

CITY OF SOUTH EUCLID, OHIO

SINGLE AUDIT REPORT

FOR THE YEAR ENDED DECEMBER 31, 2007



Mary Taylor, CPA
Auditor of State

Members of Council
City of South Euclid
1349 South Green Road
South Euclid, Ohio 44121-3945

We have reviewed the *Independent Auditor's Report* of the City of South Euclid, Cuyahoga County, prepared by James G. Zupka, CPA, Inc. for the audit period January 1, 2007 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

July 24, 2008

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**CITY OF SOUTH EUCLID, OHIO
SINGLE AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2007**

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

Certified Public Accountants

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Ohio Society of Certified Public Accountants

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

City Council
City of South Euclid
South Euclid, Ohio

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the City of South Euclid, Ohio as of and for the year ended December 31, 2007, which collectively comprise the City of South Euclid, Ohio's basic financial statements and have issued our report thereon dated June 4, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of South Euclid, Ohio's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of South Euclid, Ohio's financial statements that is more than inconsequential will not be prevented or detected by the City of South Euclid, Ohio's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of South Euclid, Ohio's internal control.

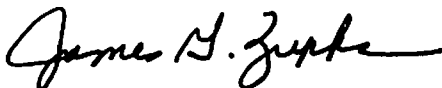
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies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

Compliance and Other Matters

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

We noted certain matters of noncompliance or other matters that we reported to the management of the City of South Euclid, Ohio, in a separate letter dated June 4, 2008.

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



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

June 4, 2008

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

Certified Public Accountants

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

City Council
City of South Euclid
South Euclid, Ohio

Compliance

We have audited the compliance of the City of South Euclid, Ohio, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2007. The City of South Euclid, Ohio's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the City of South Euclid, Ohio's management. Our responsibility is to express an opinion on the City of South Euclid, Ohio'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 obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of South Euclid, Ohio's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of South Euclid, Ohio's compliance with those requirements.

In our opinion, the City of South Euclid, Ohio complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December, 31, 2007.

Internal Control Over Compliance

The management of the City of South Euclid, Ohio 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 of South Euclid, Ohio's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of South Euclid, Ohio's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

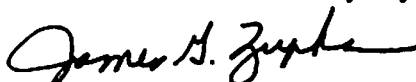
A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the City of South Euclid, Ohio as of and for the year ended December 31, 2007, and have issued our report thereon dated June 4, 2008. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the City of South Euclid, Ohio's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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



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

June 4, 2008

**CITY OF SOUTH EUCLID, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2007**

FEDERAL GRANTOR/ PASS-THROUGH GRANT/ PROGRAM TITLE	Federal CFDA Number	Grant Number	Grand Total
<u>U.S. Department of Transportation</u>			
<i>Passed through Ohio Department of Transportation</i>			
<i>Highway Planning and Construction</i>			
(Federal Aid Highway Program)	20.205	21303	\$ 564,161
Total U.S. Department of Transportation			<u>564,161</u>
<u>U.S. Department of Housing and Urban Development</u>			
<i>Passed through Cuyahoga County Department of Development</i>			
Community Development Block Grant	14.218	CE0500386-01-2005	98,427
Community Development Block Grant	14.218	CE0500386-01-2006	<u>112,500</u>
Total U.S. Department of Housing and Urban Development			<u>210,927</u>
<u>U.S. Department of Homeland Security</u>			
<i>Direct Payment to the City</i>			
SAFER Grant	97.044	EMW2006-03404	83,835
Total U.S. Department of Homeland Security			<u>83,835</u>
<u>U.S. Environmental Protection Agency</u>			
<i>Passed through Cuyahoga County Department of Development</i>			
Brownfield Assessment Grant	66.818	*	<u>35,000</u>
Total U.S. Environmental Protection Agency			<u>35,000</u>
<u>U.S. Department of Justice</u>			
<i>Direct Payment to the City</i>			
Bulletproof Vest Program	16.607	*	<u>1,170</u>
Total U.S. Department of Justice			<u>1,170</u>
Total Federal Expenditures			<u>\$ 895,093</u>

* Information not available

CITY OF SOUTH EUCLID, OHIO
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 1: GENERAL

The accompanying Schedule of Expenditures of Federal Awards of the City of South Euclid, Ohio, presents the activity of all federal financial assistance programs of the City. The City's reporting entity is defined in Note 1 to the City's basic financial statements. Federal financial assistance received directly from federal agencies as well as financial assistance passed through other government agencies are included on this schedule.

NOTE 2: BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented on the accrual basis of accounting and has been reconciled to the program's federal financial reports. The following is a reconciliation by grant from the cash basis to the accrual basis at December 31, 2007.

	Direct Program Expenditures
<u>Department of Transportation</u>	
Cash Basis	\$ 484,688
Accrual Adjustment	79,473
Department of Transportation - Accrual Basis	<u>\$ 564,161</u>
 <u>Department of Housing and Urban Development</u>	
Cash Basis	\$ 210,927
Accrual Adjustment	0
Department of Housing and Urban Development - Accrual Basis	<u>\$ 210,927</u>
 <u>Department of Homeland Security</u>	
Cash Basis	\$ 55,890
Accrual Adjustment	27,945
Department of Homeland Security	<u>\$ 83,835</u>
 <u>Environmental Protection Agency</u>	
Cash Basis	\$ 35,000
Accrual Adjustment	0
Environmental Protection Agency - Accrual Basis	<u>\$ 35,000</u>
 <u>Department of Justice</u>	
Cash Basis	\$ 1,170
Accrual Adjustment	0
Department of Justice - Accrual Basis	<u>\$ 1,170</u>

**CITY OF SOUTH EUCLID, OHIO
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 OMB CIRCULAR A-133 & §.505
 FOR THE YEAR ENDED DECEMBER 31, 2007**

1. Summary of Auditor's Results

2007(i)	Type of Financial Statement Opinion	Unqualified
2007(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
2007(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
2007(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2007(iv)	Were there any material significant deficiency conditions reported for major federal programs?	No
2007(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
2007(v)	Type of Major Programs' Compliance Opinion	Unqualified
2007(vi)	Are there any reportable findings under .510?	No
2007(vii)	Major Programs (list): Highway Planning and Construction - CFDA # 20.205	
2007(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$300,000 Type B: > All Others
2007 (ix)	Low Risk Auditee?	No

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

CITY OF SOUTH EUCLID, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2007

No significant findings or questioned costs were included in the prior year's audit report.

Management letter recommendations have been corrected, repeated, or procedures instituted to prevent occurrences in this audit period.

CITY OF SOUTH EUCLID, OHIO

COMPREHENSIVE

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2007

ISSUED BY THE DEPARTMENT OF FINANCE

Joseph G. Filippo, CPA

FINANCE DIRECTOR

City of South Euclid, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2007
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City of South Euclid, Ohio
Comprehensive Annual Financial Report
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CITY OF SOUTH EUCLID



FINANCE DEPARTMENT

Joseph G. Filippo, CPA
Director of Finance

June 4, 2008

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

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

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

Under Ohio law, regular audits are required to be performed on all financial related operations of the City. These audits may be done by either the State Auditor's Office or, if the State Auditor permits, an independent public accounting firm. For the year 2007, the City of South Euclid was audited by James G. Zupka, CPA Inc. Their unqualified opinion is included in the financial section of this report.

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

Reporting Entity

The City of South Euclid, Ohio, is located in the northeast portion of Cuyahoga County, 10 miles from downtown Cleveland, with the cities of Lyndhurst to the east, Cleveland Heights to the west, University Heights and Beachwood to the south, and Cleveland, Euclid, and Richmond Heights to the north. The City has 23,537 residents, according to the most recent data from the United States Census Bureau.

The City is in the Cleveland Primary Metropolitan Statistical Area, comprised of the four counties of Cuyahoga, Geauga, Lake and Medina, which is the 16th largest of 71 in the United States. The City is also in the Cleveland-Akron-Lorain Consolidated Metropolitan Statistical Area which is the 11th most populous of 20 in the country.

The City is a member of the Northern Ohio Risk Management Association, a shared risk pool. In addition, the City participates in the Tri-City Consortium on Aging and the South Euclid-Lyndhurst Recreation Commission which have been determined to be joint ventures and the Northeast Ohio Public Energy Council, the First Suburbs Consortium of Northeast Ohio Council of Governments and the Heights Area Special Rescue Team which are jointly governed organizations. The shared risk pool, joint ventures and the jointly governed organizations are discussed in Notes 9, 19 and 20 to the basic financial statements.

Form of Government

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

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

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

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

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

City Services

The City provides basic services to its residents including police and fire protection, parks and recreation, planning, zoning, street maintenance and repair, refuse collection, municipal court and general administrative services. The City of Cleveland provides water and sewer services to the City's residents.

The South Euclid-Lyndhurst Recreation Commission organizes programs for City residents. This Commission is a governmental joint venture among the City of South Euclid, the City of Lyndhurst and the South Euclid-Lyndhurst City School District. Each entity supports the Commission through funds paid to the Commission and each has access to the year-round activities and classes.

Economic Condition and Outlook

The City is primarily a residential community with a preponderance of single family homes. A major medical facility, University Suburban Health Care, provides quality health care to South Euclid residents as well as to our neighboring communities. South Euclid is home to Notre Dame College, a private, four-year institute of higher learning. The following industries are vital to the City's financial condition and contribute to the stable economic condition of the City: Aero Controlex, Division of Transdigm, Inc. is a Fortune 500 company which manufactures custom components for the aerospace industry; Glastic Corporation manufactures thermoset polymers used in appliances; Gent Machine Company manufactures automotive and aircraft components.

Several retail shopping centers in South Euclid are available for the City's residents. These shopping centers are among the major tax contributors within the City. In 2001, the City welcomed a new 14,000 square foot shopping center at the intersection of Mayfield and Green, which is anchored by CVS. This supplements the existing Mayfield Road-Green Road shopping center that houses numerous retail stores. This shopping area includes Marc's discount store and Blockbuster Video. The second-largest shopping area in the City is located at Cedar Road between Warrensville and Fenwick Roads. The City has purchased the property and is currently planning for the center's conversion from a strip mall to a mixed-use residential and retail project. Another small shopping center is located in the northern section of the City known as Glengate Shopping Center and houses thirteen retail stores. A smaller strip of stores is located on Cedar and Green Roads.

During 2007, the Building Department issued building permits for several commercial and educational school projects. Two of the larger projects involved a 30,000 square foot expansion of classroom space to the Greenview Elementary School and the addition of a new gymnasium and locker room facility to Memorial Junior High School. The City saw the completion of many projects that got under way during the calendar year of 2006; these projects included the completion of a new Dunkin Donuts store and a new branch bank for Fifth Third Bank. One Planned Unit Residential Development (PURD) known as Novicky Court that began in 2006 completed its construction of 14 new dwelling units structures by the end of August. Another PURD continued building out its development of eight new homes out of a total of eleven proposed housing units. Our newest development, Cutters Creek completed the installation of the infrastructure and began building six dwelling units out of a proposed forty eight during the later part of 2007. Notre Dame College experienced numerous interior alterations throughout the campus and began their approval process for new buildings that will begin construction in 2008. For existing commercial buildings, the City administers a Business Maintenance inspection program which identifies maintenance related issues that need to be brought into compliance with our building codes. This program helps to maintain the values within our community.

In residential areas, homeowners carefully maintain their property, which increase property value and enhance the appearance of the City's neighborhood. To encourage individual upkeep, the City continues to administer its exterior residential property maintenance program. This program establishes minimum standards governing the maintenance of dwelling structures, which allows the City to work to create neighborhoods that are enjoyable to inhabit. Without the support of property owners who have a genuine concern for the community, the goals of the program could not be reached. Under the program, each year a specific area of the City is selected for inspection with an annual average of 1500 home inspections.

With an increase in foreclosed properties throughout our region, much of our efforts were focused on vacant and abandoned properties. Working with County grant funds, the Building Department was able to demolish a few condemned properties and fix violations on over eight homes in the community. During the past year, residents have improved their homes by alterations and additions valued at \$5,288,766. A total of 890 permits were issued in 2007, which included 63 commercial permits for additions or improvements totaling \$14,281,819. The City is emphasizing enforcement of maintenance standards on its population of rental housing as well with a program goal of annual exterior inspections with interior inspections performed every three years.

Long term financial planning

The General Fund balance increased over the previous year in 2007. The net change in fund balance for the General fund was \$1,250,318 which represents a 30.82 percent increase.

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

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

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

The City also established a land bank to enhance the City's appearance and well-being.

Relevant financial policies

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

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

Major Initiatives

For the Year In 2007, the City of South Euclid continued its commitment to provide quality services and facilities to the City's residents. Emphasis continued to be placed on the maintenance and improvement of the City's infrastructure, specifically streets and sewers. The City also continued its traditional annual road resurfacing program. Through the combination of the Road Improvement Fund and the Flood Control Fund 13 streets were able to be reconstructed or resurfaced. \$1,067,000 was spent from the Road Improvement Fund and over \$7,500,000 was spent from the Flood Control Fund.

There were several major projects for 2007 starting with the replacement or renovation of various infrastructure assets within the City, including the Warrensville Center Road project and the East Antisdale/Grosvenor Infrastructure Projects and the Brookline Road infrastructure project, consisting of sewers, bridges and culverts. The City also continued to update an outdated City Hall and the Community Center received a kitchen remodel. A reverse 911 system was implemented for the safety of the residents and has also been an effective tool in informing residents of activities in the City, any schedule changes of city services and any other pertinent information.

Construction of new housing continues to be a priority in the City. One Planned Unit Residential Development (PURD), called Novicky Court reached completion last August, with 14 attached units constructed, and all have been sold. Construction has begun at the City's other major housing developments. At Cutter's Creek, six attached dwelling units out of a proposed 48 have been completed and are selling well. Construction also continues at Francis Court Gables, a sixteen unit townhouse development.

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

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

The redevelopment of the Cedar Center area is progressing. In 2008, the buildings will be demolished and current plans call for the Coral Company to redevelop the property with approximately 100,000 square feet of anchor retail space, 100,000 square feet of other retail space and various restaurant locations. There will also be 10,000 square feet of office space and residential units. The intersection of Warrensville Road and Cedar Road will become a revitalized shopping area vital to our community.

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

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

Other Information

Awards

In December 2007, Mary Taylor, CPA, the Auditor of the State of Ohio, recognized the City of South Euclid for excellent financial accountability. Auditor of State Mary Taylor's office presented the City of South Euclid officials with the "Making your Tax Dollars Count" award for their calendar year 2005 audit. Fewer than five percent of all Ohio government agencies are eligible for this award. "It is an honor to recognize South Euclid officials for their commitment to strong financial accountability," said Taylor.

The Government Finance Officers Association of the United States and Canada awards a Certificate of Achievement for Excellence in Financial Reporting to a governmental unit that publishes an informative and efficiently organized Comprehensive Annual Financial Report (CAFR) whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. The City of South Euclid received the Certificate of Achievement for its 2006 Comprehensive Annual Financial Report.

A Certificate of Achievement is valid for a period of one year only. We believe that this CAFR for 2007 continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the Government Finance Officers Association to determine its eligibility for another certificate.

Acknowledgements

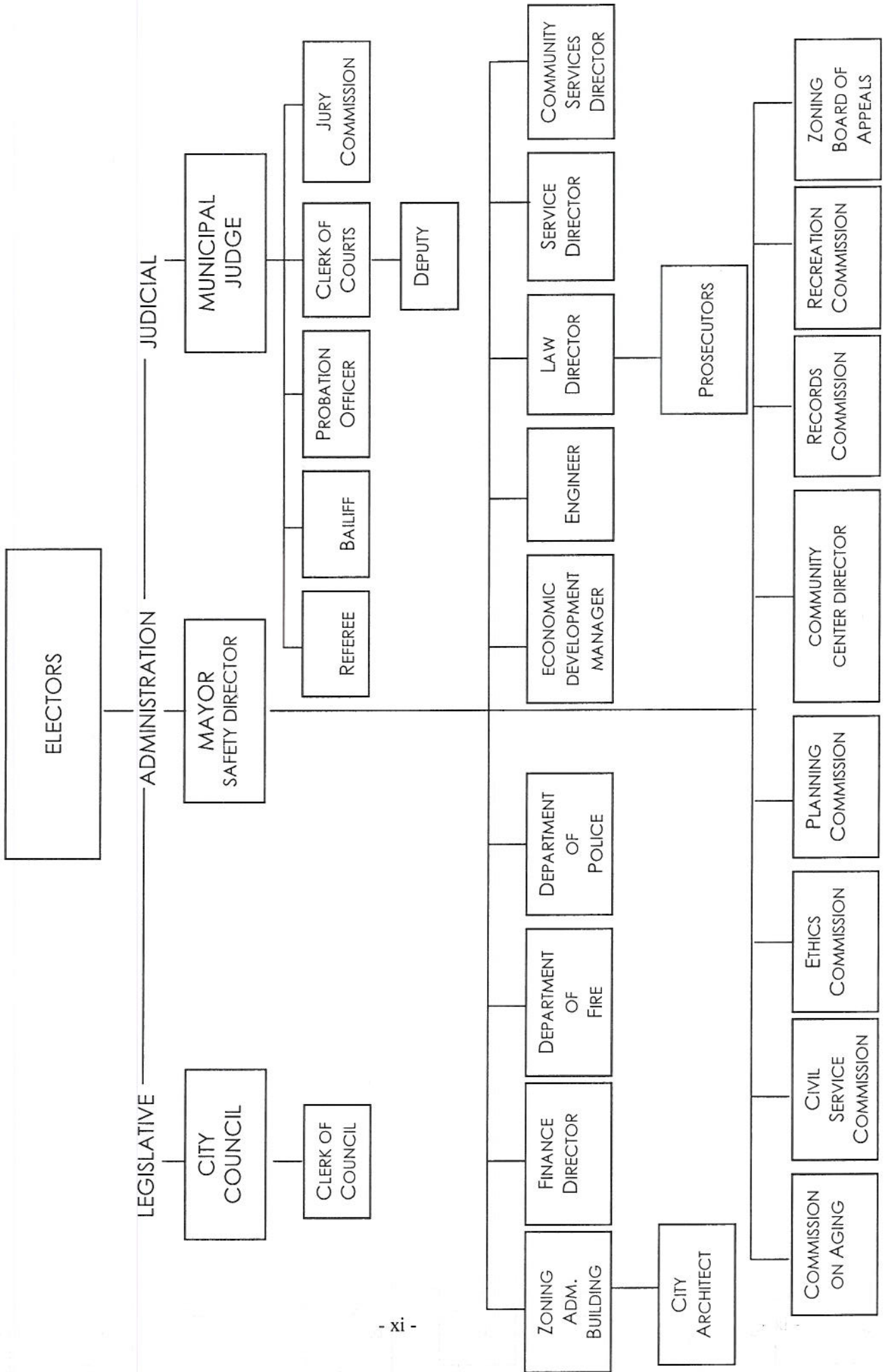
The preparation of this report would not be possible without the diligent and extra work by our Finance Department staff. I appreciate their efforts. Appreciation is also expressed to all City Hall Department Heads and Superintendents for their cooperation and assistance. In addition, my gratitude and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

Respectfully submitted,

A handwritten signature in black ink that reads "Joseph G. Filippo". The signature is written in a cursive style with a large, stylized initial "J".

Joseph G. Filippo, CPA
Finance Director

**CITY OF SOUTH EUCLID
ORGANIZATION CHART**



CITY OF SOUTH EUCLID

ELECTED AND APPOINTED CITY OFFICIALS

HONORABLE MAYOR GEORGINE WELO

CITY COUNCIL

Modestino Romeo, President, Ward 2

Ruth Gray, Ward 1

David B. Miller, At Large

Diane Fistek, At Large

Sunny Simon, At Large

Edward A. Icove, Ward 3

Jane Goodman, Ward 4

MUNICIPAL JUDGE

Patricia A. Kleri

APPOINTED OFFICIALS

Joseph G. Filippo, Director of Finance

Michael Lograsso, Director of Law

Edward J. Gallagher, Director of Service

Paul Kowalczyk, Building Commissioner

Kevin Nietert, Chief of Police

Thomas Cannell, Chief of Fire

Andrew K. Blackley, City Engineer

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

Meg Martines, Director of Community Center

Keith A. Benjamin, Director of Community Services

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of South Euclid
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2006

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.



Charles S. Cox

President

Jeffrey R. Emer

Executive Director

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

Certified Public Accountants

5240 East 98th Street

Garfield Hts., Ohio 44125

Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the City Council
City of South Euclid, Ohio

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of South Euclid, Ohio, as of and for the year ended December 31, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of South Euclid, Ohio's management. Our responsibility is to express opinions on these financial statements based on our audit.

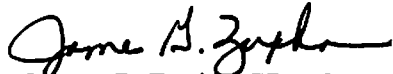
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of South Euclid, Ohio, as of December 31, 2007, and the respective changes in financial position, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 4, 2008, on our consideration of the City of South Euclid, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of South Euclid, Ohio's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.


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

June 4, 2008

City of South Euclid, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

The discussion and analysis of the City of South Euclid's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2007. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers are encouraged to consider information presented here in conjunction with the additional information contained in the transmittal letter, as well as the basic financial statements and the notes to the basic financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

- The assets of the City of South Euclid exceeded its liabilities at December 31, 2007 by \$45,205,714. Of this amount, \$7,541,936 may be used to meet the City's ongoing obligations to citizens and vendors.
- Total assets increased by \$22,798,437 which represents an increase of 34.85 percent from 2006 to 2007. This was primarily due to an increase of \$7,319,600 in capital assets and an increase in assets held for resale in the amount of \$18,196,465 with a decrease in cash and cash equivalents in the amount of \$2,928,561. The majority of that increase was a direct result of a note the City took on in January 2007 to purchase the Cedar Center shopping plaza property. The City purchased the property in 2007.
- Total liabilities increased by \$20,459,406 which represents an increase of 90.75 percent from 2006 to 2007. This increase was due mainly to the issuance of a \$17,000,000 note.
- In total, net assets in governmental activities increased \$2,339,031 during 2007. This represents a 5.46 percent increase from 2006.
- The second-largest shopping area in the City is located at Cedar Road between Warrensville and Fenwick Roads. The City has purchased the 10+ acres of property and is currently planning for the center's conversion from a strip mall to a mixed-use residential, business and retail project. The City has a developer's agreement with the Coral Company who is scheduled to purchase the property by the end of 2008. Demolition of the existing buildings is scheduled for August 2008 with construction beginning in 2009.

