



**Auditor of State
Betty Montgomery**

CITY OF ROCKY RIVER
CUYAHOGA COUNTY

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**Auditor of State
Betty Montgomery**

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

City of Rocky River
Cuyahoga County
21012 Hilliard Boulevard
Rocky River, Ohio 44116

To City Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Rocky River, Cuyahoga County, Ohio, (the City) as of and for the year ended December 31, 2004, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 22, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting to determine our auditing procedures in order to express our opinions on the financial statements and not to opine on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. A Reportable condition is described in the accompanying schedule of findings as items 2004-001.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. However, we do not believe the reportable condition described above is a material weakness. In a separate letter to the City's management dated June 22, 2005, we reported other matters involving internal control over financial reporting which we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the City's management dated June 22, 2005, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of management and City Council. It is not intended for anyone other than these specified parties.



Betty Montgomery
Auditor of State

June 22, 2005

**CITY OF ROCKY RIVER
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
FOR YEAR ENDED DECEMBER 31, 2004**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number	2004-001
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A capital asset management system is a system of methods, policies, and procedures that address the acquisition, use, control, protection, maintenance, and disposal of assets. Accurate accounting for assets is required for the correct and complete presentation of capital asset financial information. While reviewing the City's procedures for maintaining capital asset records, we noted the following:

- The City maintains a listing of certain movable equipment and vehicles, however, the City does not maintain a complete detailed list of all capital assets, including the year of acquisition, the original or estimated historical cost of each capital asset, the serial number or tag number and, if applicable, accumulated depreciation and current depreciation for each capital asset or asset class.
- The City has not recorded all infrastructure assets. This weakness was due to the City's inability to timely identify the cost and the year of major renovations or construction to existing infrastructure since December 31, 1980 and to present accumulated depreciation and depreciation expense for infrastructure assets. As a result, the City has elected to retroactively report all major general infrastructure assets, except for those previously recorded, in a future year prior to December 31, 2007.
- The City does not have a written capital asset policy.

We recommend the City develop a written capital asset policy and consider obtaining a computerized capital asset system which will account for the acquisition date, description of the asset, identification or tag number, fund and function the asset is assigned, original or estimated historical cost, accumulated depreciation, current year depreciation expense, salvage value and, if applicable, the carrying value of each asset. If a computerized system is not considered feasible, the City should tag all purchase orders for capital assets additions and maintain a complete detail listing of capital assets as indicated above. Furthermore, the City should also research their records to identify the cost and year of major renovations or construction to existing infrastructure since December 31, 1980. These infrastructure assets will be required to be depreciated, unless the City elects to use the modified approach for reporting infrastructure assets.

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**CITY OF ROCKY RIVER
CUYAHOGA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2004**

FINDING NUMBER	FINDING SUMMARY	FULLY CORRECTED?	NOT CORRECTED, PARTIALLY CORRECTED; SIGNIFICANTLY DIFFERENT CORRECTIVE ACTION TAKEN; OR FINDING NO LONGER VALID; EXPLAIN:
2003-001	Capital asset management system	No	Not Corrected, re-issued as 2004-001

City of Rocky River, Ohio

Comprehensive Annual Financial Report

December 31, 2004

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City of Rocky River, Ohio

Comprehensive Annual Financial Report For The Year Ended December 31, 2004

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City of Rocky River, Ohio

Comprehensive Annual Financial Report For The Year Ended December 31, 2004

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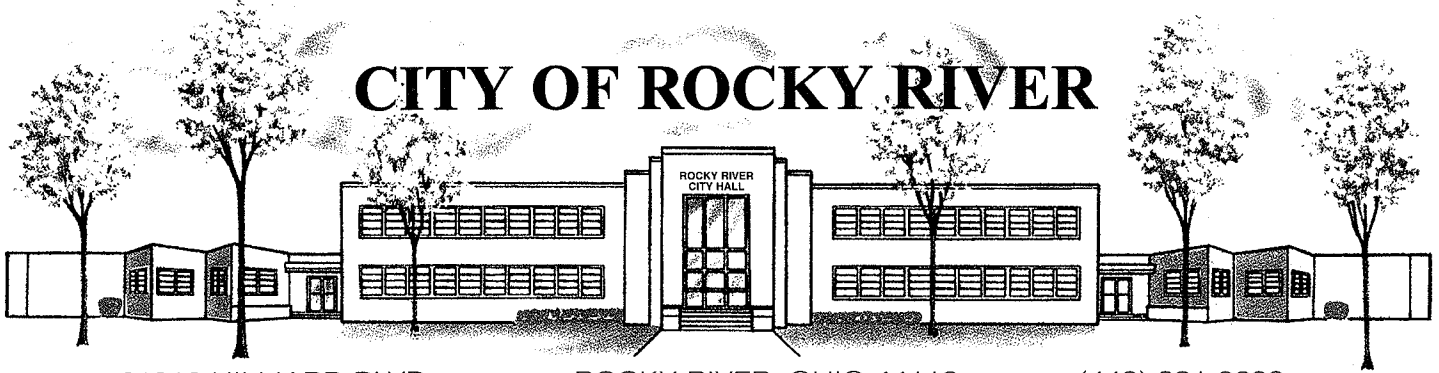
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Comprehensive Annual Financial Report For The Year Ended December 31, 2004

