| 1998 | 23,651,123                        | 793,607,480       | 54,875         | 2.98  | 431.00                                 |
| 1997 | 19,686,638                        | 765,395,505       | 54,875         | 2.57  | 358.75                                 |
| 1996 | 21,914,505                        | 755,201,233       | 54,875         | 2.90  | 399.35                                 |

(1) - Net general bonded debt equals the amount of general obligation bonds outstanding, special assessment bonds outstanding and the industrial revenue bonds outstanding minus the debt service fund balance available to pay general obligation debt.

(2) - Source: "Population Estimates and Projections ", published by the U.S. Department of Commerce, Bureau of the Census.

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

| <u>Year</u> | <u>Principal</u> | <u>Interest<br/>and Fiscal<br/>Charges</u> | <u>Debt Service<br/>on General<br/>Obligation<br/>Bonded Debt</u> | <u>General Fund<br/>Expenditures</u> | <u>Ratio</u> |
|-------------|------------------|--|---|--------------------------------------|--------------|
| 2005        | \$2,375,000      | \$1,582,656                                | \$3,957,656   | \$34,836,037                         | 11.36%       |
| 2004        | 6,620,000        | 1,572,116                                  | 8,192,116   | 34,370,854                           | 23.83        |
| 2003        | 2,400,000        | 1,725,161                                  | 4,125,161   | 31,559,062                           | 13.07        |
| 2002        | 2,290,000        | 1,875,053                                  | 4,165,053   | 34,203,171                           | 12.18        |
| 2001        | 2,005,000        | 1,649,881                                  | 3,654,881   | 35,354,618                           | 10.34        |
| 2000        | 2,080,000        | 1,467,216                                  | 3,547,216   | 35,457,169                           | 10.00        |
| 1999        | 2,035,000        | 1,570,559                                  | 3,605,559   | 33,509,864                           | 10.76        |
| 1998        | 4,616,960        | 1,384,757                                  | 6,001,717   | 31,618,218                           | 18.98        |
| 1997        | 1,631,960        | 1,346,415                                  | 2,978,375   | 28,574,104                           | 10.42        |
| 1996        | 1,751,960        | 1,512,829                                  | 3,264,789   | 28,608,287                           | 11.41        |

Source: City of Euclid

**City of Euclid, Ohio**

*Computation of Direct and Overlapping General Obligation Bonded Debt*

*December 31, 2005*

| <u>Political Subdivision</u> | <u>General<br/>Obligation<br/>Bonded Debt<br/>Outstanding (1)</u> | <u>Percentage<br/>Applicable<br/>To County (2)</u> | <u>Amount<br/>Applicable<br/>to City of<br/>Euclid</u> |
|------------------------------|---|--|--|
| Direct:                      |   |  |  |
| City of Euclid               | <u>\$27,302,000</u>   | <u>100.00%</u>                                     | <u>\$27,302,000</u>                                    |
| Overlapping:                 |   |  |  |
| Euclid City School District  | 12,170,000  | 100.00   | 12,170,000   |
| Cuyahoga County              | 231,365,971   | 2.71   | 6,270,018  |
| Regional Transit Authority   | <u>139,790,000</u>  | 2.71   | <u>3,788,309</u>                                       |
| Total Overlapping            | <u>383,325,971</u>  |  | <u>22,228,327</u>                                      |
| Totals                       | <u>\$410,627,971</u>  |  | <u>\$49,530,327</u>                                    |

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

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

Source: Cuyahoga County Auditor

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

| Year | Assessed Value Real<br>and Personal Property | Building Permits Issues (2) |              | Bank<br>Deposits (3) |
|------|--|-----------------------------|--------------|----------------------|
|      |  | Number                      | Value        |                      |
| 2005 | \$833,249,133                                | 2,291                       | \$12,461,794 | \$109,071,512        |
| 2004 | 865,435,613                                  | 2,713                       | 12,927,470   | 101,838,959          |
| 2003 | 816,485,001                                  | 1,266                       | 17,409,525   | 97,238,973           |
| 2002 | 826,000,544                                  | 1,286                       | 39,586,980   | 95,760,917           |
| 2001 | 828,468,193                                  | 1,172                       | 26,237,007   | 63,893,769           |
| 2000 | 768,218,306                                  | 1,115                       | 25,979,662   | 61,942,764           |
| 1999 | 790,617,336                                  | 1,059                       | 14,819,890   | 57,816,942           |
| 1998 | 793,607,480                                  | 1,132                       | 11,398,567   | 58,904,596           |
| 1997 | 765,395,505                                  | 1,191                       | 11,987,836   | 53,941,971           |
| 1996 | 755,201,233                                  | 1,060                       | 10,170,356   | 27,068,211           |

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

Sources: (1) Cuyahoga County Auditor

(2) Division of Building and Housing, City of Euclid.