Using this Annual Financial Report

This discussion and analysis is intended to serve as an introduction to the City of South Euclid's basic financial statements. These statements are organized so that the reader can understand the City as a financial whole or as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial conditions.

The Statement of Net Assets and Statement of Activities provide information about the activities of the whole City. They provide both an aggregate view of the City's finances in addition to a longer-term view of those assets. Major fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what dollars remain for future spending. The fund financial statements also look at the City's most significant funds with all other nonmajor funds presented in total in one column.

City of South Euclid, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

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

Statement of Net Assets and the Statement of Activities

The Statement of Net Assets presents information, excluding fiduciary funds, on all the City of South Euclid's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. However, in evaluating the overall position of the City, non-financial factors such as the City's tax base, change in tax laws and the condition of capital assets should also be considered. Both the Statement of Net Assets and the Statement of Activities use the accrual basis of accounting that is similar to the accounting method used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

The Statement of Net Assets and the Statement of Activities are divided into the following categories:

- Assets
- Liabilities
- Net Assets
- Program Revenues and Expenses
- General Revenues
- Net Assets Beginning of Year and Year's End

Reporting the City of South Euclid's Most Significant Funds

Fund Financial Statements

The analysis of the City's major funds begins on page 7. Fund financial reports provide detailed information about the City's major funds. The City of South Euclid has established many funds that account for the multitude of services, facilities and infrastructure provided to our residents. However, these fund financial statements focus on the City's most significant funds. The City's major funds are the General Fund and the Flood Control and Land Acquisition Capital Projects Funds.

Governmental Funds

Most of the City's activities are reported in the governmental funds which focus on how money flows into and out of those funds and the balances left at year end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting which measures cash and all other financial assets that are expected to be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general operations and the basic services it provides. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate a comparison between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds.

Government-wide Financial Analysis – City of South Euclid as a Whole

As noted earlier, the Statement of Net Assets looks at the City as a whole and can be used as an indicator of the City's financial position. Table 1 provides a summary of the City's net assets for 2007 compared to 2006.

City of South Euclid, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

Table 1
Net Assets

	Governmental Activities		
	2007	2006	Change
Assets			
Current and Other Assets	\$46,668,077	\$31,189,240	\$15,478,837
Capital Assets, Net	41,541,689	34,222,089	7,319,600
Total Assets	88,209,766	65,411,329	22,798,437
Liabilities			
Current Liabilities	11,182,566	8,749,395	2,433,171
Long-Term Liabilities:			
Due Within One Year	1,491,773	1,368,910	122,863
Due in More Than One Year	30,329,713	12,426,341	17,903,372
Total Liabilities	43,004,052	22,544,646	20,459,406
Net Assets			
Invested in Capital Assets, Net of Related Debt	28,853,662	22,453,546	6,400,116
Restricted for:			
Capital Projects	5,732,147	10,817,930	(5,085,783)
Debt Service	1,205,795	1,228,773	(22,978)
Street Maintenance	618,196	868,767	(250,571)
Street Lighting	551,299	564,263	(12,964)
Sewer Maintenance	398,264	361,298	36,966
Other Purposes	304,415	338,842	(34,427)
Unrestricted	7,541,936	6,233,264	1,308,672
Total Net Assets	\$45,205,714	\$42,866,683	\$2,339,031

Total assets increased by \$22,798,437 from 2006 to 2007. Capital assets increased by \$7,319,600 net of depreciation expense. This was due to the construction of major infrastructure improvements within the City as well as the purchase of new vehicles and equipment.

Total liabilities increased by \$20,459,406 due mostly to the issuance of a \$17,000,000 note (for Cedar Center) and a \$2,052,371 loan for flood control from the Ohio Water Development Authority which was partially offset by the City paying down another year of principal on its outstanding debt. Net assets increased by \$2,339,031 in 2007.

Table 2 shows the changes in net assets for the years ended December 31, 2007 and 2006 and corresponds to the Statement of Activities on page 13.

City of South Euclid, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

Table 2
Changes in Net Assets

	Governmental Activities		
	2007	2006	Change
Revenues			
Program Revenues			
Charges for Services and Operating Assessments	\$5,149,759	\$4,384,862	\$764,897
Operating Grants, Contributions and Interest	910,810	1,032,575	(121,765)
Capital Grants, Contributions and Capital Assessments	693,176	86,335	606,841
Total Program Revenues	6,753,745	5,503,772	1,249,973
General Revenues			
Property Taxes	5,572,775	5,272,200	300,575
Income Taxes	8,997,144	7,309,426	1,687,718
Grants and Entitlements	2,292,053	2,186,857	105,196
Increase in Investment in Joint Venture	0	27,217	(27,217)
Interest	1,014,924	766,878	248,046
Gain on Sale of Capital Assets	0	42,525	(42,525)
Miscellaneous	220,916	152,374	68,542
Total General Revenues	18,097,812	15,757,477	2,340,335
Total Revenues	24,851,557	21,261,249	3,590,308
Program Expenses			
General Government:			
Legislative and Executive	2,402,438	2,423,252	(20,814)
Judicial System	490,694	463,068	27,626
Security of Persons and Property:			
Police	5,282,303	5,202,341	79,962
Fire	3,934,595	3,583,897	350,698
Public Health Services	135,702	130,178	5,524
Leisure Time Activities	1,065,090	377,023	688,067
Community Development	236,405	204,704	31,701
Building Department	737,700	646,628	91,072
Transportation	3,322,800	3,138,160	184,640
Basic Utility Services	3,028,247	3,322,453	(294,206)
Swimming Pools	379,311	371,225	8,086
Interest and Fiscal Charges	1,497,241	496,930	1,000,311
Total Program Expenses	22,512,526	20,359,859	2,152,667
Increase in Net Assets	2,339,031	901,390	1,437,641
Net Assets Beginning of Year - Restated (See Note 3)	42,866,683	41,965,293	901,390
Net Assets End of Year	\$45,205,714	\$42,866,683	\$2,339,031

City of South Euclid, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

Program revenues increased by \$1,249,973 in 2007. Operating and capital grants accounted for \$485,076 of this increase. General revenues increased by \$2,340,335 from 2006. General revenue increases were most notable in income tax collections (\$1,687,718), interest income (\$248,046) and property taxes (\$300,575). The increase in income tax collections was due to an increase in the income tax rate effective January 1, 2006 from 1.50 percent to 2.00 percent. The increase in interest income was due to higher rates of return on the City's investments. The increase in property taxes was due to an increase in collection of property taxes.

Governmental Activities

Several revenue sources fund our governmental activities with the City income tax being the largest contributor. The City's income tax rate was 1.5 percent from 1984 through 2005. In August 2005 the voters of South Euclid passed an income tax rate increase to 2.00 percent. The new rate of 2.00 percent became effective January 1, 2006. Residents of the City who work in another community receive a 0.75 percent credit on income earned outside the City and paid to another municipality. In prior years, the City has experienced a decline in income tax collections. The City remains committed to collecting all taxes due to it and during 2007 worked in conjunction with the Regional Income Tax Agency to identify and assess individuals who were delinquent in filing their income tax returns. This effort will account for over \$100,000 in additional collections in 2008. Property tax revenues increased slightly in 2007 and are the City's second largest source of revenues. Revenues from grants and entitlements represented 9.22 percent of total governmental revenues. These funds are received from the State of Ohio in the form of Local Government Assistance and Estate Taxes.

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

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

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

The City's Funds

Information about the City's major funds starts on page 14. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$24,568,609, and expenditures of \$48,192,696. The General Fund had a fund balance at year end of \$5,307,092 with annual expenditures of \$15,399,154. During 2007, \$1,625,547 was transferred from the general fund, enabling the City to fund capital improvements and acquisitions and providing operating funds for the swimming pools, parking lots and matching grant funds. Overall, the fund balances in the nonmajor funds decreased by \$596,208 due to increased overall expenditures in these funds.

During 2007, the Flood Control capital projects fund balance decreased from \$6,272,287 to \$2,760,917. This decrease is the result of the City completing the Bluestone Area Infrastructure project, the East Antisdale/Grosvenor Infrastructure project, the Suffolk/Waverly infrastructure improvement project and the

City of South Euclid, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

Warrensville Center Road project. The projects include new sanitary sewers, storm sewers and water lines within the City. The City also replaced the Telhurst Road Bridge.

General Fund Budgeting Highlights

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund. An annual appropriation budget is legally required to be prepared for all funds of the City other than agency funds. Council is provided with a detailed line item budget for all departments and after a discussion at Finance Committee meetings, which are open to the public, the budget is adopted at an object level by City Council at a regularly held council meeting. Council must approve any revisions in the budget that alter the object level or the total appropriations for any department or fund.

During the course of 2007, the City amended its general fund budget numerous times. The actual revenue amount was more than the final budget by \$2,015,278. The majority of this variance is made up of a "catch up" of income taxes due to the rate increase on January 1, 2006. Also part of the increase was due to unexpected inheritance taxes, a conservative investment program along with higher interest rates resulted in higher than anticipated earnings, an increase in court fines and building department fees collected and an increase in real property tax received. Final appropriations exceeded actual expenditures by \$1,409,229. This variance was due primarily to the conservative budgeting techniques of the City and a concerted effort to reduce spending at the end of the year.

The City's ending unobligated budgetary fund balance was \$3,212,542 higher than the final budget amount.

Capital Assets and Debt Administration

Capital Assets

At the end of 2007, the City of South Euclid had \$59,738,154 invested in land, buildings, equipment, vehicles and infrastructure. Table 3 shows 2007 balances of capital assets as compared to 2006.

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

	Governmental Activities	
	2007	2006
Land	\$1,182,897	\$1,182,897
Construction in Progress	8,172,545	679,646
Buildings and Improvements	3,383,022	3,573,680
Equipment	583,186	716,981
Vehicles	1,338,416	1,535,923
Infrastructure		
Streets	13,837,942	13,653,048
Bridges, Sewers and Culverts	11,057,701	10,860,168
Waterlines	1,939,941	1,983,577
Traffic Signals	46,039	36,169
Total Capital Assets	<u>\$41,541,689</u>	<u>\$34,222,089</u>

City of South Euclid, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

Capital assets increased by \$25,516,065 in 2007. This was primarily due to the construction of the new Splash Park, and the replacement and renovation of various infrastructure assets within the City, including the Tellhurst Bridge and the East Antisdale/Grosvenor Infrastructure Projects, consisting of sewers, bridges and culverts. Nearly \$700,000 was spent on roads being reconstructed along with miscellaneous street repairs. The City also continued to update the Fire and Police Departments' with bay garage doors, some new cabinetry and other miscellaneous badly needed repairs.

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

Vehicles acquired in 2007 included three police vehicles. A number of police department vehicles were repaired or refurbished. The City's garage staff works to maintain the fleet of vehicles at a high level of repair to extend their longevity. When replacement is required, City vehicles continue to be purchased or leased from the General Capital Improvement and Repair Fund, which receives funding from the General Fund.

The City also overhauled traffic signals at a cost of about \$11,000.

The City Engineer maintains a comprehensive listing of all the streets, sewer and water lines and bridges and culverts within the City. Each spring, this inventory is updated with current conditions and recommendations made for repair or replacement. As mentioned before, the City has been very aggressive in pursuing funding to assist in the financing of infrastructure projects. For more information about the City's capital assets, see Note 10 to the basic financial statements.

Long-Term Obligations

At December 31, 2007, the City of South Euclid had \$31,821,486 in outstanding long-term obligations, of which \$8,842,976 was in General Obligation Bonds. Table 4 summarizes the long-term obligations outstanding.

Table 4
Outstanding Long-Term Obligations at Year End

	Governmental Activities	
	2007	2006
General Obligation Bonds	\$8,842,976	\$9,711,038
Special Assessment Bonds	305,000	340,000
OPWC Loans	1,747,086	1,856,693
OWDA Loans	1,974,401	0
Notes	17,000,000	0
Police and Fire Pension Liability	315,023	320,994
Capital Lease	356,546	468,522
Compensated Absences	1,280,454	1,098,004
	\$31,821,486	\$13,795,251
Total		

City of South Euclid, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

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

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

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

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

The \$17,000,000 Land Acquisition Bond Anticipation note issued January 30, 2007 at 5.50 percent and outstanding at December 31, 2007, will mature January 29, 2008.

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

The City of South Euclid's overall legal debt margin is \$21,772,566 with an unvoted debt margin of \$7,103,242 on December 31, 2007. For more information about the City's long-term obligations, see Notes 12 and 13 to the basic financial statements.

Current Financial Related Activities

The Administration provided strong fiscal management, holding general operating expenses in check while maintaining City services at a high level in 2007. But with decreasing revenues from Federal and State sources and increasing expenses, the City is going to see some tougher times in the coming years. In 2008, hospitalization has again increased and the City's portion of the Ohio Public Employee's Retirement System contribution has increased and will increase each year for the next two years. The City will see an increase of income tax collections in 2008 due to timing or "catch up" of taxes received in 2007 due to the passage of the new rate effective January 1, 2006. Expenses can only be cut back so much without jeopardizing the safety, health and welfare of the residents. The Administration will continue to monitor the revenues and expenses and make appropriate adjustments as needed. The Administration continues toward its goal of keeping all residents and other interested parties fully informed as to the financial status of the City of South Euclid.

Contacting the City of South Euclid's Financial Management

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

Basic Financial Statements

City of South Euclid, Ohio

Statement of Net Assets

December 31, 2007

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$13,886,475
Cash and Cash Equivalents	
In Segregated Accounts	64,858
Accounts Receivable	79,332
Intergovernmental Receivable	1,499,887
Prepaid Items	77,273
Materials and Supplies Inventory	133,494
Income Taxes Receivable	3,747,126
Property Taxes Receivable	5,397,127
Special Assessments Receivable	3,418,133
Investment in Joint Venture	167,907
Assets Held for Resale	18,196,465
Nondepreciable Capital Assets	9,355,442
Depreciable Capital Assets	32,186,247
	<hr/>
<i>Total Assets</i>	88,209,766
Liabilities	
Accounts Payable	311,040
Accrued Wages	394,692
Contracts Payable	2,047,624
Intergovernmental Payable	709,658
Accrued Interest Payable	903,425
Deferred Revenue	5,016,127
Notes Payable	1,800,000
Long-Term Liabilities:	
Due Within One Year	1,491,773
Due In More Than One Year	30,329,713
	<hr/>
<i>Total Liabilities</i>	43,004,052
Net Assets	
Invested in Capital Assets, Net of Related Debt	28,853,662
Restricted for:	
Capital Projects	5,732,147
Debt Service	1,205,795
Street Maintenance	618,196
Street Lighting	551,299
Sewer Maintenance	398,264
Other Purposes	304,415
Unrestricted	7,541,936
	<hr/>
<i>Total Net Assets</i>	<u>\$45,205,714</u>

See accompanying notes to the basic financial statements

City of South Euclid, Ohio
Statement of Activities
For the Year Ended December 31, 2007

	Expenses	Program Revenues			Net (Expense)
		Charges for Services and Operating Assessments	Operating Grants, Contributions and Interest	Capital Grants, Contributions and Capital Assessments	Revenue and Changes in Net Assets
					Governmental Activities
Governmental Activities:					
General Government:					
Legislative and Executive	\$2,402,438	\$317,840	\$0	\$0	(\$2,084,598)
Judicial System	490,694	62,730	0	0	(427,964)
Security of Persons and Property:					
Police	5,282,303	663,424	10,166	0	(4,608,713)
Fire	3,934,595	495,329	0	0	(3,439,266)
Public Health Services	135,702	18,029	0	0	(117,673)
Leisure Time Activities	1,065,090	53,397	0	0	(1,011,693)
Community Development	236,405	31,376	0	20,005	(185,024)
Building Department	737,700	94,543	0	0	(643,157)
Transportation	3,322,800	98,837	844,501	0	(2,379,462)
Basic Utility Services	3,028,247	3,200,213	56,143	673,171	901,280
Swimming Pools	379,311	114,041	0	0	(265,270)
Interest and Fiscal Charges	1,497,241	0	0	0	(1,497,241)
<i>Total Governmental Activities</i>	<u>\$22,512,526</u>	<u>\$5,149,759</u>	<u>\$910,810</u>	<u>\$693,176</u>	<u>(15,758,781)</u>
General Revenues					
Property Taxes Levied for:					
					4,318,695
					456,913
					546,189
					250,978
					8,997,144
					2,292,053
					1,014,924
					220,916
					<u>18,097,812</u>
					2,339,031
					<u>42,866,683</u>
					<u>\$45,205,714</u>

See accompanying notes to the basic financial statements

City of South Euclid, Ohio

Balance Sheet

Governmental Funds

December 31, 2007

	General	Flood Control	Land Acquisition	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$5,238,357	\$4,632,231	\$804,549	\$3,211,338	\$13,886,475
Cash and Cash Equivalents					
In Segregated Accounts	64,858	0	0	0	64,858
Materials and Supplies Inventory	27,785	0	0	105,709	133,494
Accounts Receivable	78,642	0	0	690	79,332
Interfund Receivable	125,000	0	0	0	125,000
Intergovernmental Receivable	907,319	79,473	0	513,095	1,499,887
Prepaid Items	77,273	0	0	0	77,273
Income Taxes Receivable	3,747,126	0	0	0	3,747,126
Property Taxes Receivable	4,161,437	0	0	1,235,690	5,397,127
Investment in Joint Venture	167,907	0	0	0	167,907
Assets Held for Resale	0	0	18,196,465	0	18,196,465
Special Assessments Receivable	0	2,233,458	0	1,184,675	3,418,133
<i>Total Assets</i>	<u>\$14,595,704</u>	<u>\$6,945,162</u>	<u>\$19,001,014</u>	<u>\$6,251,197</u>	<u>\$46,793,077</u>
Liabilities					
Accounts Payable	\$130,370	\$0	\$0	\$180,670	\$311,040
Accrued Wages	363,267	0	0	31,425	394,692
Contracts Payable	0	1,950,787	0	96,837	2,047,624
Intergovernmental Payable	618,631	0	0	91,027	709,658
Interfund Payable	0	0	0	125,000	125,000
Accrued Interest Payable	0	0	2,160	0	2,160
Deferred Revenue	8,176,344	2,233,458	0	2,859,172	13,268,974
Notes Payable	0	0	1,800,000	0	1,800,000
<i>Total Liabilities</i>	<u>9,288,612</u>	<u>4,184,245</u>	<u>1,802,160</u>	<u>3,384,131</u>	<u>18,659,148</u>
Fund Balances					
Reserved for Encumbrances	246,721	807,967	4,416	421,768	1,480,872
Reserved for Assets Held for Resale	0	0	18,196,465	0	18,196,465
Unreserved					
Designated for					
Compensated Absences	11,926	0	0	0	11,926
Undesignated, Reported in:					
General Fund	5,048,445	0	0	0	5,048,445
Special Revenue Funds	0	0	0	718,116	718,116
Debt Service Funds	0	0	0	776,932	776,932
Capital Projects Funds (Deficit)	0	1,952,950	(1,002,027)	950,250	1,901,173
<i>Total Fund Balances</i>	<u>5,307,092</u>	<u>2,760,917</u>	<u>17,198,854</u>	<u>2,867,066</u>	<u>28,133,929</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$14,595,704</u>	<u>\$6,945,162</u>	<u>\$19,001,014</u>	<u>\$6,251,197</u>	<u>\$46,793,077</u>

See accompanying notes to the basic financial statements

City of South Euclid, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 December 31, 2007*

Total Governmental Fund Balances	\$28,133,929
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*Amounts reported for governmental activities in the
 statement of net assets are different because*

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	41,541,689
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Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:

Property Taxes	381,000
Income Taxes	3,065,657
Special Assessments	3,418,133
Intergovernmental	1,220,150
Investment in Joint Venture	167,907

Total	8,252,847
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In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(901,265)
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:

Compensated Absences	(1,280,454)
General Obligation Bonds	(8,842,976)
Notes Payable	(17,000,000)
Special Assessment Bonds	(305,000)
OPWC Loans Payable	(1,747,086)
OWDA Loans Payable	(1,974,401)
Capital Leases Payable	(356,546)
Police and Fire Pension Loan	(315,023)

Total	(31,821,486)
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<i>Net Assets of Governmental Activities</i>	<u><u>\$45,205,714</u></u>
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See accompanying notes to the basic financial statements