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CITY OF ROCKY RIVER



June 22, 2005

Mayor William F. Knoble;
Members of City Council; and
Citizens of Rocky River

The City of Rocky River (City) is pleased to submit the Comprehensive Annual Financial Report (CAFR) for the year ending December 31, 2004. This CAFR was prepared by the City's Department of Finance. Responsibility for both the accuracy of the presented data, the completeness and fairness of the presentation including all disclosures, rests with the City. It is believed the data presented is accurate in all material respects, that it is presented in a manner designed to set forth fairly the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain the maximum understanding of the City's financial activity have been included. The CAFR will provide the taxpayers of the City with comprehensive financial data in a format that will give them an understanding of the City's financial affairs.

The Comprehensive Annual Financial Report is presented in three sections:

1. **Introductory:** contains a Table of Contents, this Letter of Transmittal, a list of the Elected Officials, the Organizational Chart, and the Certificate of Achievement from the Government Finance Officers Association (GFOA).
2. **Financial:** contains the Independent Accountants' Report; Management's Discussion and Analysis; the Basic Financial Statements; Notes that provide an overview of the City's financial position and operating results; Combining Statements for non-major funds; and other Schedules that provide detailed information relative to the Basic Financial Statements.
3. **Statistical:** contains various tables reflecting social and economic information, financial and fiscal trends, and the fiscal capacity of the City.

City Organization

The City of Rocky River, located in Northeastern Ohio and west of the City of Cleveland, in Cuyahoga County, is an established residential community that covers 4.48 square miles along the shore of Lake Erie. The City's 2004 population according to the 2000 Census was 20,735. The City is a home rule municipal corporation established pursuant to the general laws of the State of Ohio and its own charter. The current charter, which provides for the Mayor/Council form of government, was originally adopted in 1960.

The City has a full-time Mayor elected for a two year term. City Council consists of seven elected members who serve two year terms. The Law Director is also an elected office holder who serves two year terms. The Mayor appoints the heads of the following departments: Building, Economic and Community Development, Engineering, Finance, Office on Aging, Recreation and Safety-Service.

City Council holds its regular bi-monthly Council meetings on the second and fourth Monday of each month. The City Charter also provides procedures for special or emergency meetings if the need arises. The City Engineer and Directors of Finance and Safety-Service attend all Council meetings. City Council generally meets as ‘Committee of the Whole’ on the first and third Monday of each month.

City Services

The City provides various services including police and fire protection, parks and recreation, street maintenance and sewer services, planning and zoning, municipal court and general government services. Public health services are provided by contract with the Cuyahoga County Board of Health.

The Illuminating Company, Dominion East Ohio and Cleveland Water Department provide the City residents with electricity, natural gas and water. The Rocky River Wastewater Treatment Plant, a joint venture between the City and three neighboring cities, provides sanitary sewer services.

The City continues to offer superior recreation facilities to its residents. The City operates eight playgrounds, tot lots, and a Senior Citizens Center. The City abuts the Cleveland Metropolitan Park District (Metroparks)-Rocky River Reservation, which provides even more recreational facilities including horseback riding, fishing, walking, hiking and biking trails.

The City provides many programs for all ages through its Recreation Department. Baseball, basketball, cheerleading lessons, day camps, exercise classes, golf, jazzercise, lacrosse, swimming, tennis, and volleyball, are just some of the many programs for family fun, fitness and recreation.

The nearby City of Cleveland possesses many cultural attractions such as the world-famous Cleveland Orchestra, the Cleveland Museum of Art, the Great Lakes Science Center and the Rock-n-Roll Hall of Fame and Museum. It has unique shopping areas such as Tower City Center and the Galleria. With dining, outdoor concerts and entertainment in the Gateway and Warehouse Districts, downtown Cleveland is a center of activity for all ages and a short drive from the City.

Downtown Cleveland also is home to the Cleveland Browns of the National Football League who play in the new Cleveland Browns Stadium; Jacobs Field is home to Major League Baseball’s Cleveland Indians; the Cleveland Cavaliers of the National Basketball Association and the Cleveland Barons Hockey team play at the Gund Arena. The ‘Gund’ is also a venue of concerts by major recording artists, the circus, ice shows, and a variety of other professional attractions. The Cleveland Force professional soccer team plays at the Wolstein Convocation Center of Cleveland State University. Other professional attractions, concerts and shows are also held at the Wolstein Center. All four venues are less than ten years old.

The world renown Cleveland Clinic Foundation and University Hospitals supplement health care provided by nearby community hospitals and immediate care centers. Fairview, Lakewood and St. John-WestShore Hospitals serve as emergency care facilities for our residents and visitors who require use of Rocky River’s Fire Department ambulances, staff of professional paramedics, and emergency medical technicians. The Greater Cleveland area is known worldwide for its excellence in health care.