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

**City of Euclid, Ohio**  
Principal Property Taxpayers - Personal Property  
December 31, 2005

| Taxpayer                                      | December 31, 2005                   |  |
|---|-------------------------------------|--|
|   | Real Property<br>Assessed Valuation | Percentage of Total<br>Assessed Valuation<br>Personal Property |
| Lincoln Electric Company                      | \$16,645,930                        | 21.62%   |
| Argo Technology Products Corporation          | 5,391,880                           | 7.00   |
| HC Stark, Inc.                                | 3,499,130                           | 4.54   |
| GE Lighting, Inc.                             | 3,387,570                           | 4.40   |
| Marine Mechanical Corporation                 | 2,541,097                           | 3.30   |
| Stamco Industries, Inc.                       | 2,226,820                           | 2.89   |
| Turbine Engine Components                     | 2,195,720                           | 2.85   |
| Mid America Steel Corporation                 | 2,134,610                           | 2.77   |
| LBA Industries, Inc.                          | 1,791,180                           | 2.33   |
| Kerr Lakeside, Inc.                           | 1,517,380                           | 1.98   |
|   | <u>\$41,331,317</u>                 | <u>53.68%</u>  |
| Total Assessed Valuation of Personal Property | <u>\$77,001,463</u>                 |  |

Source: Cuyahoga County Auditor

**City of Euclid, Ohio**  
Principal Property Taxpayers - Real Property  
December 31, 2005

| Taxpayer                                  | December 31, 2005                   |  |
|---|-------------------------------------|--|
|   | Real Property<br>Assessed Valuation | Percentage of Total<br>Assessed Valuation<br>Real Property |
| Cleveland Electric Illuminating Company   | \$9,893,300                         | 1.35%  |
| Lincoln Electric Company                  | 9,800,010                           | 1.33   |
| Argo Technology Products Corporation      | 7,519,650                           | 1.02   |
| Ohio Bell Telephone Company               | 7,041,790                           | 0.96   |
| Harbor Crest, Ltd.                        | 5,441,240                           | 0.74   |
| Indian Hills Senior Community, Inc.       | 8,263,500                           | 1.13   |
| Horizon House, Ltd.                       | 3,642,630                           | 0.50   |
| AE Portfolio, LLC                         | 3,509,040                           | 0.48   |
| Aerc-Watergate, Inc.                      | 3,500,000                           | 0.48   |
| Depot Land Company, Ltd.                  | 2,163,030                           | 0.29   |
|   | <u>\$60,774,190</u>                 | <u>8.28%</u>   |
| Total Assessed Valuation of Real Property | <u>\$734,139,270</u>                |  |

Source: Cuyahoga County Auditor

**City of Euclid, Ohio**

*Economic Statistics*

*December 31, 2005*

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**DISTRIBUTION OF HOUSEHOLDS BY INCOME BRACKET - 2000**

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| <u>Income</u>         | <u>Number</u>      | <u>Percent<br/>Of all<br/>Households</u> |
|-----------------------|--------------------|--|
| \$ 0 to 9,999         | 2,656              | 10.91 %                                  |
| \$ 10,000 to 14,999   | 1,696              | 6.96                                     |
| \$ 15,000 to 24,999   | 4,137              | 16.99                                    |
| \$ 25,000 to 34,999   | 3,651              | 14.99                                    |
| \$ 35,000 to 49,999   | 4,547              | 18.67                                    |
| \$ 50,000 to 74,999   | 4,499              | 18.47                                    |
| \$ 75,000 to 99,999   | 2,071              | 8.50                                     |
| \$ 100,000 to 149,999 | 798                | 3.28                                     |
| \$ 150,000 to 199,999 | 186                | 0.76                                     |
| \$ 200,000 or more    | 112                | 0.47                                     |
|                       | <hr/> <hr/> 24,353 | <hr/> <hr/> 100.00                       |