City of South Euclid, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2007

	General	Flood Control	Land Acquisition	Other Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	\$4,263,171	\$0	\$0	\$1,237,915	\$5,501,086
Income Taxes	8,674,233	0	0	0	8,674,233
Special Assessments	0	2,214,195	0	805,641	3,019,836
Intergovernmental	2,173,895	673,171	0	1,118,594	3,965,660
Interest	1,014,924	0	0	0	1,014,924
Fees, Licenses and Permits	405,520	0	0	11,135	416,655
Fines and Forfeitures	546,022	0	0	1,226	547,248
Rentals	620,707	0	0	0	620,707
Charges for Services	435,942	0	0	151,402	587,344
Other	133,137	16,001	11,481	60,297	220,916
<i>Total Revenues</i>	<u>18,267,551</u>	<u>2,903,367</u>	<u>11,481</u>	<u>3,386,210</u>	<u>24,568,609</u>
Expenditures					
Current:					
General Government:					
Legislative and Executive	2,378,717	0	0	5,257	2,383,974
Judicial System	472,870	0	0	0	472,870
Security of Persons and Property:					
Police	4,964,677	0	0	151,727	5,116,404
Fire	3,717,692	0	0	150,076	3,867,768
Public Health Services	135,702	0	0	0	135,702
Leisure Time Activities	400,970	0	0	0	400,970
Community Development	236,405	0	0	0	236,405
Building Department	714,860	0	0	0	714,860
Transportation	1,085,300	0	0	1,151,733	2,237,033
Basic Utility Services	1,272,411	0	0	1,008,309	2,280,720
Swimming Pools	0	0	0	298,761	298,761
Capital Outlay	0	7,752,428	448,678	1,813,330	10,014,436
Debt Service:					
Principal Retirement	5,971	497,577	0	811,976	1,315,524
Interest and Fiscal Charges	13,579	217,103	73,326	216,796	520,804
<i>Total Expenditures</i>	<u>15,399,154</u>	<u>8,467,108</u>	<u>522,004</u>	<u>5,607,965</u>	<u>29,996,231</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>2,868,397</u>	<u>(5,563,741)</u>	<u>(510,523)</u>	<u>(2,221,755)</u>	<u>(5,427,622)</u>
Other Financing Sources (Uses)					
Sale of Capital Assets	7,468	0	0	0	7,468
Bond Anticipation Note Issued	0	0	17,000,000	0	17,000,000
OWDA Loan Proceeds	0	2,052,371	0	0	2,052,371
Transfers In	0	0	0	1,650,547	1,650,547
Transfers Out	(1,625,547)	0	0	(25,000)	(1,650,547)
<i>Total Other Financing Sources (Uses)</i>	<u>(1,618,079)</u>	<u>2,052,371</u>	<u>17,000,000</u>	<u>1,625,547</u>	<u>19,059,839</u>
<i>Net Change in Fund Balances</i>	1,250,318	(3,511,370)	16,489,477	(596,208)	13,632,217
<i>Fund Balances Beginning of Year</i>	4,056,774	6,272,287	709,377	3,463,274	14,501,712
<i>Fund Balances (Deficit) End of Year</i>	<u>\$5,307,092</u>	<u>\$2,760,917</u>	<u>\$17,198,854</u>	<u>\$2,867,066</u>	<u>\$28,133,929</u>

See accompanying notes to the basic financial statements

City of South Euclid, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2007*

Net Change in Fund Balances - Total Governmental Funds \$13,632,217

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

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

Capital Outlay	9,076,346	
Depreciation	(1,676,119)	
Total		7,400,227

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities of activities, a gain or loss is reported for each disposal. (80,627)

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

Property Taxes	71,689	
Income Taxes	322,911	
Intergovernmental	(89,626)	
Special Assessments	(9,587)	
Investment in Joint Venture	(12,439)	
Total		282,948

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 1,315,524

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Accrued Interest on Bonds	(869,499)	
Amortization of Premium	1,292	
Bond Accretion	(108,230)	
Total		(976,437)

Some expenses, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. (182,450)

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

Proceeds of OWDA Loans	(2,052,371)	
Proceeds of Notes	(17,000,000)	
Total		(19,052,371)

Change in Net Assets of Governmental Activities \$2,339,031

See accompanying notes to the basic financial statements

City of South Euclid, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2007

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	\$3,779,036	\$3,780,761	\$4,263,171	\$482,410
Income Taxes	7,478,692	7,482,103	8,436,791	954,688
Intergovernmental	1,917,355	1,918,229	2,162,988	244,759
Interest	787,401	787,760	888,275	100,515
Fees, Licenses and Permits	334,365	334,518	377,201	42,683
Fines and Forfeitures	476,660	476,877	537,725	60,848
Rentals	553,354	553,607	624,245	70,638
Charges for Services	393,489	393,668	443,899	50,231
Other	125,135	125,192	133,698	8,506
<i>Total Revenues</i>	<u>15,845,487</u>	<u>15,852,715</u>	<u>17,867,993</u>	<u>2,015,278</u>
Expenditures				
Current:				
General Government:				
Legislative and Executive	4,188,094	2,810,844	2,456,783	354,061
Judicial System	504,996	507,796	473,409	34,387
Security of Persons and Property:				
Police	5,236,363	5,277,163	4,983,319	293,844
Fire	3,889,717	3,928,217	3,725,905	202,312
Public Health Services	143,575	143,575	139,556	4,019
Leisure Time Activities	705,319	707,469	414,113	293,356
Community Development	279,125	296,349	270,476	25,873
Building Department	699,122	843,522	781,748	61,774
Transportation	1,197,132	1,231,532	1,105,322	126,210
Basic Utility Services	1,321,800	1,347,800	1,334,407	13,393
<i>Total Expenditures</i>	<u>18,165,243</u>	<u>17,094,267</u>	<u>15,685,038</u>	<u>1,409,229</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(2,319,756)</u>	<u>(1,241,552)</u>	<u>2,182,955</u>	<u>3,424,507</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	0	0	7,468	7,468
Advances Out	0	0	(110,000)	(110,000)
Transfers In	4,432	4,433	0	(4,433)
Transfers Out	0	(1,520,547)	(1,625,547)	(105,000)
<i>Total Other Financing Sources (Uses)</i>	<u>4,432</u>	<u>(1,516,114)</u>	<u>(1,728,079)</u>	<u>(211,965)</u>
<i>Net Change in Fund Balance</i>	<u>(2,315,324)</u>	<u>(2,757,666)</u>	<u>454,876</u>	<u>3,212,542</u>
<i>Fund Balance Beginning of Year</i>	<u>4,195,822</u>	<u>4,195,822</u>	<u>4,195,822</u>	<u>0</u>
Prior Year Encumbrances Appropriated	<u>124,952</u>	<u>124,952</u>	<u>124,952</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$2,005,450</u>	<u>\$1,563,108</u>	<u>\$4,775,650</u>	<u>\$3,212,542</u>

See accompanying notes to the basic financial statements

City of South Euclid, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Fund
December 31, 2007

Assets	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$1,188,673</u></u>
 Liabilities	
Deposits Held and Due to Others	<u><u>\$1,188,673</u></u>

See accompanying notes to the basic financial statements

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2007

Note 1 – Description of the City and Reporting Entity

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

Reporting Entity

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

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

The City is associated with six organizations: one shared risk pool, two joint ventures and three defined as jointly governed organizations. The Northern Ohio Risk Management Association is a shared risk pool. The joint ventures are the Tri-City Consortium on Aging and the South Euclid-Lyndhurst Recreation Commission. The Northeast Ohio Public Energy Council, the First Suburbs Consortium of Northeast Ohio Council of Governments and the Heights Area Special Rescue Team are jointly governed organizations. These organizations are presented in Notes 9, 19 and 20 to the basic financial statements.

Note 2 – Summary of Significant Accounting Policies

The financial statements of the City of South Euclid have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The City also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities unless those pronouncements conflict with or contradict GASB pronouncements. The more significant of the City's accounting policies are described below.

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2007

A. Basis of Presentation

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

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

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

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

B. Fund Accounting

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

Governmental Funds

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

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

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2007

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

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

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

Fiduciary Funds Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. The City has no trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's agency fund accounts for construction deposits.

C. Measurement Focus

Government-wide Financial Statements

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

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet.

The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

D. Basis of Accounting

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

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2007

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

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

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

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

Property taxes for which there is an enforceable legal claim as of December 31, 2007, but which were levied to finance year 2008 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

E. Cash and Cash Equivalents

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

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

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2007

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

Following the Charter and Codified Ordinances of the City as well as Ohio statutes, the City has, by resolution, specified the funds to receive an allocation of interest earnings. Interest is distributed to the general fund. Interest revenue credited to the general fund during 2007 amounted to \$1,014,924, which includes \$659,418 assigned from other City funds.

Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool are presented on the financial statements as cash equivalents.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2007, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expenditure/expense in the year in which the services are consumed.

G. Inventory

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

H. Assets Held for Resale

Assets held for resale represent land purchased by the City which will be sold for development purposes. This amount is offset by a fund balance reserve on the governmental fund financial statements.

I. Capital Assets

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

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

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2007

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

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

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

J. Interfund Balances

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

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 with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those that the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employee wage rates at year end taking into consideration any limits specified in the City's termination policy. The City records a liability for accumulated unused sick leave for all employees after seven years of accumulated service.

L. Accrued Liabilities and Long-Term Obligations

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

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

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2007

M. Fund Balance Reserves and Designations

The City reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent expendable resources and therefore are not available for appropriation or expenditure. Fund balance reserves have been established for encumbrances and assets held for resale. Designations represent tentative plans for future use of financial resources. The City has begun accumulating resources for the payment of severance and vacation. A portion of the general fund balance has been designated for compensated absences.

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 enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The government-wide statement of net assets reports \$8,810,116 of restricted net assets, none of which is restricted by enabling legislation. Net assets restricted for other purposes include resources restricted for swimming pools, law enforcement and parking lots and meters maintenance.

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

O. Internal Activity

Internal events that are allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Interfund payments for services provided and used are not eliminated.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

P. Bond Premiums

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

Q. Extraordinary and Special Items

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

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2007

R. 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.

S. Budgetary Process

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

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

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

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

A. Changes in Accounting Principles

For 2007, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 45, "Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions", GASB Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues", and GASB Statement No. 50, "Pension Disclosures".

GASB Statement No. 45 improves the relevance and usefulness of financial reporting by requiring systematic, accrual-basis measurement and recognition of OPEB costs over a period that approximates employees' years of service and providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan. An OPEB liability at transition was determined in accordance with this Statement for both the OPERS and the OP&F post-employment healthcare plans in the amount of \$47,655 and \$120,442, respectively, which are the same as previously reported liabilities.

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2007

GASB Statement No. 48 addresses how to account for the exchange of an interest in expected cash flows from collecting specific receivables or specific future revenues for immediate cash payments. The statement established criteria used to determine whether the transaction should be recorded as revenue or as a liability (a sale or a collateralized borrowing). The implementation of this statement did not result in any change to the financial statements.

GASB Statement No. 50 requires employers contributing to defined pension plans to include the legal or contractual maximum contribution rates in the notes to the financial statements. The implementation of this statement did not result in any change to the financial statements.

B. Restatement of Net Assets

During 2007, it was determined that capital leases were understated and capital assets were overstated. These restatements had the following effect on net assets as they were previously reported.

	Governmental Activities
Net Assets December 31, 2006	\$43,333,070
Capital Leases	(176,666)
Capital Assets	(289,721)
Adjusted Net Assets, December 31, 2006	\$42,866,683

Note 4 – Fund Deficits

Fund balances at December 31, 2007, include the following individual fund deficits:

	Deficit Fund Balance
<i>Special Revenue Funds:</i>	
Operation Home Improvement	\$41,444
Fire Pension Fund	18,880
Police Pension Fund	18,879

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

Note 5 - Budgetary Basis of Accounting

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

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2007

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).
4. Investments reported at cost (budget) rather than fair value (GAAP).
5. Advances-Out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).
6. Unrecorded cash represents amounts received but not reported by the City on the operating statements (budget), but which is reported on the GAAP basis operating statements.

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

Net Change in Fund Balance	
	General
GAAP Basis	\$1,250,318
Net Adjustment for Revenue Accruals	(272,879)
Beginning Fair Value Adjustment for Investments	1,095
Ending Fair Value Adjustment for Investments	(127,744)
Beginning Unrecorded Cash	(30)
Net Adjustment for Expenditure Accruals	49,079
Advances Out	(110,000)
Encumbrances	(334,963)
Budget Basis	\$454,876

Note 6 - Deposits and Investments

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

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

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

City of South Euclid, Ohio
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For The Year Ended December 31, 2007

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

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

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

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

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

Deposits

Custodial Credit Risk Custodial credit risk for deposits is the risk that, in the event of the failure of the counterparty, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$2,364,387 of the City's bank balance of \$2,764,387 was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2007

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

Investments

As of December 31, 2007, the City had the following investments:

	Maturity			Total
	Less Than Six months	More Than Six Months But Less Than One Year	More Than One Year But Less Than Three Years	
Federal Home Loan Mortgage Corporation Notes	\$1,017,000	\$0	\$0	\$1,017,000
Federal Home Loan Bank Bonds	1,009,472	0	1,004,060	2,013,532
Federal National Mortgage Association Notes	0	1,014,294	4,028,997	5,043,291
Repurchase Agreements	4,892,340	0	0	4,892,340
Total Portfolio	\$6,918,812	\$1,014,294	\$5,033,057	\$12,966,163

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

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

Concentration of Credit Risk. The City places no limit on the amount it may invest in any one issuer. The following is the City's allocation as of December 31, 2007:

Investment	Percentage of Investments
Federal Home Loan Mortgage Corporation Notes	7.84 %
Federal Home Loan Bank Bonds	15.53
Federal National Mortgage Association Notes	38.90
Repurchase Agreements	37.73

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2007

Note 7 - Receivables

Receivables at December 31, 2007, consisted primarily of municipal income taxes, property and other taxes, intergovernmental receivables arising from entitlements and shared revenues, special assessments, and accounts (billings for utility service).

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

Special assessments expected to be collected in more than one year amount to \$270,000 in the Special Assessment Bond Retirement Fund. At December 31, 2007 the total amount of delinquent special assessments was \$382,291.

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

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 2007 for real and public utility property taxes represents collections of the 2006 taxes. Property tax payments received during 2007 for tangible personal property (other than public utility property) is for 2007 taxes.

2007 real property taxes are levied after October 1, 2007, on the assessed value as of January 1, 2007, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2007 real property taxes are collected in and intended to finance 2008.

Real property taxes are payable annually or semi-annually. If paid annually, the payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2007 public utility property taxes which became a lien December 31, 2006, are levied after October 1, 2007, and are collected in 2008 with real property taxes.

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

The full tax rate for all City operations for the year ended December 31, 2007, was \$14.90 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2007 property tax receipts were based are as follows:

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2007

Category	Assessed Value
Real Estate	
Residential/Agricultural	\$399,028,490
Other Real Estate	50,588,320
Tangible Personal Property	
Public Utility	4,107,160
General	5,762,390
Total Assessed Values	<u>\$459,486,360</u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City of South Euclid. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and tangible personal property taxes and public utility taxes which are measurable as of December 31, 2007 and for which there is an enforceable legal claim. In the general fund, the general obligation bond retirement fund, the road improvement capital projects fund and the police and fire pension special revenue funds, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2007 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 Taxes

The City levies a 2.0 percent income tax on substantially all income earned within the City. In addition, residents are required to pay city income tax on income earned outside of the City. The City allows a credit of seventy five percent for income tax paid to another municipality. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the Regional Income Tax Agency (RITA) at least quarterly. Corporations and other individual taxpayers are also required to pay estimated tax quarterly and file a return annually. Taxes collected by RITA in one month are remitted to the City on the first and tenth business days of the following month. Income tax revenue is credited entirely to the general fund.

C. Intergovernmental Receivables

A summary of intergovernmental receivables follows:

Governmental Activities	Amount
Local Government	\$682,819
Homestead and Rollback	334,589
Gasoline and Excise Tax	205,170
State and Local Highway Tax	107,873
Permissive Motor Vehicle License Tax	63,771
Motor Vehicle License Fees	60,998
Estate Tax	44,217
Village of Oakwood	450
Total	<u>\$1,499,887</u>

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2007

Note 8 - Risk Management

A. Property and Liability

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees and natural disasters. In October 1987, the City joined together with neighboring cities to form the Northern Ohio Risk Management Agency (NORMA), a not-for-profit corporation, for the purpose of obtaining property, liability and vehicle insurance and providing for a formalized, jointly administered self insurance fund. The City pays an annual premium to NORMA for its insurance coverage. The agreement of formation of NORMA provides that NORMA will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of the limits described in the agreement. This coverage is paid from the general fund.

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

B. Worker's Compensation

The City pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Note 9 - Shared Risk Pool

The Northern Ohio Risk Management Association (NORMA) is a shared risk pool comprised of the Cities of Bedford Heights, Chagrin Falls, Eastlake, Highland Heights, Hudson, Maple Heights, Mayfield Heights, Richmond Heights, Solon and South Euclid. NORMA was formed to enable its members to obtain property and liability insurance, including vehicles, and provide for a formalized, jointly administered self-insurance fund. The members formed a not-for-profit corporation known as NORMA, Inc. to administer the pool. NORMA is governed by a board of trustees that consists of the Mayor from each of the participating members.

Each entity must remain a member for at least three years from the commencement date of October 1, 1987, with the exception of Cities of Eastlake and Solon whose commencement date is October 1, 1989, and the City of Maple Heights, whose commencement date is October 1, 1993. After the initial three years, each City may extend its term in three-year increments.

Each member provides operating resources to NORMA based on actuarially determined rates. In the event of losses, the first \$2,500 of any valid claim will be paid by the member. The next payment, generally a maximum of \$100,000 per occurrence, will come from the self-insurance pool with any excess paid from the stop-loss coverage carried by the pool. Any loss over these amounts would be the obligation of the individual member. If the aggregate claims paid by the pool exceed the available resources, the pool may require the members to make additional supplementary payments up to a maximum of the regular annual payment.

In 2007, the City of South Euclid paid \$86,307 in premiums from the general fund, which represents 9.85 percent of total premiums. Financial information can be obtained by contacting the fiscal agent, the Finance Director at the City of Bedford Heights, 5661 Perkins Road, Bedford Heights, Ohio, 44146.

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2007

Note 10 - Capital Assets

Capital asset activity for the year ended December 31, 2007, was as follows:

Governmental Activities	Balance 12/31/2006	Additions	Deductions	Balance 12/31/2007
Capital Assets not being Depreciated:				
Land	\$1,182,897	\$0	\$0	\$1,182,897
Construction in Progress	679,646	7,492,899	0	8,172,545
Total Capital Assets not being Depreciated	<u>1,862,543</u>	<u>7,492,899</u>	<u>0</u>	<u>9,355,442</u>
Capital Assets being Depreciated:				
Buildings and Improvements	10,396,762	216,264	0	10,613,026
Equipment	2,750,789	17,319	(598,459)	2,169,649
Vehicles	4,173,754	108,940	(224,227)	4,058,467
Infrastructure:				
Streets	19,537,042	780,345	0	20,317,387
Bridges, Sewers and Culverts	12,118,346	449,754	0	12,568,100
Waterlines	2,413,372	0	0	2,413,372
Traffic Signals	36,907	10,825	0	47,732
Total Capital Assets being Depreciated	<u>51,426,972</u>	<u>1,583,447</u>	<u>(822,686)</u>	<u>52,187,733</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(6,823,082)	(406,922)	0	(7,230,004)
Equipment	(2,033,808)	(151,114)	598,459	(1,586,463)
Vehicles	(2,637,831)	(225,820)	143,600	(2,720,051)
Infrastructure:				
Streets	(5,883,994)	(595,451)	0	(6,479,445)
Bridges, Sewers and Culverts	(1,258,178)	(252,221)	0	(1,510,399)
Waterlines	(429,795)	(43,636)	0	(473,431)
Traffic Signals	(738)	(955)	0	(1,693)
Total Accumulated Depreciation	<u>(19,067,426)</u>	<u>(1,676,119) *</u>	<u>742,059</u>	<u>(20,001,486)</u>
Total Capital Assets being Depreciated, Net	<u>32,359,546</u>	<u>(92,672)</u>	<u>(80,627)</u>	<u>32,186,247</u>
Governmental Activities Capital Assets, Net	<u>\$34,222,089</u>	<u>\$7,400,227</u>	<u>(\$80,627)</u>	<u>\$41,541,689</u>

*Depreciation expense was charged to governmental activities as follows:

General Government:	
Legislative and Executive	\$1,805
Judicial System	5,668
Security of Persons and Property:	
Police	37,558
Fire	29,448
Leisure Time Activities	12,155
Building Department	6,514
Transportation	1,018,617
Basic Utility Services	481,668
Swimming Pools	82,686
Total Depreciation Expense	<u>\$1,676,119</u>

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2007

Note 11 – Assets Held for Resale

Assets held for resale represents ten plus acres of land on Cedar Road purchased by the City which will be sold for development purposes. The City has a developer’s agreement with the Coral Company who is scheduled to purchase the property by the end of 2008.

Note 12 - Note Debt

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

	Balance 12/31/2006	Additions	Reductions	Balance 12/31/2007
3.60% Land Acquisition Fund	\$0	\$1,800,000	\$0	\$1,800,000
4.09% Land Acquisition Fund	1,800,000	0	1,800,000	0
Total	\$1,800,000	\$1,800,000	\$1,800,000	\$1,800,000

In 2007, the City issued \$1,800,000 in Housing Development bond anticipation notes for acquiring real property and improving the site to assist in providing housing. These notes mature on December 18, 2008. The Housing Development bond anticipation notes that were issued in 2006 for \$1,800,000 matured on December 20, 2007.

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

Note 13 - Long-Term Obligations

Original issue amounts and interest rates of the City’s debt issues are as follows.