Reporting Entity

The City has reviewed its reporting entity definition in order to ensure conformance with the Governmental Accounting Standards Board Statement (GASB) No. 14, 'The Financial Reporting Entity'. In evaluating how to define the City for financial reporting purposes, management has considered all agencies, departments and organizations making up the City (primary government) and its potential component units.

Neither the Rocky River City School District nor the Rocky River Public Library have been included in the accompanying financial statements because the City is not financially accountable for either entity and is neither fiscally dependent on the City.

The Rocky River Waste Water Treatment Plant (Plant) is a joint venture among the Cities of Bay Village, Fairview Park, Rocky River, and Westlake. The Plant is organized as a council of governments pursuant to Ohio Rev. Code Chapter 167 and is governed by a Management Board consisting of the elected mayors of the four member cities and a fifth person nominated and elected by the mayors. The Board has complete authority over all aspects of Plant operations. The City has an explicit and measurable equity interest in the Plant. There exists a residual interest in the assets upon dissolution of the Plant. The City also has an ongoing financial responsibility for its share of the Plant liabilities and because the City's participation is essential to the continued existence of the Plant.

Also, the City is associated with the West Shore; Tri-City Park; and Safe Air for Environment (SAFE) Council of Governments as jointly governed organizations all of which are organized pursuant to Ohio Rev. Code Chapter 167. The City is also a member of the WestShore Area Rescue Association, a mutual rescue aid agreement among neighboring communities and select area hospitals.

Economic Conditions and Outlook

Because of its proximity to major cultural, educational and medical facilities in Northeastern Ohio, the City experiences a degree of economic stability.

The City's administration has made every effort to encourage expansion and relocation of commercial and residential development. It takes special pride in the exceptional working relations it has fostered within the corporate community and extends every effort possible to ensure that City's future growth and development.

The construction value of the building permits increased 9.22 percent in 2004. The value of construction during 2004 was \$26,444,508, while the value of construction during 2003 was \$24,212,485.

Major Initiatives

During 2004, the City completed or made substantial progress toward several major goals and projects.

Included in the October bond issue, the City completed a current refunding of the 1994 General Obligation Bonds to achieve a True Interest Cost of 3.08 percent of the refunded bonds.

Several street improvement projects were either completed or commenced in 2004.

The City expended \$1,687,081 in the Orchard Park/ Bates Road neighborhood in 2004 on a project that included curb, sanitary sewer, storm sewer, street surface and water main improvements or replacement, as necessary. Landscaping replacement is expected to be completed in early 2005.

In conjunction with Cuyahoga County's planned improvements to all of Hilliard Boulevard that runs through the City, the City paid \$1,503,150 to the County for coordinating sanitary sewer and street surface improvements.

The City expended \$1,106,439 on Aberdeen Road in 2004 on a project that included curb, sanitary sewer, storm sewer, street surface and water main improvements or replacement, as necessary. Landscaping replacement is expected to be completed in early 2005.

The City expended \$712,661 on Inglewood Road in 2004 for a two year total of \$914,996 on a project that included curb, sanitary sewer, storm sewer, street surface and water main improvements or replacement, as necessary.

Toward the agreement for the reconstruction of Wooster Road between the City of Fairview Park and City of Rocky River the City paid \$862,482. In addition to participation by the two cities, \$500,000 of the project costs will be paid by Cuyahoga County and \$423,028 will be contributed as a grant from the Ohio Public Works Commission.

Bond proceeds also included funds for the Rocky River Family Aquatic Center to replace the outdoor pool. Construction began in 2004 with a total expended of \$826,127.

Other projects included the Yacht Club Drive water main (\$263,479); Harwich Court culvert (\$102,245); and also in coordination with Cuyahoga County, Wagar Road street surface improvements (\$112,109).

Installation of noise barriers by the Ohio Department of Transportation along approximately six miles of Interstate 90 began in 2004 and will be complete in 2005. The City plans on installing complementary landscaping following the recommendations of the Beautification Committee.

Financial Information

Development of the City's accounting system includes consideration of internal accounting controls. This system is designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes: 1) the cost of a control should not exceed the benefits likely to be derived from its implementation, and 2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of financial assistance from the State of Ohio and Cuyahoga County, the City also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by City management and the Finance Department.

Budgetary Controls: City Council passes a Temporary Appropriation Ordinance on or before January 1st of each year covering the three month period January 1st through March 31st. City of Rocky River, Charter, Article VII, Section 6., provides that the Mayor, with the assistance of the Director of Finance, prepare an annual Appropriation Ordinance that is submitted to the Clerk of Council not later than the last day of each January for the period of January 1st through December 31st. All disbursements require appropriation authority. The legal level of budgetary control established by the Appropriation Ordinance is at the object level within each department. Any budgetary modification at the object level may only be made by ordinance of City Council. All funds, other than agency funds, are budgeted annually.

The City Administration is authorized to transfer appropriations between line items below an object of any department. Any increase in the total appropriations for a department must be approved by City Council. The City's fully automated financial system maintains budgetary control through its purchase/encumbrance feature. A purchase order is required and must be used before making any purchase of up to \$500. Unencumbered appropriations lapse at the end of each calendar year.