Sources: City of Euclid

**City of Euclid, Ohio**  
*Demographic Statistics*  
 December 31, 2005

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**POPULATION**

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| Year | Population (1) | Increase<br>(Decrease) (1) | Percent<br>Increase<br>(Decrease) (1) | County<br>Population (2) | State<br>Population (2) |
|------|----------------|----------------------------|---------------------------------------|--------------------------|-------------------------|
| 1940 | 17,866         | 5,155                      | 41.10 %                               | 1,217,250                | 6,907,612               |
| 1950 | 41,396         | 23,530                     | 131.70                                | 1,389,532                | 7,946,627               |
| 1960 | 62,998         | 21,602                     | 52.18                                 | 1,647,895                | 9,706,397               |
| 1970 | 71,552         | 8,554                      | 13.58                                 | 1,721,300                | 10,652,017              |
| 1980 | 59,999         | (11,553)                   | (16.15)                               | 1,498,400                | 10,797,630              |
| 1990 | 54,875         | (5,124)                    | (8.54)                                | 1,412,140                | 10,847,115              |
| 2000 | 52,717         | (2,158)                    | (3.93)                                | 1,393,978                | 11,353,140              |

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**AGE DISTRIBUTION (1)**

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Median age (years) = 38.9

| Age   | Total         |                 |
|-------|---------------|-----------------|
|       | Number        | Percentage      |
| 0-4   | 3,327         | 6.31 %          |
| 5-9   | 3,353         | 6.36            |
| 10-14 | 3,295         | 6.25            |
| 15-19 | 2,804         | 5.32            |
| 20-24 | 2,598         | 4.93            |
| 25-34 | 7,640         | 14.49           |
| 35-44 | 8,525         | 16.17           |
| 45-54 | 6,703         | 12.72           |
| 55-59 | 2,337         | 4.43            |
| 60-64 | 2,023         | 3.84            |
| 65-74 | 4,397         | 8.34            |
| 75-84 | 4,197         | 7.96            |
| 85+   | 1,518         | 2.88            |
|       | <u>52,717</u> | <u>100.00 %</u> |

Sources: (1) U.S. Census Bureau, Census 2000

(2) City of Cleveland

(continued)

**City of Euclid, Ohio**  
*Demographic Statistics (continued)*  
 December 31, 2005

| <b>HOUSEHOLD TYPE (TOTAL HOUSEHOLDS - 24,353)</b> |               |             |              |             |
|---|---------------|-------------|--------------|-------------|
|   | <u>Number</u> |             |              |             |
| TOTAL HOUSEHOLDS                                  | 24,353        |             |              |             |
| FAMILY HOUSEHOLDS (FAMILIES)                      | 13,484        |             |              |             |
| With own children under 18 years                  | 6,071         |             |              |             |
| Married Couple family                             | 8,831         |             |              |             |
| With own children under 18 years                  | 3,586         |             |              |             |
| Female Householder, no husband present            | 3,711         |             |              |             |
| With own children under 18 years                  | 2,089         |             |              |             |
| Nonfamily Households                              | 10,869        |             |              |             |
| Householder living alone                          | 9,677         |             |              |             |
| Total Households with Persons 65+ years of age    | 7,515         |             |              |             |
|   |               | <u>1970</u> | <u>1,980</u> | <u>1990</u> |
| HOUSEHOLD SIZE                                    |               |             |              | <u>2000</u> |
| Average Number of Persons Per unit (Total Units)  | 2.85          | 2.30        | 2.70         | 2.14        |
| HOUSING UNITS:                                    |               |             |              |             |
| Units Occupied                                    | 24,768        | 25,504      | 24,894       | 24,353      |
| Owner Occupied                                    | 14,211        | 14,868      | 14,608       | 14,478      |
| Renter Occupied                                   | 10,577        | 10,636      | 10,286       | 9,875       |
| Total Units                                       | 25,303        | 26,396      | 26,586       | 26,123      |
| Average Household size of owner-occupied units    |               | 2.34        |              |             |
| Average Household size of renter-occupied units   |               | 1.84        |              |             |