Debt Issue	Interest Rate	Original Issue	Year of Maturity
1998 Recreational Facilities			
Improvement Refunding Bonds:			
Current Interest Serial Bonds	4.0% to 4.4%	\$4,685,000	2003 to 2009
Capital Appreciation Bonds	4.75% to 4.85%	59,994	2010 to 2011
2003 Various Purpose General Obligation Bond	3.0% to 3.7%	9,400,000	2004 to 2018
2002 Parking Lot Improvement Special Assessment Bond	4.0% to 6.7%	630,000	1994 to 2014
OPWC Liberty Road Bridge Replacement	0%	755,891	2002 to 2022
OPWC Whitehall Road Bridge Replacement	0%	188,822	2006 to 2025
OPWC Bexley Infrastructure	0%	1,247,424	2005 to 2024
Land Acquisition Bond Anticipation Note	5.50%	17,000,000	2008
OWDA Stormwater Improvement	N/A	2,052,371	N/A
Police and Fire Pension	4.25%	391,010	1973 to 2035

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2007

A schedule of changes in bonds and other long-term obligations of the City during 2007 follows:

	Amount Outstanding 12/31/2006	Additions	Deletions	Amount Outstanding 12/31/2007	Amounts Due In One Year
Governmental Activities (Cont'd)					
<i>General Obligation Bonds</i>					
1998 Recreational Facilities					
Improvement Refunding Bonds					
Current Interest Serial Bonds	\$1,385,000	\$0	(\$435,000)	\$950,000	\$450,000
Capital Appreciation Bonds	59,994	0	0	59,994	0
Accretion on Capital Appreciation Bonds	415,506	108,230	0	523,736	0
Total 1998 Recreational Facilities Bonds	<u>1,860,500</u>	<u>108,230</u>	<u>(435,000)</u>	<u>1,533,730</u>	<u>450,000</u>
2003 Various Purpose General Obligation Bonds					
Premium on Various Purpose Bonds	7,835,000	0	(540,000)	7,295,000	555,000
	15,538	0	(1,292)	14,246	0
Total 2003 Various Purpose General Obligation Bonds	<u>7,850,538</u>	<u>0</u>	<u>(541,292)</u>	<u>7,309,246</u>	<u>555,000</u>
<i>Total General Obligation Bonds</i>	<u>9,711,038</u>	<u>108,230</u>	<u>(976,292)</u>	<u>8,842,976</u>	<u>1,005,000</u>
<i>Special Assessment Bonds</i>					
<i>with Governmental Commitment</i>					
2002 Parking Lot Improvement	340,000	0	(35,000)	305,000	35,000
<i>OPWC Loans:</i>					
Liberty Road Bridge Replacement	585,815	0	(37,795)	548,020	37,793
Whitehall Road Bridge Replacement	179,381	0	(9,441)	169,940	9,441
Bexley Infrastructure	1,091,497	0	(62,371)	1,029,126	62,371
Total OPWC Loans	<u>1,856,693</u>	<u>0</u>	<u>(109,607)</u>	<u>1,747,086</u>	<u>109,605</u>
Notes Payable	0	17,000,000	0	17,000,000	0
OWDA Stormwater Improvement	0	2,052,371	(77,970)	1,974,401	0
Police and Fire Pension	320,994	0	(5,971)	315,023	6,227
Capital Lease	468,522	0	(111,976)	356,546	117,578
Compensated Absences	1,098,004	251,029	(68,579)	1,280,454	218,363
<i>Total Governmental Activities</i>	<u>\$13,795,251</u>	<u>\$19,411,630</u>	<u>(\$1,385,395)</u>	<u>\$31,821,486</u>	<u>\$1,491,773</u>

In 1998, the City defeased a 1991 recreational facilities improvement bond issue in order to take advantage of lower interest rates. The proceeds of the new bonds were placed in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statements. On December 31, 2007, \$950,000 of the defeased bonds are still outstanding.

On August 15, 1998 the City issued \$4,744,994 in voted general obligation bonds which included serial and capital appreciation (deep discount) bonds in the amount of \$4,685,000 and \$59,994, respectively. The general obligation bonds were issued for the purpose of refunding a portion of the 1991 recreational facilities improvement bonds to take advantage of lower interest rates. The bonds were issued for a fourteen year period with a final maturity at December 1, 2011. The bonds will be retired from the general obligation bond retirement fund.

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2007

The serial and capital appreciation bonds remained outstanding at December 31, 2007. The capital appreciation bonds were originally sold at a discount of \$1,085,006, which is being accreted annually until the point of maturity of the capital appreciation bonds, which is December 1, 2011.

The 2003 Various Purpose General Obligation Bonds will be paid with revenues from the road improvement and flood control capital projects funds.

The Special Assessment Parking Lot Improvement Bonds will be paid with special assessment revenue from the special assessment bond retirement fund. The Special Assessment bond issue is backed by the full faith and credit of the City. In the event that an assessed property owner fails to make payments, the City will be required to pay the related debt.

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

The \$17,000,000 Land Acquisition Bond Anticipation note issued January 30, 2007 at 5.50 percent and outstanding at December 31, 2007, will mature January 29, 2008. The note will be paid from the land acquisition capital projects fund.

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

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

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

As of December 31, 2007, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$21,772,566 and the unvoted legal debt margin was \$7,103,242.

Principal and interest requirements to retire the City's long-term obligations outstanding at December 31, 2007 are as follows:

City of South Euclid, Ohio
Notes to the Basic Financial Statements
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	General Obligation Bonds				Special Assessment Bonds	
	Serial		Capital Appreciation		Principal	Interest
	Principal	Interest	Principal	Accretion		
2008	\$1,005,000	\$282,754	\$0	\$0	\$35,000	\$20,435
2009	1,065,000	246,304	0	0	40,000	18,090
2010	590,000	207,354	33,586	541,414	40,000	15,410
2011	610,000	189,654	26,408	543,592	45,000	12,730
2012	630,000	171,048	0	0	45,000	9,715
2013-2017	3,545,000	527,176	0	0	100,000	10,050
2018	800,000	29,600	0	0	0	0
Total	\$8,245,000	\$1,653,890	\$59,994	\$1,085,006	\$305,000	\$86,430

	Police and Fire Pension		OPWC Loans
	Principal	Interest	Principal
	2008	\$6,227	\$13,323
2009	6,495	13,055	109,607
2010	6,773	12,778	109,607
2011	7,065	12,486	109,607
2012	7,368	12,182	109,607
2013-2017	41,870	55,882	548,035
2018-2022	51,616	46,136	529,132
2023-2027	63,758	33,992	121,886
2028-2032	78,681	19,073	0
2033-2035	45,170	2,832	0
Total	\$315,023	\$221,739	\$1,747,086

Note 14 - Compensated Absences

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

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

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

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2007

Note 15 – Capital Lease

In 2007, the City entered into a capitalized lease obligation for eleven new Ford vehicles and a master leaf collection unit. In 2006, the City had entered into a capitalized lease obligation for four new vehicles. The leases meet the criteria for a capital lease as defined by the Statement of Financial Accounting Standards No. 13 “Accounting for Lease” and have been recorded on the government-wide statements. The original amounts capitalized for the capital leases and the book values as of December 31, 2007 follows:

	Amounts
Vehicles	\$573,475
Less: Accumulated Depreciation	(114,694)
Current Book Value	\$458,781

The following is a schedule of the future minimum leases payments required under the capital lease and the present value of the minimum lease payments as of December 31, 2007.

	Amounts
2008	\$135,501
2009	135,500
2010	121,420
Total Minimum Lease Payments	392,421
Less: Amount representing interest	35,875
Present Value of Minimum Lease Payments	\$356,546

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

Note 16 - Contingencies

A. *Litigation*

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

B. *Grants*

The City received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds.

City of South Euclid, Ohio
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However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2007.

Note 17 - Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

Plan Description – The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional 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. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only within the traditional pension plan.

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

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2007, members in state and local classifications contributed 9.5 percent of covered payroll, public safety members contributed 9.75 percent, and law enforcement members contributed 10.1 percent.

The City's contribution rate for 2007 was 13.85 percent, except for those plan members in law enforcement or public safety, for whom the City's contribution was 17.17 percent of covered payroll. For the period January 1 through June 30, a portion of the City's contribution equal to 5 percent of covered payroll was allocated to fund the post-employment health care plan; for the period July 1 through December 31, 2007 this amount was increased to 6 percent. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the City of 14 percent, except for public safety and law enforcement, where the maximum employer contribution rate is 18.1 percent.

The City's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 were \$301,464, \$323,402, and \$318,004 respectively; 70.16 percent has been contributed for 2007 and 100 percent for 2006 and 2005. Contributions to the member-directed plan for 2007 were \$2,490 made by the City and \$1,562 made by the plan members.

B. Ohio Police and Fire Pension Fund

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions

City of South Euclid, Ohio
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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.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations. The City's contribution was 19.5 percent for police officers and 24 percent for firefighters. Contribution rates are established by State statute. For 2007, a portion of the City's contribution equal to 6.75 percent of covered payroll was allocated to fund the post-employment health care plan. The City's pension contributions to OP&F for police and firefighters were \$327,665 and \$388,910 for the year ended December 31, 2007, \$323,843 and \$369,349 for the year ended December 31, 2006, and \$315,332 and \$370,057 for the year ended December 31, 2005. The full amount has been contributed for 2006 and 2005. 67.86 percent has been contributed for police and 67.36 percent has been contributed for firefighters for 2007.

In addition to current contributions, the City pays installments on the accrued liability incurred when the State of Ohio established the statewide pension system for police and fire fighters in 1967. As of December 31, 2007, the unfunded liability of the City was \$315,023 payable in semi-annual payments through the year of 2035. This is an accounting liability of the City which will not vary.

Note 18 - Postemployment Benefits

A. Ohio Public Employees Retirement System

Plan Description – OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the traditional and combined pension plans. Members of the member directed plan do not qualify for ancillary benefits, including post-employment health care. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

To qualify for post-employment health care coverage, age and service retirees under the traditional and combined plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not require, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). State statute requires that public employers fund post-employment health care through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2007, local government employers contributed 13.85 percent of covered payroll (17.17 percent for public safety and law enforcement). Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding post-employment health care benefits. The

City of South Euclid, Ohio
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amount of the employer contributions which was allocated to fund post-employment health care was 5.00 percent of covered payroll from January 1 through June 30, 2007 and 6.00 percent from July 1 through December 31, 2007.

The retirement board is also authorized to establish rules for the payment of a portion of the health care benefits by the retiree or the retiree's surviving beneficiaries. Payments amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The City's contribution allocated to fund post-employment health care benefits for the years ended December 31, 2007, 2006, and 2005 were \$198,569, \$158,186 and \$143,185 respectively; 70.16 percent has been contributed for 2007 and 100 percent for 2006 and 2005.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan with was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

B. Police and Firemen's Disability and Pension Fund

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

OP&F provides access to post-retirement healthcare coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit or is a spouse or eligible dependent child of such person.

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

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

Funding policy – OP&F's post-employment healthcare plan was established and is administered as an Internal Revenue Code 401(h) account within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees. The Ohio Revised Code sets the contribution rates for participating employers and for plan members to the OP&F. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.50 percent and 24.00 percent of covered payroll for police and fire employers, respectively.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made to the pension plan to the 401(h) account as the employer contribution for retiree healthcare benefits. For the year ended December 31, 2007, the employer contribution allocated to the healthcare plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the trustees' primary responsibility to ensure that pension benefits are adequately funded and also is limited by the provisions of Section 401(h).

City of South Euclid, Ohio
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The OP&F Board of Trustees is also authorized to establish requirements for contributions to the healthcare plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the OPEB Plan.

The City's contributions to OP&F which were allocated to fund post-employment health care benefits for police and firefighters were \$216,120 and \$185,480 for the year ended December 31, 2007, \$213,598 and \$176,151 for the year ended December 31, 2006, and \$207,985 and \$170,796 for the year ended December 31, 2005. The full amount has been contributed for 2006 and 2005. 67.86 percent has been contributed for police and 67.36 percent has been contributed for firefighters for 2007.

Note 19 - Joint Ventures

A. Tri-City Consortium on Aging

The Tri-City Consortium on Aging (Consortium) is a joint venture among the Cities of South Euclid, Lyndhurst and Highland Heights, formed for the purpose of coordinating among the cities all matters related to assistance and programs for the aged. Consortium revenues consist of contributions from the member cities and federal grants. The Consortium is controlled by the Council composed of the Mayors of the Cities of South Euclid, Lyndhurst, and Highland Heights, with the advice of a nine member commission. Continued existence of the Consortium is dependent on the City's continued participation; however the City of South Euclid has no explicit and measurable equity interest in the Consortium. The Consortium is not accumulating financial resources or experiencing fiscal stress which would cause additional financial benefit to or burden on the City. In 2007, the City contributed \$226,335, paid from the general fund, which represented 50.2 percent of Consortium revenues. To obtain a copy of the Consortium's financial statements, write to the Tri-City Consortium on Aging, 1370 Victory Drive, South Euclid, Ohio, 44121.

B. South Euclid-Lyndhurst Recreation Commission

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

The operation of SELREC is controlled by a nine member board consisting of the following: one member appointed by the Mayor of the City of South Euclid and one member appointed by the Mayor of the City of Lyndhurst, three members that are residents of the City of South Euclid, three members that are residents of the City of Lyndhurst, and one member that is a resident of the South Euclid-Lyndhurst City School District and that lives in either the City of South Euclid or the City of Lyndhurst (jointly appointed by the Mayors of the Cities of South Euclid and Lyndhurst). The continued existence of the joint venture depends on the City's continued participation. SELREC is not accumulating significant financial resources or experiencing fiscal stress which would cause additional benefit or burden on the City. In 2007, the City contributed \$37,424. The City also has a measurable equity interest in SELREC because the joint venture agreement stipulates that the participants have a claim to assets and sets forth the method of distribution upon dissolution of the joint venture. SELREC has no capital assets. SELREC is audited on a two-year basis; the latest reported is for the fiscal year ended June 30, 2006. Financial statements can be obtained by contacting the fiscal agent, South Euclid-Lyndhurst City School District, 6044 Mayfield Road, Lyndhurst, Ohio 44124.

City of South Euclid, Ohio
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Note 20 - Jointly Governed Organizations

A. Northeast Ohio Public Energy Council

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

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each county then elect one person to serve on the eight-member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. The City of South Euclid did not contribute to NOPEC during 2007. Financial information can be obtained by contacting Joseph Migliorini, Board Chairman, at 175 South Main Street, Akron, Ohio 44308.

B. First Suburbs Consortium of Northeast Ohio Council of Governments

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

The Council is governed by an Assembly made up of one representative from each member community. The representatives then elect the Governing Board made up of a Chair, Vice Chair and other members elected in annual elections. The Board oversees and manages the council. The degree of control exercised by any participating government is limited to its representation in the Assembly and on the Board. During 2007, the City of South Euclid contributed \$3,000 to the Council. Financial information can be obtained by contacting First Suburbs Consortium of Northeast Ohio Council of Governments, 40 Severance Circle, Cleveland Heights, Ohio 44118.

C. Heights Area Special Rescue Team

The City is a member of the Heights Area Special Rescue Team (HASRT). HASRT is a council of governments formed under Ohio Revised Code Chapter 167. The governing body of HASRT is comprised of the five Fire Chiefs of the member cities. HASRT was established to provide mutual aid for the provision of emergency fire protection and rescue squad services and to organize, train and equip a special rescue team to conduct rescue activities requiring unusual training and/or equipment in participating communities. Annual member receipts are based on an agreed formula based on the member cities population. During 2007, the City of South Euclid contributed \$6,747 to HASRT. Financial information can be obtained by contacting Heights Area Special Rescue Team, 3400 Lee Road, Shaker Heights, Ohio, 44120.

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2007

Note 21 - Interfund Transactions

A. Interfund Balances

Interfund balances at December 31, 2007 consist of an interfund receivable in the general fund for \$125,000 and an interfund payable in the operation home improvement special revenue fund for \$125,000. The interfund payable was an advance for grant monies that the fund will receive at a later date. This is expected to be paid within one year.

B. Interfund Transfers

Interfund transfers for the year ended December 31, 2007, consisted of the following:

Transfers To	Transfers From		Total
	General	Recreation Improvement	
Other Governmental Funds:			
Parking Lots and Meters	\$25,000	\$0	\$25,000
Swimming Pools	220,000	0	220,000
Police Range	10,547	0	10,547
Sewer Rental	100,000	0	100,000
General Capital Improvement	470,000	25,000	495,000
Safety Forces Vehicle	200,000	0	200,000
Road Improvement	600,000	0	600,000
<i>Total</i>	<u>\$1,625,547</u>	<u>\$25,000</u>	<u>\$1,650,547</u>

The transfers from the general fund to the parking lots and meters, swimming pools, police range and sewer rental special revenue funds were to cover general operating expenditures. The general capital improvement capital project fund received a transfer from the general fund to help cover general operating expenditures. The safety forces vehicle capital projects funds received transfers from the general fund to fund future capital purchases. Capital purchases in the safety forces vehicle fund will benefit the police and fire departments. A transfer from the general fund to the road improvement capital projects fund was made as a supplement to tax levy proceeds to cover costs. The transfer from the recreation improvement fund to the general capital improvement fund was made to help cover costs associated with building Splash Park.

Note 22 – Subsequent Events

On January 28, 2008, the City issued \$18,010,000 in general obligation real estate acquisition and urban development notes at a rate of 4.50 percent, maturing on January 27, 2009, in anticipation of the issuance of bonds.

**Combining and Individual
Fund Statements and Schedules**

Combining Statements – Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

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

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

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

Street Construction, Maintenance and Repair Fund The Street Construction, Maintenance and Repair Fund accounts for ninety-two and one half percent of the State gasoline tax and motor vehicle registration fees designated for street maintenance and repair.

State Highway Fund The State Highway Fund accounts for seven and one half percent of the State gasoline tax and motor vehicle registration fees designated for maintenance and repair of state highways within the City.

Parking Lots and Meters Fund The Parking Lots and Meters Fund accounts for the operations of the parking lots within the City.

Swimming Pools Fund The Swimming Pools Fund accounts for the operations of the City's three pools.

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

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

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

FEMA Firefighters Grant Fund The FEMA Firefighters Grant Fund accounts for monies received from the Federal Emergency Management Agency to be expended on personal protective equipment for use by the fire department.

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

Sewer Rental Fund The Sewer Rental Fund accounts for service assessment revenue that is expended for the maintenance of the sewer system within the City.

Police Pension Fund The Police Pension Fund accounts for the accumulation of property taxes levied for the payment of current employer's pension contributions and the long-term accounting liability.

Fire Pension Fund The Fire Pension Fund accounts for the accumulation of property taxes levied for the payment of current employer's pension contributions and the long-term accounting liability.

(continued)

Combining Statements – Nonmajor Governmental Funds (continued)

Nonmajor Debt Service Funds

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term and special assessment principal, interest and related costs.

General Obligation Bond Retirement Fund The General Obligation Bond Retirement Fund accounts for property tax collections which are used to pay the voted general obligation refunding bonds principal, interest, and related costs.

Special Assessment Bond Retirement Fund The Special Assessment Bond Retirement Fund accounts for the retirement of debt issued to finance public improvements deemed to benefit the properties against which special assessments are levied.

Nonmajor Capital Projects Funds

Capital Projects Funds are established to account for financial resources to be used for the construction or acquisition of major capital facilities.

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

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

Recreation Improvement Fund The Recreation Improvement Fund accounts for resources set aside for the improvement of City parks.

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

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

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

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

Sewer Rehabilitation Fund The Sewer Rehabilitation Fund accounts for service assessments that are expended for improvements to the sanitary sewer system within the City which are required by the Environmental Protection Agency.