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibilities for sound financial management. The Basic Financial Statements for reporting on the City's financial activities are as follows:

Government-wide Financial Statements: These Statements are prepared on an accrual basis of accounting, which is similar to the basis of accounting followed by businesses. The Government-wide Financial Statements distinguish between those activities of the City that are governmental activities and those that are business-type activities.

Fund Financial Statements: These Statements present information for individual major funds rather than by fund type. Non-major funds are presented in total in one column. Governmental funds use the modified accrual basis of accounting and include a reconciliation to the governmental activities accrual information presented in the Government-wide Financial Statements. Proprietary and fiduciary funds use the accrual basis of accounting.

Statements of Budgetary Comparison: These Statements present comparison of accrual information to the legally adopted budget. The budgetary basis as provided by the general laws of the State of Ohio is based upon accounting for certain transactions on the basis of cash receipts disbursements and encumbrances.

As part of generally accepted accounting principles, the City is responsible for preparing Management's Discussion and Analysis of the City. This discussion follows the Independent Accountants' Report and provides an assessment of the City finances for 2004.

Cash Management

The City's cash is pooled for cash management and compliance purposes. A majority of the City's deposits are collateralized by pooled collateral. Ohio law permits financial institutions to establish a collateral pool to cover all public deposits. The market value of pooled collateral must equal at least 105 percent of the public funds on deposit. Trustees, including the Federal Reserve Bank and designated third party trustees of the financial institutions, may hold the collateral.

Risk Management

The City carries \$1,000,000. in comprehensive general liability and certain property loss coverage on the City's property. The City also contributes to the State of Ohio Bureau of Workers' Compensation.

Independent Audit

In accordance with Ohio law, independent audits are required to be performed on the financial operations of the City. Either the Auditor of State of Ohio or, if the Auditor permits, an independent public accounting firm conducts these audits. City Council selected the Auditor of State to perform these services for the year 2004. Her report is presented in the Financial section.

Certificate of Achievement The GFOA awarded a Certificate of Achievement of Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the year ending December 31, 2003. This was the seventeenth year that the City has received this prestigious award. A 'Certificate of Achievement' is awarded to the City when its publication is issued with easy, readable language, is efficiently organized and comprehensive, and conforms to the programs standards within an annual financial report. The City's CAFR satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a one year period only. The City believes the current Comprehensive Annual Financial Report continues to meet the programs criteria, and will submit it to determine its eligibility for another certificate.

Acknowledgements

The publication of this report is a significant step in the ongoing effort toward superior financial reporting. The City Council's commitment to excellence of the City in general and support for this project in particular are sincerely appreciated.

The City would like to express its appreciation to the firm of Ciuni & Panichi, Inc. for its professional services for assistance with the preparation of the 2004 CAFR. This report represents a coordinated effort among departments of the City. Each participating department takes pride and care managing the assets of the public that are under its control. This report is meant to demonstrate and document such effort.

Respectfully submitted,



Michael A. Thomas,
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Rocky River,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2003

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.