**City of Euclid, Ohio**

*Miscellaneous Statistics*

December 31, 2005

|   |                     |   |                    |
|---|---------------------|---|--------------------|
| <b>Government:</b>  |                     | <b>Bus Lines:</b>   |                    |
| Founded   | 1797                | Regional Transit Authority (Cuyahoga County)                            |                    |
| Township  | 1809                |   |                    |
| Village   | 1903                | <b>Medical:</b>   |                    |
| City  | 1931                | Euclid Hospital/Rehabilitation Center                                   | 371 beds / 48 beds |
| Charter   | Mayor/Council       | University Mednet Euclid Clinic/<br>Medical Clinics                     | 2                  |
|   |                     | Industrial  | 2                  |
| <b>Population:</b>  |                     | Immediate Care Centers  | 1                  |
| Census 2000   | 52,717              |   |                    |
|   |                     | <b>Education:</b>   |                    |
| <b>Area:</b>  |                     | Public Elementary (K-4)   | 6                  |
| Square miles  | 10.83 (6,592 acres) | Public Magnet (K-6)   | 1                  |
|   |                     | Public Magnet (5-6)   | 1                  |
| <b>Altitude and Climate</b>   |                     | Public Middle School (7-8)  | 1                  |
| Feet above sea level  | 700                 | Public Senior High (9-12)   | 1                  |
| Mean annual temperautre (degrees in Fahrenheit)   | 51                  | Private and Parochical  | 6                  |
| Average rainfall  | 33.5 inches         | Enrollment - Public   | 6,569              |
|   |                     | Enrollment - Private  | 2,395              |
| <b>City Statistics:</b>   |                     | Teachers (Administrative Personal<br>included)                          | 510                |
| Streets   | 143.065 miles       | Colleges (in County)  | 16                 |
| Interstate Route 90   | 3.06 miles          |   |                    |
| South Spur  | 1.65 miles          | <b>Libraries:</b>   |                    |
| Sewers  | 262.38 miles        | Public libraries  | 1                  |
| Water mains   | 139.65 miles        | Volumes available   | 233,809            |
|   |                     | Audio-Visual aids   | 73,380             |
| <b>Highways:</b>  |                     | <b>Newspaper:</b>   |                    |
| U.S. Routes   | 6- 20               | Daily   | 2                  |
| State Routes  | 2 - 175 - 283       | Weekly  | 1                  |
| Interstate (direct link with I-271, I-77 and I-71)  | 90 - 271 - 77 - 71  |   |                    |
| <b>Police:</b>  |                     | <b>Lodging:</b>   |                    |
| Stations  | 1                   | Motels  | 1                  |
| Mini Stations   | 2                   |   |                    |
| Officers  | 91                  | <b>Shopping Centers:</b>  |                    |
| Equipment (pieces)  | 60                  | Including enclosed mall   | 4                  |
| School guards   | 9                   |   |                    |
| Auxiliary   | 34                  | <b>Recreation Facilities:</b>   |                    |
| Dispatchers   | 13                  | Recreation centers  | 1                  |
| Administrative personnel  | 12                  | Lighted sports areas  | 1                  |
| Corrections officers  | 30                  | Parks -   | 3                  |
| Humane officer  | 2                   | Euclid Park   | 17.5 acres         |
| <b>Fire:</b>  |                     | Memorial Park   | 55 acres           |
| Stations  | 3                   | Sims Park   | 33.5 acres         |
| Officers  | 85                  | Metropolitan  | 233 acres          |
| Equipment (pieces)  | 19                  | Playgrounds -   |                    |
|   |                     | Supervised  | 1                  |
| <b>Number of Dwellings:</b>   |                     | Unsupervised  | 18                 |
| Total units   | 26,123              | Tennis courts   | 31 (10 lighted)    |
|   |                     | Basketball courts   | 9                  |
| <b>Banks:</b>   |                     | Soccer fields   | 7                  |
| Banks and Savings & Loans   | 9                   | Sand volleyball courts  | 3                  |
| Branches  | 15                  | Bocci courts  | 2                  |
|   |                     | Ball diamonds   | 19 (6 lighted)     |
| <b>Churches:</b>  |                     | Enclosed ice arena  | 1                  |
| Total   | 25                  | Batting cage  | 1 (7 units)        |
| Denominations   | 13                  | Swimming Pools -  |                    |
| Non-denominational  | 3                   | Outdoor deep water  | 1 (75' x 150')     |
|   |                     | Neighborhood shallow water  | 4 (35' x 80')      |
| <b>Buldings:</b>  |                     | Children's interactive  | 1                  |
| Permits issued in 2005  | 2,291               | Golf course -   |                    |
| Valuation   | \$12,461,794        | City owned public course - 18 holes - 126 acres,<br>6,274 yards, par 70 |                    |
| <b>Industry:</b>  |                     | <b>Public Meetings:</b>   |                    |
| Manufacturing plants  | 150                 | Euclid Council - First and third Monday of each month<br>(7:00 p.m.)    |                    |
| Products - machines, automobile parts, electrical, welding<br>equipment, small machine shop specialties and aerospace |                     | Planning and Zoning Board - Third Tuesday each month                    |                    |
|   |                     | Civil Service Commission - First and third Tuesday of each month        |                    |
| <b>Railroads:</b>   |                     | Recreation Commission - Fourth Tuesday of each month                    |                    |
| Con-Rail - Norfolk System   | 2                   | Architectural Review Board - Forth Thursday of each month               |                    |