City of South Euclid, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2007

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Equity in Pooled Cash and				
Cash Equivalents	\$873,300	\$776,932	\$1,561,106	\$3,211,338
Materials and Supplies Inventory	105,709	0	0	105,709
Accounts Receivable	690	0	0	690
Intergovernmental Receivable	453,370	28,524	31,201	513,095
Property Taxes Receivable	249,688	457,759	528,243	1,235,690
Special Assessments Receivable	777,139	407,536	0	1,184,675
<i>Total Assets</i>	<u>\$2,459,896</u>	<u>\$1,670,751</u>	<u>\$2,120,550</u>	<u>\$6,251,197</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$59,495	\$0	\$121,175	\$180,670
Accrued Wages	31,425	0	0	31,425
Contracts Payable	0	0	96,837	96,837
Intergovernmental Payable	91,027	0	0	91,027
Interfund Payable	125,000	0	0	125,000
Deferred Revenue	1,405,909	893,819	559,444	2,859,172
<i>Total Liabilities</i>	<u>1,712,856</u>	<u>893,819</u>	<u>777,456</u>	<u>3,384,131</u>
Fund Balances				
Reserved for Encumbrances	28,924	0	392,844	421,768
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	718,116	0	0	718,116
Debt Service Funds	0	776,932	0	776,932
Capital Projects Funds	0	0	950,250	950,250
<i>Total Fund Balances</i>	<u>747,040</u>	<u>776,932</u>	<u>1,343,094</u>	<u>2,867,066</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$2,459,896</u>	<u>\$1,670,751</u>	<u>\$2,120,550</u>	<u>\$6,251,197</u>

City of South Euclid, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2007

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Property Taxes	\$247,646	\$450,806	\$539,463	\$1,237,915
Special Assessments	750,084	55,557	0	805,641
Intergovernmental	999,144	57,048	62,402	1,118,594
Fees, Licenses and Permits	11,135	0	0	11,135
Fines and Forfeitures	1,226	0	0	1,226
Charges for Services	151,402	0	0	151,402
Other	37,211	0	23,086	60,297
<i>Total Revenues</i>	<u>2,197,848</u>	<u>563,411</u>	<u>624,951</u>	<u>3,386,210</u>
Expenditures				
Current:				
General Government:				
Legislative and Executive	0	5,257	0	5,257
Security of Persons and Property:				
Police	151,727	0	0	151,727
Fire	150,076	0	0	150,076
Transportation	1,151,733	0	0	1,151,733
Basic Utility Services	1,008,309	0	0	1,008,309
Swimming Pools	298,761	0	0	298,761
Capital Outlay	0	0	1,813,330	1,813,330
Debt Service:				
Principal Retirement	0	470,000	341,976	811,976
Interest and Fiscal Charges	0	83,811	132,985	216,796
<i>Total Expenditures</i>	<u>2,760,606</u>	<u>559,068</u>	<u>2,288,291</u>	<u>5,607,965</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(562,758)</u>	<u>4,343</u>	<u>(1,663,340)</u>	<u>(2,221,755)</u>
Other Financing Sources (Uses)				
Transfers In	355,547	0	1,295,000	1,650,547
Transfers Out	0	0	(25,000)	(25,000)
<i>Total Other Financing Sources (Uses)</i>	<u>355,547</u>	<u>0</u>	<u>1,270,000</u>	<u>1,625,547</u>
<i>Net Change in Fund Balances</i>	(207,211)	4,343	(393,340)	(596,208)
<i>Fund Balances Beginning of Year</i>	<u>954,251</u>	<u>772,589</u>	<u>1,736,434</u>	<u>3,463,274</u>
<i>Fund Balances End of Year</i>	<u><u>\$747,040</u></u>	<u><u>\$776,932</u></u>	<u><u>\$1,343,094</u></u>	<u><u>\$2,867,066</u></u>

City of South Euclid, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2007

	Operation Home Improvement	COPS Grant	Street Construction, Maintenance and Repair	State Highway
Assets				
Equity in Pooled Cash and				
Cash Equivalents	\$100,706	\$1,451	\$248,635	\$23,489
Materials and Supplies Inventory	0	0	105,709	0
Accounts Receivable	0	0	0	0
Intergovernmental Receivable	0	0	345,988	28,053
Property Taxes Receivable	0	0	0	0
Special Assessments Receivable	0	0	0	0
<i>Total Assets</i>	<u>\$100,706</u>	<u>\$1,451</u>	<u>\$700,332</u>	<u>\$51,542</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$17,150	\$0	\$7,861	\$0
Accrued Wages	0	0	20,128	1,638
Intergovernmental Payable	0	0	19,660	1,778
Interfund Payable	125,000	0	0	0
Deferred Revenue	0	0	286,773	23,252
<i>Total Liabilities</i>	<u>142,150</u>	<u>0</u>	<u>334,422</u>	<u>26,668</u>
Fund Balances				
Reserved for Encumbrances	1,472	0	15,159	0
Unreserved, Undesignated (Deficit)	(42,916)	1,451	350,751	24,874
<i>Total Fund Balances (Deficit)</i>	<u>(41,444)</u>	<u>1,451</u>	<u>365,910</u>	<u>24,874</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$100,706</u>	<u>\$1,451</u>	<u>\$700,332</u>	<u>\$51,542</u>

<u>Parking Lots and Meters</u>	<u>Swimming Pools</u>	<u>Permissive Motor Vehicle License</u>	<u>Police Range</u>	<u>Law Enforcement</u>	<u>FEMA Firefighters Grant</u>	<u>Street Lighting</u>
\$13,002	\$37,999	\$27,335	\$10,547	\$137,038	\$12,329	\$179,344
0	0	0	0	0	0	0
690	0	0	0	0	0	0
0	0	63,771	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	404,767
<u>\$13,692</u>	<u>\$37,999</u>	<u>\$91,106</u>	<u>\$10,547</u>	<u>\$137,038</u>	<u>\$12,329</u>	<u>\$584,111</u>
\$0	\$1,240	\$0	\$0	\$0	\$0	\$32,812
233	0	0	0	0	0	0
381	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	53,499	0	0	0	404,767
614	1,240	53,499	0	0	0	437,579
406	1,109	1,215	0	507	0	0
12,672	35,650	36,392	10,547	136,531	12,329	146,532
13,078	36,759	37,607	10,547	137,038	12,329	146,532
<u>\$13,692</u>	<u>\$37,999</u>	<u>\$91,106</u>	<u>\$10,547</u>	<u>\$137,038</u>	<u>\$12,329</u>	<u>\$584,111</u>

(continued)

City of South Euclid, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2007

	Sewer Rental	Police Pension	Fire Pension	Total Nonmajor Special Revenue Funds
Assets				
Equity in Pooled Cash and				
Cash Equivalents	\$59,184	\$11,121	\$11,120	\$873,300
Materials and Supplies Inventory	0	0	0	105,709
Accounts Receivable	0	0	0	690
Intergovernmental Receivable	0	7,779	7,779	453,370
Property Taxes Receivable	0	124,844	124,844	249,688
Special Assessments Receivable	372,372	0	0	777,139
<i>Total Assets</i>	<u>\$431,556</u>	<u>\$143,744</u>	<u>\$143,743</u>	<u>\$2,459,896</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$432	\$0	\$0	\$59,495
Accrued Wages	9,426	0	0	31,425
Intergovernmental Payable	9,208	30,000	30,000	91,027
Interfund Payable	0	0	0	125,000
Deferred Revenue	372,372	132,623	132,623	1,405,909
<i>Total Liabilities</i>	<u>391,438</u>	<u>162,623</u>	<u>162,623</u>	<u>1,712,856</u>
Fund Balances				
Reserved for Encumbrances	9,056	0	0	28,924
Unreserved, Undesignated (Deficit)	31,062	(18,879)	(18,880)	718,116
<i>Total Fund Balances (Deficit)</i>	<u>40,118</u>	<u>(18,879)</u>	<u>(18,880)</u>	<u>747,040</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$431,556</u>	<u>\$143,744</u>	<u>\$143,743</u>	<u>\$2,459,896</u>

City of South Euclid, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2007

	Operation Home Improvement	COPS Grant	Street Construction, Maintenance and Repair	State Highway
Revenues				
Property Taxes	\$0	\$0	\$0	\$0
Special Assessments	0	0	0	0
Intergovernmental	56,143	0	715,094	56,196
Fees, Licenses and Permits	0	0	0	0
Fines and Forfeitures	0	0	0	0
Charges for Services	0	0	7,203	0
Other	0	0	15,128	0
<i>Total Revenues</i>	<u>56,143</u>	<u>0</u>	<u>737,425</u>	<u>56,196</u>
Expenditures				
Current:				
Security of Persons and Property:				
Police	0	162	0	0
Fire	0	0	0	0
Transportation	0	0	932,319	45,629
Basic Utility Services	103,331	0	0	0
Swimming Pools	0	0	0	0
<i>Total Expenditures</i>	<u>103,331</u>	<u>162</u>	<u>932,319</u>	<u>45,629</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(47,188)	(162)	(194,894)	10,567
Other Financing Sources				
Transfers In	0	0	0	0
<i>Net Change in Fund Balances</i>	(47,188)	(162)	(194,894)	10,567
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>5,744</u>	<u>1,613</u>	<u>560,804</u>	<u>14,307</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>(\$41,444)</u>	<u>\$1,451</u>	<u>\$365,910</u>	<u>\$24,874</u>

(continued)

City of South Euclid, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds (continued)
For the Year Ended December 31, 2007

	Parking Lots and Meters	Swimming Pools	Permissive Motor Vehicle License	Police Range
Revenues				
Property Taxes	\$0	\$0	\$0	\$0
Special Assessments	0	0	0	0
Intergovernmental	0	0	130,427	0
Fees, Licenses and Permits	10,835	0	300	0
Fines and Forfeitures	0	0	0	0
Charges for Services	21,221	114,041	0	0
Other	0	0	0	0
<i>Total Revenues</i>	<u>32,056</u>	<u>114,041</u>	<u>130,727</u>	<u>0</u>
Expenditures				
Current:				
Security of Persons and Property:				
Police	0	0	0	0
Fire	0	0	0	0
Transportation	0	0	173,785	0
Basic Utility Services	64,033	0	0	0
Swimming Pools	0	298,761	0	0
<i>Total Expenditures</i>	<u>64,033</u>	<u>298,761</u>	<u>173,785</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(31,977)	(184,720)	(43,058)	0
Other Financing Sources				
Transfers In	<u>25,000</u>	<u>220,000</u>	<u>0</u>	<u>10,547</u>
<i>Net Change in Fund Balances</i>	(6,977)	35,280	(43,058)	10,547
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>20,055</u>	<u>1,479</u>	<u>80,665</u>	<u>0</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$13,078</u>	<u>\$36,759</u>	<u>\$37,607</u>	<u>\$10,547</u>

Law Enforcement	FEMA Firefighters Grant	Street Lighting	Sewer Rental	Police Pension	Fire Pension	Total Nonmajor Special Revenue Funds
\$0	\$0	\$0	\$0	\$123,823	\$123,823	\$247,646
0	0	380,923	369,161	0	0	750,084
10,166	0	0	0	15,559	15,559	999,144
0	0	0	0	0	0	11,135
1,226	0	0	0	0	0	1,226
0	0	0	8,937	0	0	151,402
22,083	0	0	0	0	0	37,211
33,475	0	380,923	378,098	139,382	139,382	2,197,848
1,489	0	0	0	150,076	0	151,727
0	0	0	0	0	150,076	150,076
0	0	0	0	0	0	1,151,733
0	0	397,378	443,567	0	0	1,008,309
0	0	0	0	0	0	298,761
1,489	0	397,378	443,567	150,076	150,076	2,760,606
31,986	0	(16,455)	(65,469)	(10,694)	(10,694)	(562,758)
0	0	0	100,000	0	0	355,547
31,986	0	(16,455)	34,531	(10,694)	(10,694)	(207,211)
105,052	12,329	162,987	5,587	(8,185)	(8,186)	954,251
\$137,038	\$12,329	\$146,532	\$40,118	(\$18,879)	(\$18,880)	\$747,040

City of South Euclid, Ohio
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2007

	General Obligation Bond Retirement	Special Assessment Bond Retirement	Total Nonmajor Debt Service Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$631,492	\$145,440	\$776,932
Intergovernmental Receivable	28,524	0	28,524
Property Taxes Receivable	457,759	0	457,759
Special Assessments Receivable	0	407,536	407,536
<i>Total Assets</i>	<u>\$1,117,775</u>	<u>\$552,976</u>	<u>\$1,670,751</u>
Liabilities and Fund Balances			
Liabilities			
Deferred Revenue	\$486,283	\$407,536	\$893,819
Fund Balances			
Unreserved, Undesignated	<u>631,492</u>	<u>145,440</u>	<u>776,932</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$1,117,775</u>	<u>\$552,976</u>	<u>\$1,670,751</u>

City of South Euclid, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended December 31, 2007

	General Obligation Bond Retirement	Special Assessment Bond Retirement	Total Nonmajor Debt Service Funds
Revenues			
Property Taxes	\$450,806	\$0	\$450,806
Special Assessments	0	55,557	55,557
Intergovernmental	57,048	0	57,048
<i>Total Revenues</i>	<u>507,854</u>	<u>55,557</u>	<u>563,411</u>
Expenditures			
General Government:			
Legislative & Executive	5,257	0	5,257
Debt Service:			
Principal Retirement	435,000	35,000	470,000
Interest and Fiscal Charges	60,505	23,306	83,811
<i>Total Expenditures</i>	<u>500,762</u>	<u>58,306</u>	<u>559,068</u>
<i>Net Change in Fund Balances</i>	7,092	(2,749)	4,343
<i>Fund Balances Beginning of Year</i>	<u>624,400</u>	<u>148,189</u>	<u>772,589</u>
<i>Fund Balances End of Year</i>	<u><u>\$631,492</u></u>	<u><u>\$145,440</u></u>	<u><u>\$776,932</u></u>

City of South Euclid, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2007

	General Capital Improvements	Safety Forces Vehicle	Recreation Improvement	Road Improvement
Assets				
Equity in Pooled Cash and Cash Equivalents	\$406,891	\$417,059	\$22,232	\$246,162
Intergovernmental Receivable	0	0	0	31,201
Property Taxes Receivable	0	0	0	528,243
<i>Total Assets</i>	<u>\$406,891</u>	<u>\$417,059</u>	<u>\$22,232</u>	<u>\$805,606</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$95,975	\$25,200	\$0	\$0
Contracts Payable	0	0	0	96,837
Deferred Revenue	0	0	0	559,444
<i>Total Liabilities</i>	<u>95,975</u>	<u>25,200</u>	<u>0</u>	<u>656,281</u>
Fund Balances				
Reserved for Encumbrances	24,410	21,998	0	40,529
Unreserved, Undesignated	286,506	369,861	22,232	108,796
<i>Total Fund Balances</i>	<u>310,916</u>	<u>391,859</u>	<u>22,232</u>	<u>149,325</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$406,891</u>	<u>\$417,059</u>	<u>\$22,232</u>	<u>\$805,606</u>

Sidewalk Improvement	Stanhope Parking Lot	Issue II	Sewer Rehabilitation	Total Nonmajor Capital Projects Funds
\$7	\$2,853	\$464,651	\$1,251	\$1,561,106
0	0	0	0	31,201
0	0	0	0	528,243
<u>\$7</u>	<u>\$2,853</u>	<u>\$464,651</u>	<u>\$1,251</u>	<u>\$2,120,550</u>
\$0	\$0	\$0	\$0	\$121,175
0	0	0	0	96,837
0	0	0	0	559,444
0	0	0	0	777,456
0	0	305,907	0	392,844
7	2,853	158,744	1,251	950,250
7	2,853	464,651	1,251	1,343,094
<u>\$7</u>	<u>\$2,853</u>	<u>\$464,651</u>	<u>\$1,251</u>	<u>\$2,120,550</u>

City of South Euclid, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2007

	General Capital Improvements	Safety Forces Vehicle	Recreation Improvement	Road Improvement
Revenues				
Property Taxes	\$0	\$0	\$0	\$539,463
Intergovernmental	0	0	0	62,402
Other	1,686	21,400	0	0
<i>Total Revenues</i>	<u>1,686</u>	<u>21,400</u>	<u>0</u>	<u>601,865</u>
Expenditures				
Capital Outlay	532,277	496,764	0	784,289
Debt Service:				
Principal Retirement	111,976	0	0	230,000
Interest and Fiscal Charges	23,525	0	0	109,460
<i>Total Expenditures</i>	<u>667,778</u>	<u>496,764</u>	<u>0</u>	<u>1,123,749</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(666,092)</u>	<u>(475,364)</u>	<u>0</u>	<u>(521,884)</u>
Other Financing Sources (Uses)				
Transfers In	495,000	200,000	0	600,000
Transfers Out	0	0	(25,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>495,000</u>	<u>200,000</u>	<u>(25,000)</u>	<u>600,000</u>
<i>Net Change in Fund Balances</i>	<u>(171,092)</u>	<u>(275,364)</u>	<u>(25,000)</u>	<u>78,116</u>
<i>Fund Balances Beginning of Year</i>	<u>482,008</u>	<u>667,223</u>	<u>47,232</u>	<u>71,209</u>
<i>Fund Balances End of Year</i>	<u><u>\$310,916</u></u>	<u><u>\$391,859</u></u>	<u><u>\$22,232</u></u>	<u><u>\$149,325</u></u>

Sidewalk Improvement	Stanhope Parking Lot	Issue II	Sewer Rehabilitation	Total Nonmajor Capital Projects Funds
\$0	\$0	\$0	\$0	\$539,463
0	0	0	0	62,402
0	0	0	0	23,086
0	0	0	0	624,951
0	0	0	0	1,813,330
0	0	0	0	341,976
0	0	0	0	132,985
0	0	0	0	2,288,291
0	0	0	0	(1,663,340)
0	0	0	0	1,295,000
0	0	0	0	(25,000)
0	0	0	0	1,270,000
0	0	0	0	(393,340)
7	2,853	464,651	1,251	1,736,434
\$7	\$2,853	\$464,651	\$1,251	\$1,343,094

Combining Statement - Agency Fund

Agency Fund

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

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

City of South Euclid, Ohio
Statement of Changes in Assets and Liabilities
Agency Fund
For the Year Ended December 31, 2007

	Beginning Balance 12/31/06	Additions	Deductions	Ending Balance 12/31/07
<i>Deposits Fund</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$962,854	\$627,348	\$401,529	\$1,188,673
Liabilities				
Deposits Held and Due to Others	\$962,854	\$627,348	\$401,529	\$1,188,673

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

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2007

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	\$3,779,036	\$3,780,761	\$4,263,171	\$482,410
Income Taxes	7,478,692	7,482,103	8,436,791	954,688
Intergovernmental	1,917,355	1,918,229	2,162,988	244,759
Interest	787,401	787,760	888,275	100,515
Fees, Licenses and Permits	334,365	334,518	377,201	42,683
Fines and Forfeitures	476,660	476,877	537,725	60,848
Rentals	553,354	553,607	624,245	70,638
Charges for Services	393,489	393,668	443,899	50,231
Other	125,135	125,192	133,698	8,506
<i>Total Revenues</i>	<u>15,845,487</u>	<u>15,852,715</u>	<u>17,867,993</u>	<u>2,015,278</u>
Expenditures				
Current:				
General Government:				
Legislative and Executive:				
Council				
Personal Services	72,700	73,200	68,466	4,734
Materials and Supplies	19,850	19,850	9,940	9,910
Other	7,000	7,000	3,590	3,410
Total Council	<u>99,550</u>	<u>100,050</u>	<u>81,996</u>	<u>18,054</u>
Mayor				
Personal Services	150,335	150,335	149,977	358
Contractual Services	250	1,950	1,689	261
Materials and Supplies	4,750	4,290	3,921	369
Other	9,581	9,341	9,133	208
Total Mayor	<u>164,916</u>	<u>165,916</u>	<u>164,720</u>	<u>1,196</u>
Finance Department				
Personal Services	300,370	302,370	274,999	27,371
Contractual Services	32,950	32,950	19,820	13,130
Materials and Supplies	7,600	7,600	6,947	653
Other	8,039	8,039	4,939	3,100
Total Finance Department	<u>348,959</u>	<u>350,959</u>	<u>306,705</u>	<u>44,254</u>
Law Director				
Personal Services	130,700	142,800	134,642	8,158
Contractual Services	225,045	213,545	192,584	20,961
Materials and Supplies	9,000	9,500	9,349	151
Other	21,234	21,234	17,602	3,632
Total Law Director	<u>385,979</u>	<u>387,079</u>	<u>354,177</u>	<u>32,902</u>
Civil Service				
Personal Services	7,800	7,900	7,510	390
Contractual Services	26,760	23,260	3,260	20,000
Other	1,580	5,080	3,167	1,913
Total Civil Service	<u>\$36,140</u>	<u>\$36,240</u>	<u>\$13,937</u>	<u>\$22,303</u>

(continued)

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2007

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Municipal Complex				
Personal Services	\$100,502	\$100,702	\$87,474	\$13,228
Contractual Services	408,699	403,199	383,810	19,389
Materials and Supplies	17,000	38,500	33,302	5,198
Other	48,739	32,739	26,273	6,466
Total Municipal Complex	574,940	575,140	530,859	44,281
Engineer				
Personal Services	18,950	19,150	18,258	892
Contractual Services	4,288	54,063	29,755	24,308
Other	68,059	18,284	0	18,284
Total Engineer	91,297	91,497	48,013	43,484
Mandated				
Contractual Services	2,482,950	565,000	471,225	93,775
General Services				
Personal Services	0	70,150	60,268	9,882
Contractual Services	0	351,950	347,198	4,752
Other	3,363	116,863	77,685	39,178
Total General Services	3,363	538,963	485,151	53,812
Total Legislative and Executive	4,188,094	2,810,844	2,456,783	354,061
Judicial System:				
Municipal Court				
Personal Services	454,250	457,050	431,391	25,659
Contractual Services	5,500	7,305	5,837	1,468
Materials and Supplies	27,916	31,716	30,261	1,455
Other	17,330	11,725	5,920	5,805
Total Judicial System	504,996	507,796	473,409	34,387
Total General Government	4,693,090	3,318,640	2,930,192	388,448
Security of Persons and Property:				
Police:				
Police Department				
Personal Services	4,908,352	4,581,489	4,312,536	268,953
Contractual Services	87,234	74,534	63,434	11,100
Materials and Supplies	100,721	123,721	118,407	5,314
Other	140,056	139,756	137,681	2,075
Total Police	5,236,363	4,919,500	4,632,058	287,442
Dispatchers				
Personal Services	0	357,663	351,261	6,402
Total Police	\$5,236,363	\$5,277,163	\$4,983,319	\$293,844

(continued)

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2007

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Fire:				
Fire Department				
Personal Services	\$3,610,867	\$3,626,867	\$3,480,330	\$146,537
Contractual Services	83,446	132,946	102,906	30,040
Materials and Supplies	72,716	57,716	47,191	10,525
Other	91,688	79,688	67,103	12,585
Total Fire Department	3,858,717	3,897,217	3,697,530	199,687
Fire Hydrants				
Contractual Services	23,000	23,000	21,298	1,702
Materials and Supplies	8,000	8,000	7,077	923
Total Fire Hydrants	31,000	31,000	28,375	2,625
Total Fire	3,889,717	3,928,217	3,725,905	202,312
Total Security of Persons and Property	9,126,080	9,205,380	8,709,224	496,156
Public Health Services:				
Health and Human Services				
Contractual Services	143,575	143,575	139,556	4,019
Leisure Time Activities:				
Recreation Department				
Personal Services	106,631	107,831	97,654	10,177
Contractual Services	56,524	56,524	43,716	12,808
Materials and Supplies	5,200	5,200	2,366	2,834
Other	230,405	230,405	9,397	221,008
Total Recreation Department	398,760	399,960	153,133	246,827
Community Center				
Personal Services	126,060	133,510	112,576	20,934
Contractual Services	47,181	44,181	36,797	7,384
Materials and Supplies	42,463	38,963	31,764	7,199
Other	90,855	90,855	79,843	11,012
Total Community Center	306,559	307,509	260,980	46,529
Total Leisure Time Activities	705,319	707,469	414,113	293,356
Community Development:				
Boards and Commissions				
Personal Services	35,300	34,800	34,608	192
Contractual Services	0	900	200	700
Other	830	830	80	750
Total Boards and Commissions	36,130	36,530	34,888	1,642
Community Relations				
Personal Services	0	59,540	58,533	1,007
Contractual Services	10,235	10,235	0	10,235
Materials and Supplies	101	1,501	1,175	326
Other	7,839	25,463	16,705	8,758
Total Community Relations	\$18,175	\$96,739	\$76,413	\$20,326