Nancy L. Ziehl

President

Jeffrey R. Emery

Executive Director

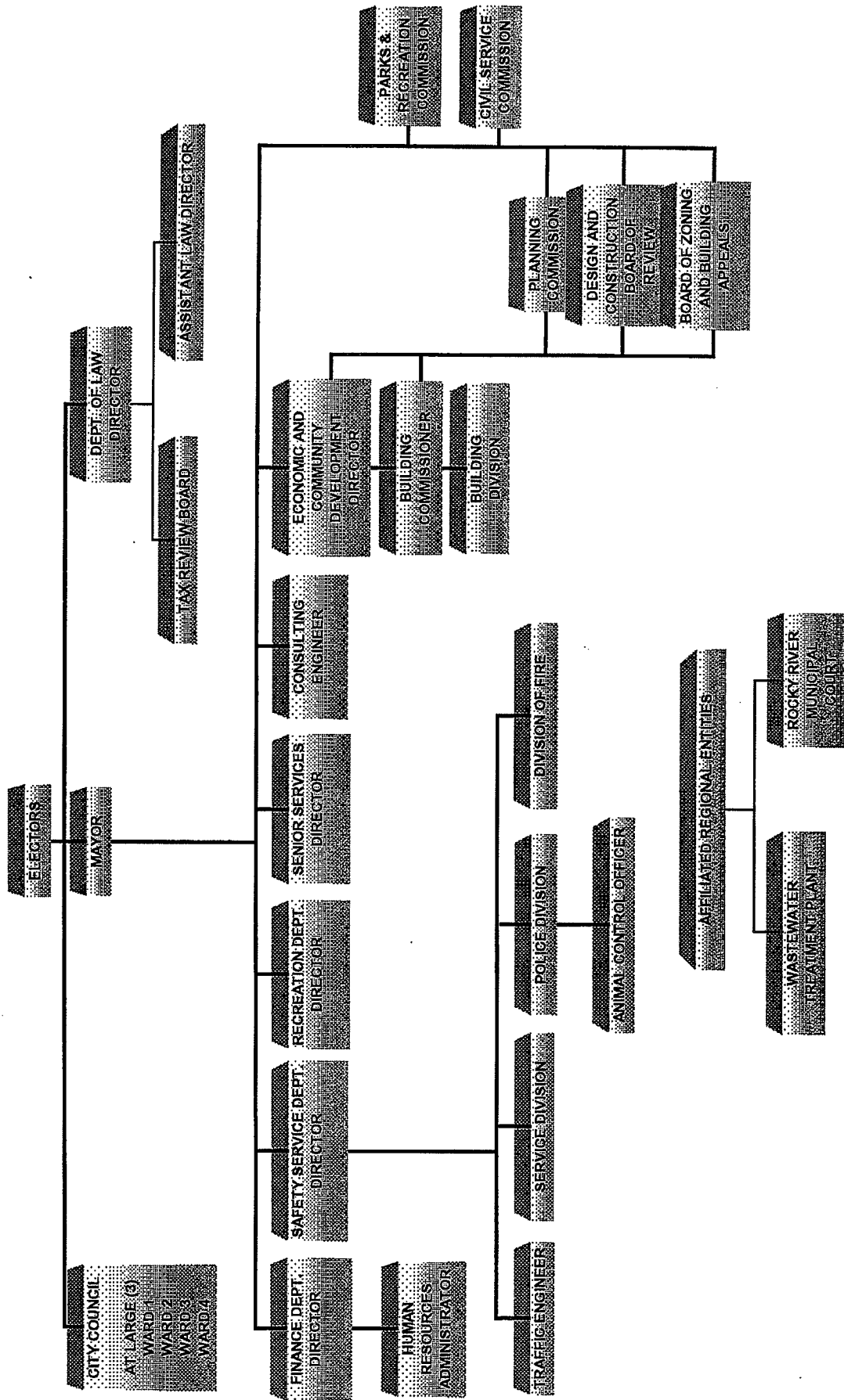
City of Rocky River, Ohio

List of Elected Officials

December 31, 2004

<u>TITLE</u>	<u>NAME</u>
Mayor	William F. Knoble
Law Director	David J. Matty
Council President-At-Large	Pamela E. Bobst
Council Member – At-Large	Brian A. Hurtuk
Council Member – At-Large	Linda S. Bartolozzi
Council Member – Ward 1	Robert S. Frost
Council Member – Ward 2	Earl W. Potterfield
Council Member – Ward 3	Frank B. Gollinger
Council Member – Ward 4	Brian F. Hagan

CITY OF ROCKY RIVER ORGANIZATIONAL CHART





Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

City of Rocky River
Cuyahoga County
21012 Hilliard Boulevard
Rocky River, Ohio 44116

To City Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Rocky River, Cuyahoga County, Ohio, (the City) as of and for the year ended December 31, 2004, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Rocky River, Cuyahoga County, Ohio, as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General Fund and Recreation Center 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 22, 2005, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

Lausche Building / 615 Superior Ave., NW / Twelfth Floor / Cleveland, OH 44113-1801
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www.auditor.state.oh.us

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

June 22, 2005

City of Rocky River
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended December 31, 2004

This Management Discussion and Analysis of the City of Rocky River's (City) financial performance provides an overall review of the City's financial activities for the year ended December 31, 2004. The intent of the Management Discussion and Analysis is to look at the City's financial performance as a whole; readers should also review the Transmittal Letter and the Basic Financial Statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2004 are:

- Total revenues were \$28,828,834, an increase of 20.9 percent from 2003. Total expenses were \$26,168,551, an increase of 3.8 percent over 2003 levels. This resulted in an increase in total net assets of \$2,660,283 or 6.3 percent.
- Total assets increased by \$11,226,002 or 18.2 percent from 2003.
- Total liabilities increased by \$8,565,719 or 44.0 percent from 2003.
- Total net assets increased by \$2,660,283 or 6.3 percent from 2003.
- Total capital assets increased by \$5,624,381 or 17.8 percent from 2003.
- Total outstanding long-term liabilities increased \$7,684,095 from 2003, an increase of 65.2 percent.

Using This Comprehensive Annual Financial Report

The Comprehensive Annual Financial Report (CAFR) consists of a series of financial statements and notes to those statements. These statements are prepared and organized so the reader can understand the City as a financial whole or as an entire operating entity. The statements proceed to provide an increasingly detailed look at the City's specific financial condition.

The Statement of Net Assets and Statement of Activities provide information about the activities of the whole City, presenting both an aggregate view of the City's finances and 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 non-major funds presented in total in one column.