**City of Euclid, Ohio**  
*Schedule of Insurance*  
 December 31, 2005

| Type of Coverage   | Policy Period |           | Deductible | Coverage Limits                                      | Annual Premium |
|--|---------------|-----------|------------|--|----------------|
|  | From          | To        |            |  |                |
| <b>Building and Contents - Axis Insurance Company</b>          | 10/1/2005     | 10/1/2006 | \$5,000    | \$84,143,950 Blanket                                 | \$64,122       |
| Buildings  |               |           |            | Limit of insurance included in premium above         |                |
| Business Personal Property                                     |               |           |            | Limit of insurance included in premium above         |                |
| Business Income including Briardale Golf Course                |               |           |            | \$1,225,000  |                |
| Extra Expense  |               |           |            | Included with Business Income                        |                |
| Ordinance or Law - Demolition                                  |               |           |            | \$250,000  |                |
| Ordinance or Law - Increased Cost of Construction              |               |           |            | \$500,000  |                |
| Property in Open   |               |           |            | Limit of insurance included in premium above         |                |
| Miscellaneous Articles   |               |           |            | All Risk ACV Coverage details below                  |                |
| Building and Personal Property Coverage Extensions             |               |           |            | Included in Building and Contents unless noted below |                |
| Accounts Receivable-----                                       |               |           |            |  |                |
| On Premises  |               |           |            | \$100,000  |                |
| Off Premises   |               |           |            | \$100,000  |                |
| Arson Reward   |               |           |            | \$5,000  |                |
| Appurtenant Structures   |               |           |            | \$5,000  |                |
| Backup of Sewer or Drains                                      |               |           |            | Blanket Limit of Insurance                           |                |
| Commandeered Property  |               |           |            | \$25,000 per item/\$100,000 aggregate                |                |
| Crime Reward Payments  |               |           |            | \$2,500  |                |
| Debris Removal   |               |           |            | \$25,000   |                |
| Emergency Evacuation Expense                                   |               |           |            | \$5,000  |                |
| Expanded Definition of premises                                |               |           |            | 1,000 feet   |                |
| Fire Department Service Charge                                 |               |           | None       | \$5,000  |                |
| Fire Department Equipment Recharge                             |               |           | None       | \$5,000  |                |
| Forest Fire Expense Coverage                                   |               |           |            | \$25,000   |                |
| Interior Water Damage with No Exterior Damage                  |               |           |            | \$10,000   |                |
| Inventory and Appraisals                                       |               |           |            | \$10,000   |                |
| Money and Securities Inside and Outside                        |               |           |            | \$20,000   |                |
| Newly acquired or constructed property building                |               |           |            | \$1,000,000  |                |
| Newly acquired City Business Personal Property                 |               |           |            | \$500,000  |                |
| Personal Effects   |               |           |            | \$10,000   |                |
| Outdoor Property including unattached signs, trees, and shrubs |               |           |            | Limit of Insurance included in premium above         |                |
| Pollutant Clean Up and Removal                                 |               |           |            | \$25,000   |                |
| Property in Transit  |               |           |            | \$250,000  |                |
| Property of Others   |               |           |            | \$10,000   |                |
| Property Off Premises-----                                     |               |           |            |  |                |
| Property at uncheduled locations                               |               |           |            | \$100,000  |                |
| Personal Property in Transit                                   |               |           |            | \$250,000  |                |
| Recharge of Fire Protection Equipment                          |               |           |            | \$5,000  |                |
| Restoration of Data - Off Premises                             |               |           |            | Limit of Insurance                                   |                |
| Restoration of Data - On Premises                              |               |           |            | Limit of Insurance                                   |                |
| Restoration of Valuable Papers - Off Premises                  |               |           |            | \$100,000  |                |
| Restoration of Valuable Papers - On Premises                   |               |           |            | \$100,000  |                |
| Signs  |               |           |            | Limit of Insurance included in premium above         |                |
| Spoilage of Personal Property                                  |               |           |            | \$10,000   |                |
| Surface Water  |               |           |            | \$15,000   |                |
| Underground Property   |               |           |            | Limit of Insurance included in premium above         |                |
| Trees, Shrubs and Plants                                       |               |           |            | Limit of Insurance included in premium above         |                |
| Valuable Papers and Records                                    |               |           |            | \$100,000 Blanket coverage at all locations          |                |
| Business Income Coverage Extensions                            |               |           |            |  |                |
| Utility Service Direct Damage                                  |               |           |            | \$25,000   |                |
| Business Income at any other location                          |               |           |            | \$100,000  |                |
| Contingent Business Income Coverage                            |               |           |            | \$100,000  |                |
| <b>Commercial Crime - Hartford Fire Insurance Company</b>      | 10/1/2005     | 10/1/2006 |            |  |                |
| Employee Theft   |               |           | \$500      | \$25,000 Per Loss                                    |                |
| Money and Securities   |               |           | \$500      | \$25,000 Per Loss                                    |                |
| Faithful Performance of Duty Coverage                          |               |           | \$500      | \$25,000 Per Loss                                    |                |
| <b>Equipment Breakdown Coverage - Axis Insurance Company</b>   | 10/1/2005     | 10/1/2006 | \$5,000    | Blanket Comprehensive \$84,143,950                   | Premium above  |
| Business Income and Extra Expense                              |               |           |            | \$1,225,000  |                |
| Expediting Expense   |               |           |            | \$100,000  |                |
| Hazardous Substances   |               |           |            | \$25,000   |                |
| Spoilage   |               |           |            | \$25,000   |                |
| Computer Equipment   |               |           |            | \$25,000   |                |
| Data Restoration   |               |           |            | \$25,000   |                |
| Service Interruption   |               |           |            | \$25,000   |                |
| <b>Inland Marine Coverage - Axis Insurance Company</b>         | 10/1/2005     | 10/1/2006 |            |  |                |
| Scheduled Floater Insurance                                    |               |           | \$1,000    | Limits per items below:                              | Premium above  |
| Contractor's Equipment in the open                             |               |           | \$1,000    | \$2,823,536  |                |
| Non-owned Contractors equipment for 45 days                    |               |           | \$5,000    | \$250,000  |                |
| Emergency Service Equipment                                    |               |           | \$1,000    | Limit of Insurance                                   |                |
| Communications Equipment                                       |               |           | \$1,000    | Limit of Insurance                                   |                |
| Radios & Communications Equipment                              |               |           | \$1,000    | \$1,397,323  |                |
| Electronic Data Processing Systems                             |               |           | \$1,000    |  |                |
| Hardware and Software  |               |           | \$1,000    | \$810,851  |                |
| Data and Media   |               |           | \$1,000    | \$10,000   |                |
| Extra Expense  |               |           | \$1,000    | \$10,000   |                |
| Storage of Duplicate Data and Records                          |               |           | \$1,000    | \$50,000   |                |
| Fire Rescue and Heavy Vehicles                                 |               |           | \$5,000    | \$2,019,856  |                |
| Fine Arts  |               |           | \$1,000    | \$1,000 max. per item/\$15,000 per occurrence        |                |