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Economic Development Department:				
Economic Development Department				
Personal Services	\$162,870	\$104,630	\$104,031	\$599
Contractual Services	36,650	36,650	36,650	0
Materials and Supplies	1,350	1,350	370	980
Other	23,950	20,450	18,124	2,326
Total Economic Development Department	<u>224,820</u>	<u>163,080</u>	<u>159,175</u>	<u>3,905</u>
Total Community Development	<u>279,125</u>	<u>296,349</u>	<u>270,476</u>	<u>25,873</u>
Building Department:				
Building Department				
Personal Services	617,600	616,500	605,610	10,890
Contractual Services	21,100	26,100	23,112	2,988
Materials and Supplies	19,430	19,430	18,565	865
Other	40,992	181,492	134,461	47,031
Total Building Department	<u>699,122</u>	<u>843,522</u>	<u>781,748</u>	<u>61,774</u>
Transportation:				
Service Department				
Personal Services	529,456	532,856	468,862	63,994
Contractual Services	163,238	163,038	151,795	11,243
Materials and Supplies	51,295	55,995	55,805	190
Other	11,765	7,265	7,132	133
Total Service Department	<u>755,754</u>	<u>759,154</u>	<u>683,594</u>	<u>75,560</u>
Service Garage				
Personal Services	204,250	203,200	178,842	24,358
Contractual Services	73,000	73,000	63,124	9,876
Materials and Supplies	147,920	179,970	168,394	11,576
Other	16,208	16,208	11,368	4,840
Total Service Garage	<u>441,378</u>	<u>472,378</u>	<u>421,728</u>	<u>50,650</u>
Total Transportation	<u>1,197,132</u>	<u>1,231,532</u>	<u>1,105,322</u>	<u>126,210</u>
Basic Utility Services:				
Refuse Collection and Disposal				
Contractual Services	1,150,000	1,175,000	1,172,277	2,723
Curbside Recycling				
Personal Services	136,000	141,000	134,001	6,999
Contractual Services	0	31,000	28,129	2,871
Other	35,800	800	0	800
Total Curbside Recycling	<u>171,800</u>	<u>172,800</u>	<u>162,130</u>	<u>10,670</u>
Total Basic Utility Services	<u>1,321,800</u>	<u>1,347,800</u>	<u>1,334,407</u>	<u>13,393</u>
Total Expenditures	<u>18,165,243</u>	<u>17,094,267</u>	<u>15,685,038</u>	<u>1,409,229</u>
Excess of Revenues Over (Under) Expenditures	<u>(\$2,319,756)</u>	<u>(\$1,241,552)</u>	<u>\$2,182,955</u>	<u>\$3,424,507</u>

(continued)

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Other Financing Sources (Uses)				
Sale of Capital Assets	\$0	\$0	\$7,468	\$7,468
Advances Out	0	0	(110,000)	(110,000)
Transfers In	4,432	4,433	0	(4,433)
Transfers Out	0	(1,520,547)	(1,625,547)	(105,000)
<i>Total Other Financing Sources (Uses)</i>	<u>4,432</u>	<u>(1,516,114)</u>	<u>(1,728,079)</u>	<u>(211,965)</u>
<i>Net Change in Fund Balance</i>	(2,315,324)	(2,757,666)	454,876	3,212,542
<i>Fund Balance Beginning of Year</i>	4,195,822	4,195,822	4,195,822	0
Prior Year Encumbrances Appropriated	<u>124,952</u>	<u>124,952</u>	<u>124,952</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$2,005,450</u>	<u>\$1,563,108</u>	<u>\$4,775,650</u>	<u>\$3,212,542</u>

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Flood Control Fund
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Special Assessments	\$829,817	\$1,821,864	\$2,214,195	\$392,331
Intergovernmental	321,840	706,599	593,698	(112,901)
Other	6,562	14,408	16,001	1,593
<i>Total Revenues</i>	<u>1,158,219</u>	<u>2,542,871</u>	<u>2,823,894</u>	<u>281,023</u>
Expenditures				
Capital Outlay:				
Contractual Services	7,684,233	6,981,233	6,857,241	123,992
Debt Service:				
Principal Retirement	0	506,851	497,577	9,274
Interest and Fiscal Charges	0	221,149	217,103	4,046
Total Debt Service	<u>0</u>	<u>728,000</u>	<u>714,680</u>	<u>13,320</u>
<i>Total Expenditures</i>	<u>7,684,233</u>	<u>7,709,233</u>	<u>7,571,921</u>	<u>137,312</u>
<i>Excess of Revenues Under Expenditures</i>	(6,526,014)	(5,166,362)	(4,748,027)	418,335
Other Financing Sources				
OWDA Loan Proceeds	841,781	1,848,129	2,052,371	204,242
<i>Net Change in Fund Balance</i>	(5,684,233)	(3,318,233)	(2,695,656)	622,577
<i>Fund Balance Beginning of Year</i>	5,203,381	5,203,381	5,203,381	0
Prior Year Encumbrances Appropriated	<u>1,316,539</u>	<u>1,316,539</u>	<u>1,316,539</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$835,687</u></u>	<u><u>\$3,201,687</u></u>	<u><u>\$3,824,264</u></u>	<u><u>\$622,577</u></u>

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Land Acquisition Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Other	\$0	\$0	\$11,481	\$11,481
Expenditures				
Capital Outlay:				
Contractual Services	0	329,150	326,391	2,759
Capital Outlay	18,771,565	18,402,406	18,196,465	205,941
Other	128,435	128,655	126,703	1,952
Total Capital Outlay	18,900,000	18,860,211	18,649,559	210,652
Debt Service:				
Interest and Fiscal Charges	0	72,189	72,189	0
<i>Total Expenditures</i>	18,900,000	18,932,400	18,721,748	210,652
<i>Excess of Revenues Under Expenditures</i>	(18,900,000)	(18,932,400)	(18,710,267)	222,133
Other Financing Sources				
Bond Anticipation Notes Issued	16,922,350	17,000,000	17,000,000	0
<i>Net Change in Fund Balance</i>	(1,977,650)	(1,932,400)	(1,710,267)	222,133
<i>Fund Balance Beginning of Year</i>	2,510,400	2,510,400	2,510,400	0
<i>Fund Balance End of Year</i>	<u>\$532,750</u>	<u>\$578,000</u>	<u>\$800,133</u>	<u>\$222,133</u>

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Operation Home Improvement Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$15,000	\$70,000	\$71,143	\$1,143
Expenditures				
Current:				
Basic Utility Services:				
Refuse Collection and Disposal:				
Other	20,700	182,700	87,653	95,047
<i>Excess of Revenues Under Expenditures</i>	(5,700)	(112,700)	(16,510)	96,190
Other Financing Sources				
Advances In	0	110,000	110,000	0
<i>Net Change in Fund Balance</i>	(5,700)	(2,700)	93,490	96,190
<i>Fund Balance Beginning of Year</i>	5,744	5,744	5,744	0
<i>Fund Balance End of Year</i>	<u>\$44</u>	<u>\$3,044</u>	<u>\$99,234</u>	<u>\$96,190</u>

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
COPS Grant Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Current:				
Security of Persons and Property:				
Police Department:				
Other	1,600	1,600	162	1,438
<i>Net Change in Fund Balance</i>	(1,600)	(1,600)	(162)	1,438
<i>Fund Balance Beginning of Year</i>	1,613	1,613	1,613	0
<i>Fund Balance End of Year</i>	\$13	\$13	\$1,451	\$1,438

City of South Euclid, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Construction, Maintenance and Repair Fund
For the Year Ended December 31, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$630,299	\$678,784	\$714,452	\$35,668
Charges for Services	6,355	6,843	7,203	360
Other	13,346	14,373	15,128	755
<i>Total Revenues</i>	650,000	700,000	736,783	36,783
Expenditures				
Current:				
Transportation:				
Street Maintenance:				
Personal Services	695,473	699,473	613,720	85,753
Materials and Supplies	223,192	263,320	249,511	13,809
Contractual Services	101,212	76,212	38,479	37,733
Other	9,000	9,000	4,503	4,497
<i>Total Expenditures</i>	1,028,877	1,048,005	906,213	141,792
<i>Net Change in Fund Balance</i>	(378,877)	(348,005)	(169,430)	178,575
<i>Fund Balance Beginning of Year</i>	390,931	390,931	390,931	0
Prior Year Encumbrances Appropriated	11,677	11,677	11,677	0
<i>Fund Balance End of Year</i>	\$23,731	\$54,603	\$233,178	\$178,575

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
State Highway Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$52,000	\$55,000	\$56,145	\$1,145
Expenditures				
Current:				
Transportation:				
Street Maintenance:				
Personal Services	59,800	60,200	42,994	17,206
Materials and Supplies	2,000	2,000	2,000	0
<i>Total Expenditures</i>	61,800	62,200	44,994	17,206
<i>Net Change in Fund Balance</i>	(9,800)	(7,200)	11,151	18,351
<i>Fund Balance Beginning of Year</i>	12,338	12,338	12,338	0
<i>Fund Balance End of Year</i>	\$2,538	\$5,138	\$23,489	\$18,351

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Parking Lots and Meters Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fees, Licenses and Permits	\$8,816	\$9,874	\$10,145	\$271
Charges for Services	19,458	21,793	22,391	598
<i>Total Revenues</i>	28,274	31,667	32,536	869
Expenditures				
Current:				
Basic Utility Services:				
Parking Lots and Meters:				
Personal Services	7,950	11,700	9,453	2,247
Materials and Supplies	6,000	3,500	3,038	462
Contractual Services	53,700	52,550	52,296	254
Other	2,100	2,100	1,568	532
<i>Total Expenditures</i>	69,750	69,850	66,355	3,495
<i>Excess of Revenues Under Expenditures</i>	(41,476)	(38,183)	(33,819)	4,364
Other Financing Sources				
Transfers In	21,726	24,333	25,000	667
<i>Net Change in Fund Balance</i>	(19,750)	(13,850)	(8,819)	5,031
<i>Fund Balance Beginning of Year</i>	21,401	21,401	21,401	0
<i>Fund Balance End of Year</i>	\$1,651	\$7,551	\$12,582	\$5,031

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Swimming Pools Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$116,075	\$113,686	\$114,041	\$355
Expenditures				
Current:				
Swimming Pools:				
Personal Services	204,300	206,800	198,029	8,771
Materials and Supplies	30,039	30,039	28,425	1,614
Contractual Services	98,100	85,600	68,872	16,728
Other	2,950	15,450	9,558	5,892
<i>Total Expenditures</i>	335,389	337,889	304,884	33,005
<i>Excess of Revenues Under Expenditures</i>	(219,314)	(224,203)	(190,843)	33,360
Other Financing Sources				
Transfers In	223,925	219,314	220,000	686
<i>Net Change in Fund Balance</i>	4,611	(4,889)	29,157	34,046
<i>Fund Balance Beginning of Year</i>	7,694	7,694	7,694	0
Prior Year Encumbrances Appropriated	39	39	39	0
<i>Fund Balance End of Year</i>	\$12,344	\$2,844	\$36,890	\$34,046

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Permissive Motor Vehicle License Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$130,000	\$130,000	\$130,105	\$105
Fees, Licenses and Permits	0	0	300	300
<i>Total Revenues</i>	130,000	130,000	130,405	405
Expenditures				
Current:				
Transportation:				
Materials and Supplies	210,000	210,000	209,980	20
<i>Net Change in Fund Balance</i>	(80,000)	(80,000)	(79,575)	425
<i>Fund Balance Beginning of Year</i>	70,695	70,695	70,695	0
Prior Year Encumbrances Appropriated	35,000	35,000	35,000	0
<i>Fund Balance End of Year</i>	<u>\$25,695</u>	<u>\$25,695</u>	<u>\$26,120</u>	<u>\$425</u>

City of South Euclid, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Police Range Fund
For the Year Ended December 31, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures	0	0	0	0
<i>Excess of Revenues Over Expenditures</i>	0	0	0	0
Other Financing Sources				
Transfers In	10,547	10,547	10,547	0
<i>Net Change in Fund Balance</i>	10,547	10,547	10,547	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	<u>\$10,547</u>	<u>\$10,547</u>	<u>\$10,547</u>	<u>\$0</u>

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Law Enforcement Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$1,507	\$10,166	\$10,166	\$0
Fines and Forfeitures	220	1,485	1,485	0
Other	3,273	22,082	22,083	1
<i>Total Revenues</i>	5,000	33,733	33,734	1
Expenditures				
Current:				
Security of Persons and Property:				
Police Department:				
Other	102,457	102,457	1,996	100,461
<i>Net Change in Fund Balance</i>	(97,457)	(68,724)	31,738	100,462
<i>Fund Balance Beginning of Year</i>	102,336	102,336	102,336	0
Prior Year Encumbrances Appropriated	2,457	2,457	2,457	0
<i>Fund Balance End of Year</i>	<u>\$7,336</u>	<u>\$36,069</u>	<u>\$136,531</u>	<u>\$100,462</u>

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
FEMA Firefighters Grant Fund
For the Year Ended December 31, 2007

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

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Lighting Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Special Assessments	\$350,000	\$380,000	\$380,923	\$923
Expenditures				
Current:				
Basic Utility Services:				
Street Maintenance:				
Contractual Services	515,000	505,000	397,348	107,652
Other	0	10,000	0	10,000
<i>Total Expenditures</i>	515,000	515,000	397,348	117,652
<i>Net Change in Fund Balance</i>	(165,000)	(135,000)	(16,425)	118,575
<i>Fund Balance Beginning of Year</i>	195,769	195,769	195,769	0
<i>Fund Balance End of Year</i>	\$30,769	\$60,769	\$179,344	\$118,575

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Sewer Rental Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Special Assessments	\$333,382	\$353,385	\$369,161	\$15,776
Charges for Services	22,495	23,845	8,937	(14,908)
<i>Total Revenues</i>	355,877	377,230	378,098	868
Expenditures				
Current:				
Basic Utility Services:				
Sewer Maintenance:				
Personal Services	296,050	326,750	317,450	9,300
Materials and Supplies	15,514	10,014	8,020	1,994
Contractual Services	156,858	140,858	132,232	8,626
Other	8,200	1,500	1,500	0
<i>Total Expenditures</i>	476,622	479,122	459,202	19,920
<i>Excess of Revenues Under Expenditures</i>	(120,745)	(101,892)	(81,104)	20,788
Other Financing Sources				
Transfers In	94,123	99,770	100,000	230
<i>Net Change in Fund Balance</i>	(26,622)	(2,122)	18,896	21,018
<i>Fund Balance Beginning of Year</i>	29,242	29,242	29,242	0
Prior Year Encumbrances Appropriated	1,872	1,872	1,872	0
<i>Fund Balance End of Year</i>	\$4,492	\$28,992	\$50,010	\$21,018

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Police Pension Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$123,140	\$123,140	\$123,823	\$683
Intergovernmental	15,473	15,473	15,559	86
<i>Total Revenues</i>	138,613	138,613	139,382	769
Expenditures				
Current:				
Security of Persons and Property:				
Police:				
Contractual Services	150,000	150,500	145,076	5,424
Other	500	0	0	0
<i>Total Expenditures</i>	150,500	150,500	145,076	5,424
<i>Net Change in Fund Balance</i>	(11,887)	(11,887)	(5,694)	6,193
<i>Fund Balance Beginning of Year</i>	16,815	16,815	16,815	0
<i>Fund Balance End of Year</i>	\$4,928	\$4,928	\$11,121	\$6,193

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Fire Pension Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$123,141	\$123,141	\$123,823	\$682
Intergovernmental	15,472	15,472	15,559	87
<i>Total Revenues</i>	138,613	138,613	139,382	769
Expenditures				
Current:				
Security of Persons and Property:				
Fire:				
Contractual Services	150,000	150,500	145,076	5,424
Other	500	0	0	0
<i>Total Expenditures</i>	150,500	150,500	145,076	5,424
<i>Net Change in Fund Balance</i>	(11,887)	(11,887)	(5,694)	6,193
<i>Fund Balance Beginning of Year</i>	16,814	16,814	16,814	0
<i>Fund Balance End of Year</i>	\$4,927	\$4,927	\$11,120	\$6,193

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Obligation Bond Retirement Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$451,156	\$450,806	\$450,806	\$0
Intergovernmental	57,092	57,048	57,048	0
<i>Total Revenues</i>	<u>508,248</u>	<u>507,854</u>	<u>507,854</u>	<u>0</u>
Expenditures				
Current:				
General Government:				
Legislative and Executive:				
Contractual Services	547,600	1,000	282	718
Other	0	5,433	4,975	458
Total General Government	<u>547,600</u>	<u>6,433</u>	<u>5,257</u>	<u>1,176</u>
Debt Service:				
Principal Retirement	0	475,086	435,000	40,086
Interest and Fiscal Charges	0	66,081	60,505	5,576
Total Debt Service	<u>0</u>	<u>541,167</u>	<u>495,505</u>	<u>45,662</u>
<i>Total Expenditures</i>	<u>547,600</u>	<u>547,600</u>	<u>500,762</u>	<u>46,838</u>
<i>Net Change in Fund Balance</i>	(39,352)	(39,746)	7,092	46,838
<i>Fund Balance Beginning of Year</i>	<u>624,400</u>	<u>624,400</u>	<u>624,400</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$585,048</u>	<u>\$584,654</u>	<u>\$631,492</u>	<u>\$46,838</u>

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Special Assessment Bond Retirement Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Special Assessments	\$50,000	\$50,000	\$55,557	\$5,557
Expenditures				
Debt Service:				
Principal Retirement	35,000	35,000	35,000	0
Interest and Fiscal Charges	24,000	24,000	23,306	694
<i>Total Expenditures</i>	59,000	59,000	58,306	694
<i>Net Change in Fund Balance</i>	(9,000)	(9,000)	(2,749)	6,251
<i>Fund Balance Beginning of Year</i>	148,189	148,189	148,189	0
<i>Fund Balance End of Year</i>	\$139,189	\$139,189	\$145,440	\$6,251

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Capital Improvements Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Other	\$0	\$0	\$1,686	\$1,686
Expenditures				
Capital Outlay:				
Capital Outlay	842,051	926,991	711,276	215,715
<i>Excess of Revenues Under Expenditures</i>	(842,051)	(926,991)	(709,590)	217,401
Other Financing Sources				
Transfers In	450,000	496,000	495,000	(1,000)
<i>Net Change in Fund Balance</i>	(392,051)	(430,991)	(214,590)	216,401
<i>Fund Balance Beginning of Year</i>	379,045	379,045	379,045	0
Prior Year Encumbrances Appropriated	122,051	122,051	122,051	0
<i>Fund Balance End of Year</i>	<u>\$109,045</u>	<u>\$70,105</u>	<u>\$286,506</u>	<u>\$216,401</u>

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Safety Forces Vehicle Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Other	\$19,332	\$21,361	\$21,400	\$39
Expenditures				
Capital Outlay:				
Capital Outlay	608,579	608,578	518,762	89,816
<i>Excess of Revenues Under Expenditures</i>	(589,247)	(587,217)	(497,362)	89,855
Other Financing Sources				
Transfers In	180,668	199,639	200,000	361
<i>Net Change in Fund Balance</i>	(408,579)	(387,578)	(297,362)	90,216
<i>Fund Balance Beginning of Year</i>	658,644	658,644	658,644	0
Prior Year Encumbrances Appropriated	8,579	8,579	8,579	0
<i>Fund Balance End of Year</i>	\$258,644	\$279,645	\$369,861	\$90,216

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Recreation Improvement Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay:				
Contractual Services	47,232	0	0	0
<i>Excess of Revenues Under Expenditures</i>	(47,232)	0	0	0
Other Financing Uses				
Transfers Out	0	(47,232)	(25,000)	22,232
<i>Net Change in Fund Balance</i>	(47,232)	(47,232)	(25,000)	22,232
<i>Fund Balance Beginning of Year</i>	47,232	47,232	47,232	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$22,232</u>	<u>\$22,232</u>

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Road Improvement Fund
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$534,026	\$534,026	\$539,463	\$5,437
Intergovernmental	61,773	61,773	62,402	629
<i>Total Revenues</i>	<u>595,799</u>	<u>595,799</u>	<u>601,865</u>	<u>6,066</u>
Expenditures				
Capital Outlay:				
Contractual Services	794,850	794,850	727,711	67,139
Debt Service:				
Principal Retirement	253,649	253,649	230,000	23,649
Interest and Fiscal Charges	120,715	120,715	109,460	11,255
Total Debt Service	<u>374,364</u>	<u>374,364</u>	<u>339,460</u>	<u>34,904</u>
<i>Total Expenditures</i>	<u>1,169,214</u>	<u>1,169,214</u>	<u>1,067,171</u>	<u>102,043</u>
<i>Excess of Revenues Under Expenditures</i>	(573,415)	(573,415)	(465,306)	108,109
Other Financing Sources				
Transfers In	593,952	593,952	600,000	6,048
<i>Net Change in Fund Balance</i>	20,537	20,537	134,694	114,157
<i>Fund Balance Beginning of Year</i>	34,495	34,495	34,495	0
Prior Year Encumbrances Appropriated	<u>36,714</u>	<u>36,714</u>	<u>36,714</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$91,746</u></u>	<u><u>\$91,746</u></u>	<u><u>\$205,903</u></u>	<u><u>\$114,157</u></u>