Reporting the City of Rocky River as a Whole

Statement of Net Assets and Statement of Activities

While this document contains information about the funds used by the City to provide services to citizens, the view of the City as a whole looks at all financial transactions and asks the question, "How did the City do financially during 2004?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the

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accounting method used by the private sector. The basis of this accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

These two statements report the City's net assets and the changes in those assets. The changes in net assets are important because it tells the reader whether, for the City as a whole, the financial position of the City has improved or diminished. However, in evaluating the overall position of the City, non-financial information such as changes in the City's tax base and the condition of the City capital assets will also need to be evaluated. The Statement of Net Assets and the Statement of Activities are divided into the following categories:

- Assets
- Liabilities
- Net Assets (Assets minus Liabilities)
- Program Revenue and Expenses
- General Revenues
- Net Assets Beginning of Year and Year's End

Reporting the Most Significant Funds of the City of Rocky River

Fund Financial Statements

The presentation of the City's major funds begins on page 16. Fund financial statements provide detailed information about the City's major funds based on the restrictions on the use of monies. The City has established many funds that account for the multitude of services, facilities and infrastructure provided to City residents. However, these fund financial statements focus on the City's most significant funds. In the case of the City, the major funds are the General, Sanitary Sewer, Recreation Center, Bond Retirement, Permanent Improvement and Capital Improvement.

Government Funds

Most of the City's activities are reported in the governmental funds that focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. Governmental 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. Government fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future on services provided to residents. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

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Proprietary Fund

The Sanitary Sewer Fund, a proprietary fund, operates as an enterprise fund using the same basis of accounting as business-type activities; therefore, these statements will essentially match the information provided in statements for the City as a whole.

The City of Rocky River as a Whole

The Statement of Net Assets looks at the City as a whole. Table 1 provides a summary of the City's net assets for 2004 compared to 2003.

Table 1
Net Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Assets						
Current and Other Assets	\$ 28,516,350	\$ 22,969,188	\$7,160,108	\$ 7,105,649	\$ 35,676,458	\$ 30,074,837
Capital Assets, Net	<u>28,436,761</u>	<u>24,581,865</u>	<u>8,841,148</u>	<u>7,071,663</u>	<u>37,277,909</u>	<u>31,653,528</u>
Total Assets	<u>56,953,111</u>	<u>47,551,053</u>	<u>16,001,256</u>	<u>14,177,312</u>	<u>72,954,367</u>	<u>61,728,365</u>
Liabilities						
Current and Other Liabilities	8,540,223	7,658,737	34,668	34,530	8,574,891	7,693,267
Long-Term Liabilities						
Due Within One Year	1,003,066	783,051	27,792	24,140	1,030,858	807,191
Due In More Than One Year	<u>18,072,548</u>	<u>10,591,982</u>	<u>372,684</u>	<u>392,822</u>	<u>18,445,232</u>	<u>10,984,804</u>
Total Liabilities	<u>27,615,837</u>	<u>19,033,770</u>	<u>435,144</u>	<u>451,492</u>	<u>28,050,981</u>	<u>19,485,262</u>
Net Assets						
Invested in Capital Assets						
Net of Related Debt	13,049,968	16,981,242	8,537,482	6,755,429	21,587,450	23,736,671
Restricted for:						
Capital Projects	8,506,497	6,697,396	-	-	8,506,497	6,697,396
Debt Service	436,075	933,368	-	-	436,075	933,368
Recreation	537,147	272,344	-	-	537,147	272,344
Municipal Probation	341,646	314,982	-	-	341,646	314,982
Senior Citizen Services	403,278	226,474	-	-	403,278	226,474
Street Repair and Maintenance	658,753	347,929	-	-	658,753	347,929
Other Purposes	712,932	212,492	-	-	712,932	212,492
Unrestricted	<u>4,690,978</u>	<u>2,531,056</u>	<u>7,028,630</u>	<u>6,970,391</u>	<u>11,719,608</u>	<u>9,501,447</u>
Total Net Assets	<u>\$ 29,337,274</u>	<u>\$ 28,517,283</u>	<u>\$ 15,566,112</u>	<u>\$ 13,725,820</u>	<u>\$ 44,903,386</u>	<u>\$ 42,243,103</u>

Total Assets increased by \$11,226,002 from 2003 to 2004. The increase was due mainly to the increases in Capital Assets and Cash and Cash Equivalents. The issuance of general obligation bonds in October most significantly influenced Capital Assets and Cash and Cash Equivalents balances as of December 31, 2004.

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Total Liabilities increased by \$8,565,719. The largest increase came in long-term liabilities due to the issuance of debt.

The result of increased assets and liabilities is an increase in Total Net Assets of \$2,660,283, with governmental net assets comprising \$819,991 and business-type activities comprising \$1,840,292 of that amount.

Table 2 shows the changes in net assets for the year ended December 31, 2004 compared to 2003.