(continued)

**City of Euclid, Ohio**  
*Schedule of Insurance (continued)*  
 December 31, 2005

| Type of Coverage  | Policy Period |            | Deductible | Coverage Limits  | Annual Premium |
|---|---------------|------------|------------|--|----------------|
|   | From          | To         |            |  |                |
| <b>Communications Towers</b><br>Television Broadcasting Equipment on/off premises | 10/1/2005     | 10/1/2006  | \$1,000    | \$146,920  | Premium above  |
| <b>Acts of Terrorism</b>  | 10/1/2005     | 10/1/2006  | \$5,000    | As per the Terrorist Risk Insurance Act as adopted by congress                                 | Premium above  |
| <b>Finance Directors Bond - Fidelity and Deposit Insurance Company</b>            | 10/1/2005     | 10/1/2006  | None       | \$25,000   | \$193          |
| <b>C-Mat</b><br>Premium is reimbursed by Cuyahoga County                          | 10/1/2005     | 10/1/2006  |            | Combined Single Limit Liability<br>Deductible - Collision<br>Deductible - Other than collision | \$1,198        |
| <b>Mayor's Bond</b>   | 12/1/2003     | 11/30/2007 |            | Official Bond and Oath   | \$325          |



**Mary Taylor, CPA**  
Auditor of State

**CITY OF 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  
MAY 22, 2007**