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Sidewalk Improvement Fund
For the Year Ended December 31, 2007

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

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Stanhope Parking Lot Fund
For the Year Ended December 31, 2007

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

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Issue II Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay:				
Contractual Services	463,908	463,908	305,908	158,000
<i>Net Change in Fund Balance</i>	(463,908)	(463,908)	(305,908)	158,000
<i>Fund Balance Beginning of Year</i>	158,743	158,743	158,743	0
Prior Year Encumbrances Appropriated	305,908	305,908	305,908	0
<i>Fund Balance End of Year</i>	\$743	\$743	\$158,743	\$158,000

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Sewer Rehabilitation Fund
For the Year Ended December 31, 2007

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

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Statistical Section

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

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

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

City of South Euclid, Ohio

Net Assets By Component

Last Eight Years

(Accrual Basis of Accounting)

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Governmental Activities			
Invested in Capital Assets,			
Net of Related Debt	\$28,853,662	\$22,453,546	\$20,848,365
Restricted:			
Capital Projects	5,732,147	10,817,930	12,072,013
Debt Service	1,205,795	1,228,773	1,230,674
Street Maintenance	618,196	868,767	767,151
Street Lighting	551,299	564,263	581,334
Sewer Maintenance	398,264	361,298	398,185
Other Purposes (1)	304,415	338,842	295,348
Unrestricted	<u>7,541,936</u>	<u>6,233,264</u>	<u>5,772,223</u>
<i>Total Governmental Activities Net Assets</i>	<u>\$45,205,714</u>	<u>\$42,866,683</u>	<u>\$41,965,293</u>

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

2004	2003	2002	2001	2000
\$18,556,099	\$17,806,555	\$14,677,992	\$16,110,371	\$15,005,341
13,586,656	9,536,999	12,337,811	10,221,386	7,091,825
1,209,362	4,689,143	4,624,328	564,075	657,985
745,178	619,840	0	0	0
616,735	638,139	0	0	0
374,740	386,731	0	0	0
404,799	449,460	2,340,095	2,507,471	2,581,842
5,689,409	6,886,696	6,541,579	6,937,209	6,740,644
<u>\$41,182,978</u>	<u>\$41,013,563</u>	<u>\$40,521,805</u>	<u>\$36,340,512</u>	<u>\$32,077,637</u>

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

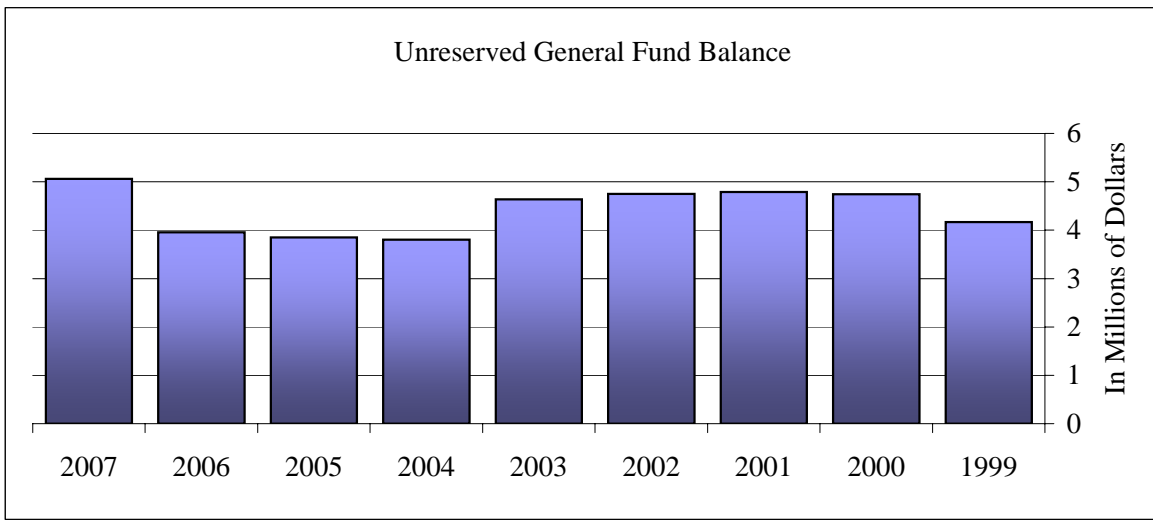
	2007	2006	2005
Program Revenues			
Governmental Activities:			
Charges for Services:			
General Government:			
Legislative and Executive	\$317,840	\$235,896	\$214,236
Judicial System	62,730	44,503	42,818
Security of Persons and Property:			
Police	663,424	475,520	444,970
Fire	495,329	328,461	326,040
Public Health Services	18,029	12,693	12,796
Leisure Time Activities	53,397	35,031	74,440
Community Development	31,376	19,959	22,012
Building Department	94,543	62,304	57,307
Transportation	98,837	96,845	89,006
Basic Utility Services	3,200,213	2,952,317	2,934,578
Swimming Pools	114,041	121,333	142,634
Operating Grants, Contributions and Interest	910,810	1,032,575	928,712
Capital Grants, Contributions and Capital Assessments	693,176	86,335	24,468
<i>Total Governmental Activities Program Revenues</i>	<u>6,753,745</u>	<u>5,503,772</u>	<u>5,314,017</u>
Expenses			
Governmental Activities:			
General Government:			
Legislative and Executive	2,402,438	2,423,252	2,149,780
Judicial System	490,694	463,068	439,808
Security of Persons and Property:			
Police	5,282,303	5,202,341	4,600,120
Fire	3,934,595	3,583,897	3,552,050
Public Health Services	135,702	130,178	127,609
Leisure Time Activities	1,065,090	377,023	385,161
Community Development	236,405	204,704	219,507
Building Department	737,700	646,628	587,553
Transportation	3,322,800	3,138,160	2,732,270
Basic Utility Services	3,028,247	3,322,453	2,590,425
Swimming Pools	379,311	371,225	442,493
Interest and Fiscal Charges	1,497,241	496,930	491,110
<i>Total Governmental Activities Expenses</i>	<u>22,512,526</u>	<u>20,359,859</u>	<u>18,317,886</u>
<i>Total Primary Government Net Expense</i>	<u>(15,758,781)</u>	<u>(14,856,087)</u>	<u>(13,003,869)</u>
General Revenues and Other Changes in Net Assets			
Governmental Activities			
Taxes:			
Property Taxes Levied For:			
General Purposes	4,318,695	4,005,660	3,945,778
Debt Service	456,913	487,938	491,236
Capital Projects	546,189	549,010	558,422
Other Purposes	250,978	229,592	228,914
Municipal Income Taxes	8,997,144	7,309,426	5,889,209
Grants and Entitlements not Restricted to			
Specific Programs	2,292,053	2,186,857	2,132,798
Increase in Investment in Joint Venture	0	27,217	0
Investment Earnings	1,014,924	766,878	459,995
Gain on Sale of Capital Assets	0	42,525	0
Miscellaneous	220,916	152,374	79,832
<i>Total Governmental Activities</i>	<u>18,097,812</u>	<u>15,757,477</u>	<u>13,786,184</u>
<i>Total Primary Government Change in Net Assets</i>	<u>\$2,339,031</u>	<u>\$901,390</u>	<u>\$782,315</u>

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

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

	2007	2006	2005
General Fund			
Reserved	\$246,721	\$98,956	\$99,302
Unreserved	5,060,371	3,957,818	3,848,239
Total General Fund	5,307,092	4,056,774	3,947,541
All Other Governmental Funds			
Reserved	19,430,616	1,772,610	1,868,745
Unreserved, Undesignated, Reported in:			
Special Revenue funds	718,116	946,986	851,780
Debt Service funds	776,932	772,589	735,471
Capital Projects funds	1,901,173	6,952,753	7,962,465
Total All Other Governmental Funds	22,826,837	10,444,938	11,418,461
Total Governmental Funds	\$28,133,929	\$14,501,712	\$15,366,002

(1) Information prior to 1999 is not available.



2004	2003	2002	2001	2000	1999
\$151,359	\$161,318	\$145,434	\$204,815	\$336,574	\$595,558
3,801,648	4,634,250	4,751,166	4,789,106	4,741,657	4,164,477
3,953,007	4,795,568	4,896,600	4,993,921	5,078,231	4,760,035
932,454	1,012,722	247,085	1,355,357	422,301	1,328,236
943,201	1,117,585	1,456,501	1,041,451	1,323,116	1,042,397
678,299	631,875	576,357	522,235	491,534	487,305
10,286,763	10,268,190	14,016,454	12,057,860	4,977,999	3,957,710
12,840,717	13,030,372	16,296,397	14,976,903	7,214,950	6,815,648
\$16,793,724	\$17,825,940	\$21,192,997	\$19,970,824	\$12,293,181	\$11,575,683

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

	2007	2006	2005	2004
Revenues				
Property and Other Taxes	\$5,501,086	\$5,268,129	\$5,279,878	\$5,265,227
Income Taxes	8,674,233	6,741,479	5,594,529	5,349,183
Special Assessments	3,019,836	2,841,329	2,891,889	2,879,471
Intergovernmental	3,965,660	3,311,300	3,205,613	3,026,880
Interest	1,014,924	766,878	459,995	163,416
Fees, Licenses and Permits	416,655	606,335	638,644	534,101
Fines and Forfeitures	547,248	578,346	472,986	521,519
Rentals	620,707	158,687	184,116	166,792
Charges for Services	587,344	306,598	257,754	346,546
Other	220,916	152,374	79,832	31,795
Total Revenues	24,568,609	20,731,455	19,065,236	18,284,930
Expenditures				
Current:				
General Government (2)				
General Government:				
Legislative and Executive	2,383,974	2,424,399	2,140,190	2,171,553
Judicial System	472,870	453,396	426,959	437,166
Security of Persons and Property (3)				
Security of Persons and Property:				
Police	5,116,404	4,842,681	4,522,458	4,376,502
Fire	3,867,768	3,484,989	3,400,649	3,279,987
Public Health Services	135,702	130,178	127,609	136,516
Leisure Time Activities	400,970	370,605	341,400	393,217
Community Development	236,405	204,704	219,507	185,669
Building Department	714,860	643,659	569,766	572,410
Transportation	2,237,033	1,748,928	1,940,539	1,779,840
Basic Utility Services	2,280,720	2,135,250	1,840,926	1,930,402
Swimming Pools	298,761	274,413	266,658	351,821
Capital Outlay	10,014,436	3,821,801	3,208,757	2,583,885
Debt Service:				
Principal Retirement	1,315,524	1,175,441	1,070,655	1,019,245
Interest and Fiscal Charges	520,804	415,518	427,297	460,865
Total Expenditures	29,996,231	22,125,962	20,503,370	19,679,078
<i>Excess of Revenues Over</i> <i>(Under) Expenditures</i>	<u>(5,427,622)</u>	<u>(1,394,507)</u>	<u>(1,438,134)</u>	<u>(1,394,148)</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	7,468	173,253	10,412	6,023
OWDA Loan Proceeds	2,052,371	0	0	0
Bond Anticipation Note Issued	17,000,000	0	0	0
General Obligation Bonds Issued	0	0	0	0
Premium on General Obligation Bonds	0	0	0	0
General Obligation Notes Issued	0	0	0	0
Premium on General Obligation Notes	0	0	0	0
OPWC Loans Issued	0	0	0	355,909
Inception of Capital Lease	0	356,964	0	0
Transfers In	1,650,547	945,000	732,917	407,500
Transfers Out	(1,650,547)	(945,000)	(732,917)	(407,500)
Total Other Financing Sources (Uses)	19,059,839	530,217	10,412	361,932
Net Change in Fund Balances	<u>\$13,632,217</u>	<u>(\$864,290)</u>	<u>(\$1,427,722)</u>	<u>(\$1,032,216)</u>
Debt Service as a Percentage of Noncapital Expenditures	8.8%	9.5%	9.5%	9.5%

(1) Information prior to 1999 is not available.

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

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

2003	2002	2001	2000	1999
\$4,767,851	\$4,942,050	\$4,733,663	\$4,552,516	\$4,475,041
5,739,236	5,729,709	5,480,272	5,385,924	5,404,307
2,731,482	2,810,566	2,838,353	1,855,655	1,973,302
3,733,712	5,664,588	3,917,807	3,617,495	3,527,776
264,118	472,003	679,836	703,591	570,978
748,651	604,012	169,739	171,630	138,903
489,830	450,711	467,915	360,976	414,642
105,893	42,530	97,359	94,913	94,104
303,336	276,359	284,989	351,706	456,990
17,128	71,598	48,570	166,704	178,860
<u>18,901,237</u>	<u>21,064,126</u>	<u>18,718,503</u>	<u>17,261,110</u>	<u>17,234,903</u>
			2,301,392	2,703,982
1,955,867	1,954,740	1,914,256		
444,559	365,555	370,071		
			6,746,905	6,613,379
4,178,466	3,887,106	3,853,690		
2,978,482	2,777,117	2,569,171		
168,765	111,483	102,938	91,338	98,340
467,343	360,608	334,721	815,416	756,215
207,345	139,688	130,464	556,553	501,068
719,646	630,633	544,835	0	0
1,675,861	1,547,080	1,480,690	1,540,384	1,757,927
1,968,487	1,918,152	1,930,490	1,520,283	1,437,963
461,665	498,134	493,966	2,399,172	2,314,488
7,510,874	8,339,672	2,443,991	0	0
9,342,841	6,318,734	1,394,639	1,369,448	1,354,265
431,485	385,878	260,248	256,126	285,656
<u>32,511,686</u>	<u>29,234,580</u>	<u>17,824,170</u>	<u>17,597,017</u>	<u>17,823,283</u>
<u>(13,610,449)</u>	<u>(8,170,454)</u>	<u>894,333</u>	<u>(335,907)</u>	<u>(588,380)</u>
2,731	32,677	211,625	0	0
0	0	0	0	0
0	0	0	0	0
9,400,000	0	0	0	0
20,074	0	0	0	0
0	8,900,000	5,900,000	1,000,000	1,000,000
0	13,617	6,195	0	0
820,587	446,333	665,490	53,405	0
0	0	0	0	0
348,103	1,403,833	1,802,751	871,300	825,000
<u>(348,103)</u>	<u>(1,403,833)</u>	<u>(1,802,751)</u>	<u>(871,300)</u>	<u>(825,000)</u>
<u>10,243,392</u>	<u>9,392,627</u>	<u>6,783,310</u>	<u>1,053,405</u>	<u>1,000,000</u>
<u>(\$3,367,057)</u>	<u>\$1,222,173</u>	<u>\$7,677,643</u>	<u>\$717,498</u>	<u>\$411,620</u>
64.2%	47.2%	12.1%	10.2%	10.1%

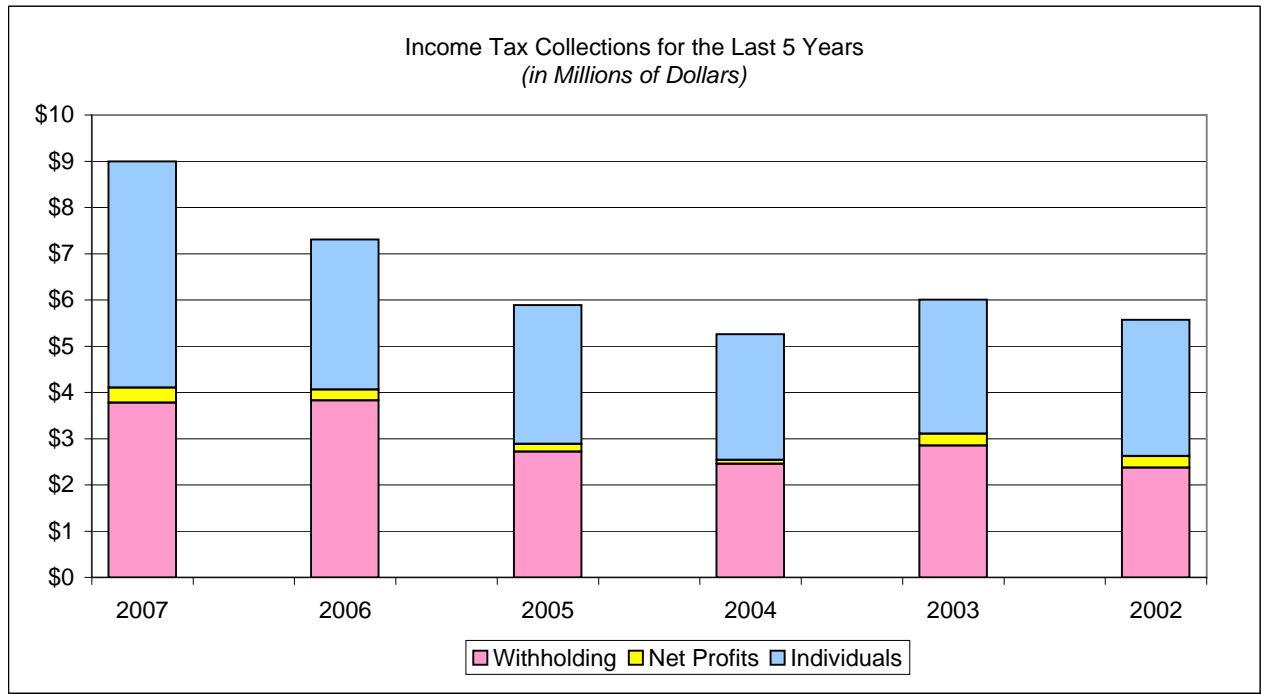
City of South Euclid, Ohio
Income Tax Revenue Base and Collections
Last Six Years (1)

Tax Year (2)	Tax Rate (3)	Total Tax Collected	Taxes from Withholding	Percentage of Taxes from Withholding	Taxes From Net Profits	Percentage of Taxes from Net Profits	Taxes From Individuals	Percentage of Taxes from Individuals
2007	2.00 %	\$8,997,144	\$3,777,901	41.99%	\$327,496	3.64%	\$4,891,747	54.37%
2006	2.00	7,309,426	3,830,126	52.40	229,265	3.14	3,250,035	44.46
2005	1.50	5,889,209	2,720,121	46.19	164,850	2.80	3,004,238	51.01
2004	1.50	5,258,353	2,458,664	46.76	80,510	1.53	2,719,179	51.71
2003	1.50	6,005,698	2,854,627	47.53	249,266	4.15	2,901,805	48.32
2002	1.50	5,573,741	2,373,168	42.58	247,983	4.45	2,952,590	52.97

(1) Information prior to 2002 is not available.

(2) 2002 through 2007 are on an Accrual Basis.

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



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

2006 (1)				
Income Range	Number of Filers	Percent of Filers	Taxable Income	Percent of Taxable Income
\$0 - \$24,999	2,306	34.26%	\$21,424,915	6.73%
\$25,000 - \$49,999	1,747	25.95	64,901,789	20.40
\$50,000 - \$74,999	1,307	19.42	80,114,202	25.18
\$75,000 - \$99,999	731	10.86	62,906,574	19.77
Over \$100,000	640	9.51	88,862,996	27.92
Total	<u>6,731</u>	<u>100.00%</u>	<u>\$318,210,476</u>	<u>100.00%</u>

2001 (2)				
Income Range	Number of Filers	Percent of Filers	Taxable Income	Percent of Taxable Income
\$0 - \$24,999	2,605	34.54%	26,735,621	8.03%
\$25,000 - \$49,999	2,206	29.25	82,287,624	24.70
\$50,000 - \$74,999	1,502	19.90	92,021,417	27.62
\$75,000 - \$99,999	706	9.36	60,447,804	18.14
Over \$100,000	524	6.95	71,646,224	21.51
Total	<u>7,543</u>	<u>100.00%</u>	<u>\$333,138,690</u>	<u>100.00%</u>

(1) Information for 2006 is the most current available.

(2) Information prior to 2001 is not available.

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

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

2007 Taxpayers	Ranking
South Euclid-Lyndhurst Board of Education	1
University Hospitals Health System	2
City of South Euclid	3
Glastic Corporation	4
University Surburban Health Center	5
Cuyahoga County	6
Notre Dame College	7
Riser Foods	8
Transdigm Inc.	9
University Dermayologists	10

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

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

(1) Information prior to 2003 is not available.