Table 2
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
Program Revenues:						
Charges for Services	\$ 4,592,873	\$ 4,451,138	\$ 2,012,219	\$ 1,649,436	\$ 6,605,092	\$ 6,100,574
Operating Grants and Contributions	804,681	628,874	-	-	804,681	628,874
Capital Grants and Contributions	789,079	749,605	1,107,813	-	1,896,892	749,605
Total Program Revenues	<u>6,186,633</u>	<u>5,829,617</u>	<u>3,120,032</u>	<u>1,649,436</u>	<u>9,306,665</u>	<u>7,479,053</u>
General Revenues:						
Property and Other Local Taxes	5,730,142	5,450,125	-	-	5,730,142	5,450,125
Municipal Income Taxes	8,159,833	7,450,963	-	-	8,159,833	7,450,963
Estate Taxes	278,970	1,485,683	-	-	278,970	1,485,683
Grants and Entitlements	4,955,054	1,455,607	-	-	4,955,054	1,455,607
Interest	281,820	195,673	-	-	281,820	195,673
Miscellaneous	116,350	327,212	-	-	116,350	327,212
Total General Revenues	<u>19,522,169</u>	<u>16,365,263</u>	<u>-</u>	<u>-</u>	<u>19,522,169</u>	<u>16,365,263</u>
Total Revenues	<u>25,708,802</u>	<u>22,194,880</u>	<u>3,120,032</u>	<u>1,649,436</u>	<u>28,828,834</u>	<u>23,844,316</u>
Program Expenses:						
General Government	4,555,899	5,142,027	-	-	4,555,899	5,142,027
Security of Persons and Property	7,673,916	8,037,215	-	-	7,673,916	8,037,215
Public Health Services	977,448	1,071,428	-	-	977,448	1,071,428
Transportation	4,698,400	2,619,434	-	-	4,698,400	2,619,434
Community Environment	803,006	823,487	-	-	803,006	823,487
Basic Utility Services	1,739,378	2,161,930	-	-	1,739,378	2,161,930
Leisure Time Activities	3,933,467	2,738,117	-	-	3,933,467	2,738,117
Interest and Fiscal Charges	507,297	439,230	-	-	507,297	439,230
Sanitary Sewer Charges	-	-	1,279,740	2,405,376	1,279,740	2,405,376
Total Program Expenses	<u>24,888,811</u>	<u>23,032,868</u>	<u>1,279,740</u>	<u>2,405,376</u>	<u>26,168,551</u>	<u>25,438,244</u>
Increase (decrease) in Net Assets	<u>819,991</u>	<u>(837,988)</u>	<u>1,840,292</u>	<u>(755,940)</u>	<u>2,660,283</u>	<u>(1,593,928)</u>
Net Assets January 1, restated	<u>28,517,283</u>	<u>29,355,271</u>	<u>13,725,820</u>	<u>14,481,760</u>	<u>42,243,103</u>	<u>43,837,031</u>
Net Assets December 31	<u>\$ 29,337,274</u>	<u>\$ 28,517,283</u>	<u>\$ 15,566,112</u>	<u>\$ 13,725,820</u>	<u>\$ 44,903,386</u>	<u>\$ 42,243,103</u>

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GOVERNMENTAL ACTIVITIES

Governmental activities increased the City's Net Assets by \$819,991 during 2004, compared to a decrease in 2003 of \$837,988. The primary reason for the difference between 2004 and 2003 change in Net Assets was primarily due to the debt issue in October the proceeds of which funded capital asset additions. The City held unspent bond proceeds as deposits or investments, depending on cash needed to make construction progress payments.

Several revenue sources fund the City's governmental activities with City income tax being the largest contribution. The income tax rate of 1/2 percent was established by City Ordinance No. 81-67, passed August 28, 1967. The Income Tax Ordinance was amended on June 24, 1968 by City Ordinance No. 82-68 to increase the income tax rate to 1 percent and then on March 28, 1977, City Ordinance No. 5-77 approved an increase in the income tax rate to 1-1/2 percent and a change in the tax credit for residents having income taxable in another community. The income tax revenue amount for 2004 was \$8,159,833, a \$708,870 increase from 2003. The City monitors its sources of revenue very closely for any changes or fluctuations.

While income tax collections in 2004 were 9.5 percent higher than in 2003, the majority of the increase can be attributed to the overall improvement in economic conditions in 2004. The City has enjoyed a consistent revenue stream in income tax collections for the past several years. This consistency has been especially important to the City because income tax revenue provided the City the funds needed to maintain streets, make infrastructure improvements and strengthen the safety forces. The City continues to be very aggressive in collecting delinquent income tax. City income tax revenues were designated for the City's General Fund.

Estate Taxes decreased \$1,206,713 during 2004, which is the direct result of the large amount of estate tax that was available at December 31, 2003, which did not recur in 2004. The City uses Estate Taxes to pay for capital improvements in the City.

Total expenses for 2004 were \$24,888,811, an 8.1 percent increase over 2003 levels. For the most part, increases in expenses are related to the increase in employee salaries, wages and benefits and the growth in demand for services. Expenditures for road improvements made with a portion of bond proceeds also contributed to the increase in expenses.

During 2004, the largest program function for the City relates to Security of Persons and Property, which includes police and fire protection. This program accounts for 30.8 percent of expenses. The decrease of \$363,299 was the result of reduced prisoner expenses and benefit payments. The Police Division, which is funded from the General Fund, operated within its operating budget during 2004. The Police Division capital budget allowed for the purchase of three new police vehicles from the Equipment Purchase Fund that receives State of Ohio Liquor Permit revenue and transfers from the Permanent Improvement Fund. The Division continues to upgrade the vehicles to better serve the community.