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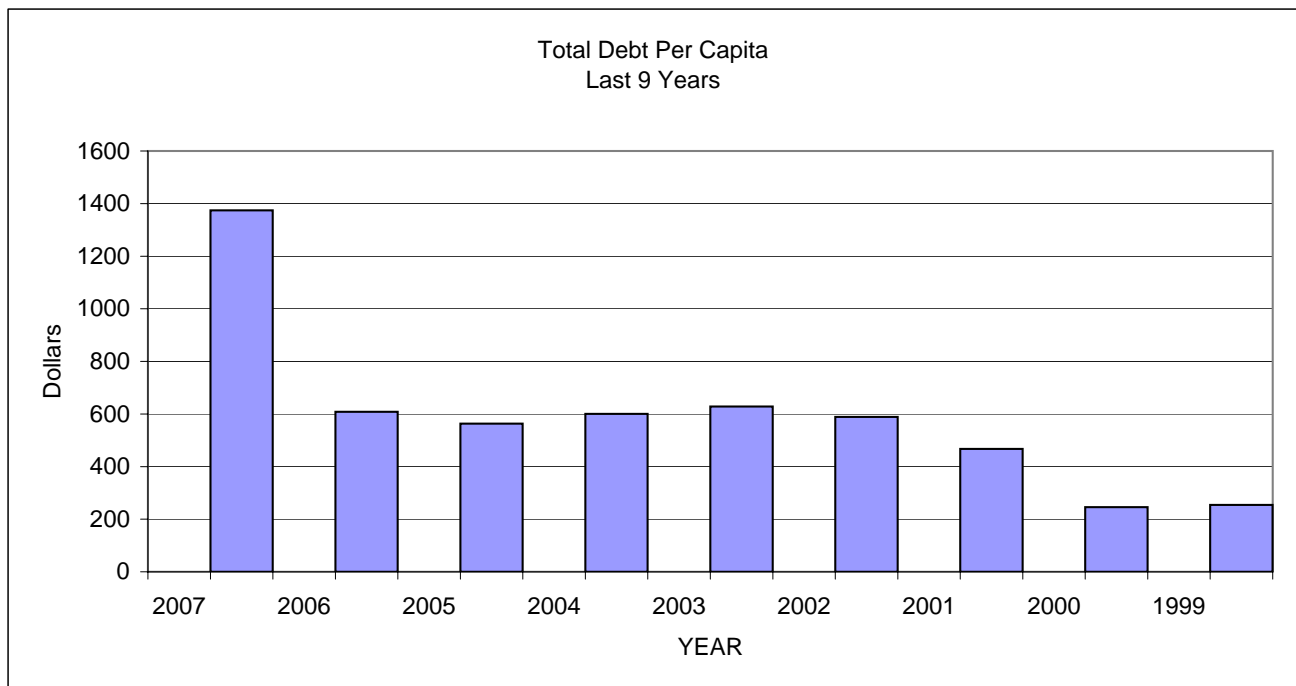
City of South Euclid, Ohio
*Ratio of Outstanding Debt to
 Total Personal Income and Debt Per Capita
 Last Nine Years (1)*

Governmental Activities

Year	General Obligation Bonds	Special Assessment Bonds	OPWC Loans	OWDA Loans	Capital Leases	Police and Fire Pension	General Obligation Bond Anticipation Notes
2007	\$8,842,976	\$305,000	\$1,747,086	\$1,974,401	\$356,546	\$315,023	\$18,800,000
2006	9,711,038	340,000	1,856,693	0	291,856	320,994	1,800,000
2005	10,586,506	375,000	1,966,300	0	0	326,720	0
2004	11,174,994	405,000	2,216,053	0	0	332,209	0
2003	12,089,994	435,000	1,929,124	0	0	337,474	0
2002	3,005,000	460,000	1,146,332	0	0	342,520	8,900,000
2001	3,542,458	485,000	718,895	0	0	347,358	5,901,549
2000	3,873,533	510,000	53,405	0	0	351,997	1,000,000
1999	4,181,108	535,000	0	0	0	356,445	1,000,000

(1) Information prior to 1999 is not available.

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



<u>Total Debt</u>	<u>Percentage of Personal Income (2)</u>	<u>Per Capita (2)</u>
\$32,341,032	6.14%	\$1,374
14,320,581	2.72	608
13,254,526	2.52	563
14,128,256	2.68	600
14,791,592	2.81	628
13,853,852	2.63	589
10,995,260	2.09	467
5,788,935	1.10	246
6,072,553	1.58	254

City of South Euclid, Ohio
*Ratio of General Obligation Bonded Debt to Estimated
 True Values and Bonded Debt Per Capita
 Last Nine Years (1)*

Year	Population (2)		Estimated True Values of Taxable Property (3)	Bonded Debt (4)	Ratio of Bonded Debt to Estimated True Values of Taxable Property	Bonded Debt Per Capital
2007	23,537	b	\$1,313,072,481	\$8,842,976	0.67 %	\$375.71
2006	23,537	b	1,336,234,226	9,711,038	0.73	412.59
2005	23,537	b	1,224,421,930	10,586,506	0.86	449.78
2004	23,537	b	1,221,430,277	11,174,994	0.91	474.78
2003	23,537	b	1,211,632,103	12,089,994	1.00	513.66
2002	23,537	b	1,114,318,570	3,005,000	0.27	127.67
2001	23,537	b	1,110,215,623	3,542,458	0.32	150.51
2000	23,537	a	1,113,072,820	3,873,533	0.35	164.57
1999	23,866	a	1,016,244,347	4,181,108	0.41	175.19

Sources:

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

City of South Euclid, Ohio
Computation of Direct and Overlapping Governmental Activities Debt
 December 31, 2007

Jurisdiction	Governmental Activities Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to City of South Euclid
Direct - City of South Euclid			
General Obligation Bonds	\$8,842,976	100.00%	\$8,842,976
Special Assessment Bonds	305,000	100.00%	305,000
OPWC Loans	1,747,086	100.00%	1,747,086
OWDA Loans	1,974,401	100.00%	1,974,401
Capital Leases	356,546	100.00%	356,546
Police and Fire Pension	315,023	100.00%	315,023
Notes Payable	18,800,000	100.00%	18,800,000
<i>Total Direct</i>	<u>32,341,032</u>		<u>32,341,032</u>
Overlapping			
South Euclid-Lyndhurst City School District			
General Obligation Bonds	9,040,000	93.49%	8,451,496
Cleveland Heights School District			
General Obligation Bonds	13,872,000	6.51%	903,067
Energy Conservation Bonds	4,485,000	6.51%	291,974
Capital Lease Obligations	255,000	6.51%	16,601
Cuyahoga County (2)			
General Obligation Bonds	194,648,000	1.40%	2,725,072
Revenue Bonds	101,906,000	1.40%	1,426,684
Capital Lease Obligations	27,003,000	1.40%	378,042
Loans Payable	7,293,000	1.40%	102,102
Cleveland Heights University Heights Public Library			
Capital Lease Obligations	652,644	6.51%	42,487
Greater Cleveland Regional Transit Authority			
General Obligation Bonds	147,385,000	1.40%	2,063,390
SIB Loan	4,088,320	1.40%	57,236
<i>Total Overlapping Debt</i>	<u>510,627,964</u>		<u>16,458,151</u>
Total	<u><u>\$542,968,996</u></u>		<u><u>\$48,799,183</u></u>

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

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

Source: Cuyahoga County Auditor

City of South Euclid, Ohio

Legal Debt Margin

Last Nine Years (1)

	2007	2006	2005
Population	23,537	23,537	23,537
Total Assessed Property Value	<u>\$459,486,360</u>	<u>\$465,051,645</u>	<u>\$428,196,500</u>
General Bonded Debt Outstanding:			
General Obligation Bonds	\$8,304,994	\$9,279,994	\$10,239,994
Special Assessment Bonds	305,000	340,000	375,000
Bond Anticipation Notes	18,800,000	1,800,000	0
OPWC Loans	1,747,086	1,856,693	1,966,300
OWDA Loans	1,974,401	0	0
Total Gross Indebtedness	31,131,481	13,276,687	12,581,294
Less:			
Special Assessment Bonds	(305,000)	(340,000)	(375,000)
OPWC Loans	(1,747,086)	(1,856,693)	(1,966,300)
OWDA Loans	(1,974,401)	0	0
General Obligation Bond Retirement Fund Balance	(631,492)	(624,400)	(586,697)
Total Net Debt Applicable to Debt Limit	<u>26,473,502</u>	<u>10,455,594</u>	<u>9,653,297</u>
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	<u>48,246,068</u>	<u>48,830,423</u>	<u>44,960,633</u>
Legal Debt Margin Within 10 ½ % Limitations	<u>\$21,772,566</u>	<u>\$38,374,829</u>	<u>\$35,307,336</u>
Legal Debt Margin as a Percentage of the Debt Limit	45.13%	78.59%	78.53%
Unvoted Debt Limitation 5 ½ % of Assessed Valuation	<u>\$25,271,750</u>	<u>\$25,577,840</u>	<u>\$23,550,808</u>
Total Gross Indebtedness	31,131,481	13,276,687	12,581,294
Less:			
Special Assessment Bonds	(305,000)	(340,000)	(375,000)
OPWC Loans	(1,747,086)	(1,856,693)	(1,966,300)
OWDA Loans	(1,974,401)	0	0
Voted General Obligation Bonds	(8,304,994)	(9,279,994)	(10,239,994)
General Obligation Bond Retirement Fund Balance	(631,492)	(624,400)	(586,697)
Net Debt Within 5 ½ % Limitations	<u>18,168,508</u>	<u>1,175,600</u>	<u>0</u>
Unvoted Legal Debt Margin Within 5 ½ % Limitations	<u>\$7,103,242</u>	<u>\$24,402,240</u>	<u>\$23,550,808</u>
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	28.11%	95.40%	100.00%

Source: City Financial Records

(1) Information prior to 1999 is not available.

2004	2003	2002	2001	2000	1999
23,537	23,537	23,537	23,537	23,537	23,866
<u>\$428,020,457</u>	<u>\$424,956,568</u>	<u>\$389,649,944</u>	<u>\$388,535,868</u>	<u>\$391,349,144</u>	<u>\$357,742,347</u>
\$11,174,994	\$12,089,994	\$3,005,000	\$3,542,458	\$3,873,533	\$4,181,108
405,000	435,000	460,000	485,000	510,000	535,000
0	0	8,900,000	5,901,549	1,000,000	1,000,000
2,216,053	1,929,124	1,146,332	718,895	53,405	0
0	0	0	0	0	0
13,796,047	14,454,118	13,511,332	10,647,902	5,436,938	5,716,108
(405,000)	(435,000)	(460,000)	(485,000)	(510,000)	(535,000)
(2,216,053)	(1,929,124)	(1,146,332)	(718,895)	(53,405)	0
0	0	0	0	0	0
(528,218)	(480,323)	(429,268)	(373,139)	(360,815)	(370,046)
<u>10,646,776</u>	<u>11,609,671</u>	<u>11,475,732</u>	<u>9,070,868</u>	<u>4,512,718</u>	<u>4,811,062</u>
44,942,148	44,620,440	40,913,244	40,796,266	41,091,660	37,562,946
<u>\$34,295,372</u>	<u>\$33,010,769</u>	<u>\$29,437,512</u>	<u>\$31,725,398</u>	<u>\$36,578,942</u>	<u>\$32,751,884</u>
76.31%	73.98%	71.95%	77.77%	89.02%	87.19%
<u>\$23,541,125</u>	<u>\$23,372,611</u>	<u>\$21,430,747</u>	<u>\$21,369,473</u>	<u>\$21,524,203</u>	<u>\$19,675,829</u>
13,796,047	14,454,118	13,511,332	10,647,902	5,436,938	5,716,108
(405,000)	(435,000)	(460,000)	(485,000)	(510,000)	(535,000)
(2,216,053)	(1,929,124)	(1,146,332)	(718,895)	(53,405)	0
0	0	0	0	0	0
(11,174,994)	(12,089,994)	(3,005,000)	(3,542,458)	(3,873,533)	(4,181,108)
(528,218)	(480,323)	(429,268)	(373,139)	(360,815)	(370,046)
0	0	8,470,732	5,528,410	639,185	629,954
<u>\$23,541,125</u>	<u>\$23,372,611</u>	<u>\$12,960,015</u>	<u>\$15,841,063</u>	<u>\$20,885,018</u>	<u>\$19,045,875</u>
100.00%	100.00%	60.47%	74.13%	97.03%	96.80%

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

2007	
Employer	Number of Employees
South Euclid-Lyndhurst Board of Education	440
Notre Dame College	415
Marc Glassman Inc.	337
University Hospitals Health System	273
Cuyahoga County Auditor	267
Ohio Bell	213
City of South Euclid	199
Glastic Corporation	175
University Surburban Health Center	162
Riser Foods Company	156
Total	<u>2,637</u>
Total Employment within the City	<u>n/a</u>

2006	
Employer	Number of Employees
Notre Dame College	566
South Euclid-Lyndhurst Board of Education	440
Marc Glassman Inc.	337
Cuyahoga County Auditor	267
City of South Euclid	199
University Surburban Health Center	192
Glastic Corporation	175
Riser Foods Company	156
Walgreen Company	135
Transdigm	74
Total	<u>2,541</u>
Total Employment within the City	<u>n/a</u>

Source: Regional Income Tax Agency

(1) Information prior to 2006 not available.

n/a - Information not available

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

Year	Population (1)	Total Personal Income (5)	Personal Income Per Capita	Median Household Income (1)	Median Age (1)
2007	23,537	\$526,828,671	\$22,383	\$48,346	38
2006	23,537	526,828,671	22,383	48,346	38
2005	23,537	526,828,671	22,383	48,346	38
2004	23,537	526,828,671	22,383	48,346	38
2003	23,537	526,828,671	22,383	48,346	38
2002	23,537	526,828,671	22,383	48,346	38
2001	23,537	526,828,671	22,383	48,346	38
2000	23,537	526,828,671	22,383	48,346	38
1999	23,866	384,576,724	16,114	36,119	37
1998	23,866	384,576,724	16,114	36,119	37

(1) Source: U. S. Census

(a) Years 2000 through 2007 - 2000 Federal Census

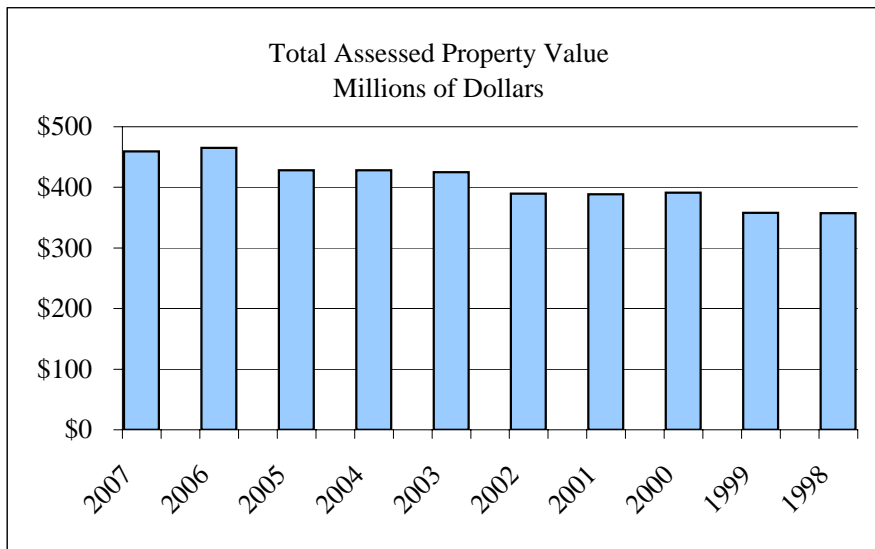
(b) Years 1998 through 1999 - 1990 Federal Census

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

(3) Cuyahoga County Planning Commission

(4) Source: Cuyahoga County Auditor

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



Educational Attainment: Bachelor's Degree or Higher (1)	School Enrollment (2)	Cuyahoga County Unemployment Rate (3)	Total Assessed Property Value (4)
67.0%	4,307	6.1%	\$459,486,360
67.0	4,462	5.5	465,051,645
65.5	4,613	5.9	428,196,500
65.6	4,669	6.3	428,020,457
59.2	4,634	6.2	424,956,568
58.8	4,392	5.7	389,649,944
58.6	4,452	4.5	388,535,868
54.8	4,482	4.1	391,349,144
55.0	4,429	4.4	357,742,347
N/A	4,344	4.3	357,641,263

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

Function/Program	2007	2006	2005	2004	2003	2002
General Government:						
Legislative and Executive						
City Council	4.00	4.00	4.00	4.00	4.00	4.00
Mayors Office	2.00	2.00	2.00	2.00	2.00	3.00
Finance	5.00	5.00	5.00	5.00	5.00	5.00
Law	3.00	3.00	2.00	2.00	2.00	2.00
Civil Service	2.00	2.00	2.00	2.00	2.00	2.00
Municipal Complex	3.00	3.00	2.00	3.00	3.00	3.00
Engineering	1.00	1.00	1.00	1.00	1.00	1.00
Judicial System						
Municipal Court	10.00	10.00	10.00	11.00	12.00	9.00
Security of Persons and Property						
Police	59.00	58.00	64.00	64.00	65.00	64.00
Fire	37.00	36.00	34.00	34.00	33.00	33.00
Leisure Time Activities						
Recreation	3.00	3.00	3.00	3.00	3.00	3.00
Community Center	6.00	6.00	4.00	4.00	6.00	6.00
Community Development						
Boards and Commissions	10.00	10.00	10.00	10.00	10.00	10.00
Community Relations	1.00	2.00	2.00	1.00	1.00	1.00
Economic Development	1.00	0.00	0.00	0.00	0.00	0.00
Building Department						
Building Department	11.00	11.00	11.00	11.00	11.00	12.00
Transportation						
Service Department	23.00	23.00	21.00	21.00	20.00	20.00
Service Garage	2.00	2.00	2.00	2.00	2.00	2.00
Basic Utility Services						
Curbside Recycling	2.00	2.00	2.00	2.00	2.00	2.00
Swimming Pools						
Swimming Pools	30.00	35.00	52.00	52.00	52.00	52.00
Totals:	<u>215.00</u>	<u>218.00</u>	<u>233.00</u>	<u>234.00</u>	<u>236.00</u>	<u>234.00</u>

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

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

(1) Information prior to 2002 is not available.

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

Function/Program	2007	2006	2005	2004	2003	2002
General Government						
<i>City Council</i>						
Ordinances Introduced	72	88	78	94	103	80
Resolutions Introduced	75	44	66	58	41	49
<i>Municipal Court</i>						
Revenues Distributed to City General Fund	515,782	520,000	454,176	466,201	480,000	430,000
Operating Expenses Paid from General Fund	473,410	447,133	422,141	427,404	441,679	365,917
Traffic Charges Filed	5,302	4,602	4,304	4,239	4,708	4,446
Parking Tickets Processed	4,318	6,036	N/A	N/A	N/A	N/A
Criminal Charges Filed	2,098	1,613	1,294	1,018	1,141	552
Housing Code Charges Filed	1,134	886	480	386	399	78
Civil Cases Filed	1,042	1,028	943	906	932	811
Marriages Performed	9	9	9	6	15	18
Security of Persons & Property						
<i>Police</i>						
Number of Stations	1	1	1	1	1	1
Policemen and Officers	42	41	41	41	41	41
Bike Patrol Fleet	4	N/A	N/A	N/A	N/A	N/A
S.W.A.T. Members	8	N/A	N/A	N/A	N/A	N/A
K-9 Units	2	2	1	1	1	1
School Guards	13	13	16	18	17	17
Hours of Training	2,792	1,967	1,655	2,300	2,600	2,400
Number of Persons Arrested	1,063	947	997	990	965	872
Number of Traffic Citations Issued	5,376	4,787	4,467	4,239	4,838	4,447
Number of Parking Violations/Arrests	4,316	5,709	4,756	4,115	4,299	5,272
Police Responses	18,541	16,874	17,984	15,196	N/A	14,412
9-1-1 Emergency Calls Received	5,807	5,545	5,576	N/A	N/A	N/A
<i>Fire</i>						
Number of Stations	1	1	1	1	1	1
Firemen and Officers	37	35	34	33	32	32
Paramedics	27	23	22	21	20	20
Hours of Training	5,641	5,703	3,485	3,296	3,994	4,131
Number of Incidents	2,929	2,926	2,938	2,894	3,056	2,882
EMS Responses	1,955	2,022	2,065	2,065	2,091	1,685
Total Fire Loss	\$231,000	\$335,450	\$225,200	\$363,600	\$363,050	\$850,100
Building Department						
Residential Building Permits Issued	827	976	983	1,027	1,011	1,178
Estimated Value of Residential Construction	\$5,288,766	\$5,725,155	\$7,032,396	\$5,608,679	\$7,003,250	\$6,861,206
Commercial Building Permits Issued	63	36	39	38	45	70
Estimated Value of Commercial Construction	\$14,281,819	\$2,807,093	\$995,007	\$1,104,551	\$3,557,985	\$7,595,022
Transportation						
Number of Trees Planted	311	74	3	397	N/A	N/A
Tons of Salt Purchased	9,500	7,743	4,196	7,321	10,492	8,060
Basic Utility Services						
Tons Paper Recycling Picked Up	580	507	563	N/A	N/A	N/A
Tons of Plastic Recycling Picked Up	330	459	314	N/A	N/A	N/A
Swimming Pools						
Number of Pools	2	2	2	3	3	3
Swimming Pool Receipts	\$114,041	\$121,334	\$142,635	\$132,913	\$155,454	\$162,770
Swimming Pool Expenditures	\$304,882	\$273,248	\$270,526	\$350,436	\$456,467	\$505,710

(1) Information prior to 2002 is not available.

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

Function/Program	2007	2006	2005	2004	2003	2002
General Government						
Total Square Footage (2)	54,002	54,002	54,002	54,002	54,002	54,002
Vehicles	1	1	1	1	1	1
Security of Persons and Property						
<i>Police</i>						
Number of Stations	1	1	1	1	1	1
Vehicles	35	30	28	28	28	28
<i>Fire</i>						
Number of Stations	1	1	1	1	1	1
Vehicles	11	10	10	9	9	9
Leisure Time Activities						
Number of Parks	3	3	3	3	3	3
Number of Playgrounds	2	2	2	2	2	2
Number of Swimming Pools	2	2	2	3	3	3
Number of Tennis Courts	4	4	4	4	4	8
Number of Community Centers	1	1	1	1	1	1
Square Footage of Community Center	10,582	10,582	10,582	10,582	10,582	10,582
Building Department						
Vehicles	10	8	8	8	8	8
Transportation						
Street Miles	67	67	61	61	61	61
Storm Sewer Miles	60	60	N/A	N/A	N/A	56
Sanitary Sewer Miles	64	64	N/A	N/A	N/A	56
Water Line Miles	70	70	N/A	N/A	N/A	61
Square Footage of Service Garage	13,897	13,897	13,897	13,897	13,897	13,897
Square Footage of Parking Garage	17,542	17,542	17,542	17,542	17,542	17,542
Vehicles	32	32	29	29	27	27
Basic Utility Services						
Vehicles	19	19	19	19	19	19

(1) Information prior to 2002 is not available.

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



Mary Taylor, CPA
Auditor of State

CITY OF SOUTH EUCLID

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 5, 2008**