In 2004, the Fire Department operated with 28 full-time firefighters/paramedics, including officers. The Fire Department is funded with General Fund revenues. The Department continues to upgrade emergency fire and rescue equipment to better serve the community.

Transportation represents the next highest program expense, which accounts for 18.9 percent of expenses. Expenses under the Transportation heading were made for the maintenance and repairs to the City's roads and infrastructure. The \$2,078,966 increase is related to various street improvement projects throughout the

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City in 2004, most of which were funded through the issuance of general obligation bonds. The City pays for its road and infrastructure projects primarily from the City's general revenues, a part of which is provided by the City's income tax. The City takes great pride in maintaining its streets in above average condition and continues to set aside money towards future capital improvements. The City may either pay cash for street improvement projects or issue short-term debt and complete repayment within one or two years. The City annually earmarks dollars toward capital projects.

General government expenses account for 18.3 percent of expenses. The \$586,128 decrease in this program was due to foregoing a debt principal payment for the portion of the general obligation bonds that were currently refunded.

Historically, the City has either paid cash for improvement projects or issued short-term debt. While the City operating expenses increases were impacted by increased costs for employee health insurance, rising energy prices, and poor weather, the City kept total expenses below total revenues and year end balances.

The City's Funds

Information about the City's governmental funds begins on page 17. These funds are accounted for by using the modified accrual basis of accounting. All governmental funds had total revenues of \$25,838,328 and expenditures of \$32,065,983. The most significant fund is the General Fund, which had an unreserved fund balance at year-end of \$5,413,861 compared to annual expenditures of \$13,020,897. While revenues exceeded expenditures by \$3,134,793, a portion of this excess was transferred to other funds. These transferred funds enabled the City to fund other departments and capital improvements.

General Fund Budgeting Highlights

The City's budget is prepared according to the general laws of the State of Ohio and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. During the course of 2004, the City amended its General Fund budget three times for a total increase in budgeted expenditures of \$775,913. All capital projects and requests for capital type purchases are included in the annual appropriations ordinance and any supplemental appropriations ordinance(s) as necessary. Recommendations for budget changes are presented to City Council as a supplemental appropriations ordinance. The City administration may make budget changes that modify line items within departments within the same fund. The General Fund supports many major activities such as the Police Division, Fire Division, Engineer/Building, Finance, Rocky River Municipal Court and Economic/Community Development Departments as well as the legislative and most executive activities. Some major capital projects are funded with General Fund dollars. By Ordinance, these funds are transferred from the General Fund to Capital Improvement Fund where the revenue and expenditures for the capital improvement project are tracked and monitored. For the General Fund, the original budgeted revenues were \$15,577,107 and the final budgeted amount was \$15,581,607, not including transfers and advances. The City continued to maintain a comfortable level of liquidity in the General Fund by maintaining unrestricted cash at year-end of 23.02 percent of General Fund revenue.

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Capital Assets and Debt Administration

Capital Assets

Table 3 shows fiscal 2004 balances of Capital Assets as compared to 2003:

Table 3
 Capital Assets at December 31

	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
Land	\$1,376,404	\$1,376,404	\$39,516	\$39,516	\$1,415,920	\$1,415,920
Right of Way	-	-	250,000	250,000	250,000	250,000
Construction in Progress	3,555,883	225,570	926,415	-	4,482,298	225,570
Land Improvements	75,684	-	-	-	75,684	-
Buildings	16,993,224	17,441,797	-	-	16,993,224	17,441,797
Equipment	514,601	575,790	12,508	12,508	527,109	588,298
Vehicles	949,833	1,343,393	14,144	40,658	963,977	1,384,051
Infrastructure:					-	-
Roads	1,277,648	389,614	-	-	1,277,648	389,614
Sidewalks	60,572	-	-	-	60,572	-
Traffic Signals	1,560,002	1,726,668	-	-	1,560,002	1,726,668
Storm Sewers	803,879	585,028	-	-	803,879	585,028
Sewer Lines	-	-	7,598,565	6,728,981	7,598,565	6,728,981
Water Mains	1,269,031	917,601	-	-	1,269,031	917,601
Total Capital Assets	<u>\$28,436,761</u>	<u>\$24,581,865</u>	<u>\$8,841,148</u>	<u>\$7,071,663</u>	<u>\$37,277,909</u>	<u>\$31,653,528</u>

Total Capital Assets for the City as of December 31, 2004 were \$37,277,909, a \$5,624,381 increase over 2003. Capital asset additions of \$7,638,747 were offset by \$456,119 in deletions and \$1,705,862 of depreciation expense.

The City seeks grants for infrastructure projects as well as improving City facilities and was able to secure grant funding for a portion of the Orchard Park/ Bates Road neighborhood project. It is through these grants as well as loans and careful use of debt that the City proved able to improve upon capital assets and at the same time maintain revenue at a level that enables debt service loads at comfortable margins. See Note 8 for additional information on capital assets.

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Debt

On December 31, 2004, the City had \$15,728,195 in bonds and loans. Table 4 summarizes bonds and loans outstanding.

Table 4
 Outstanding Debt at Year End

	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
General Obligation Bonds	\$14,634,529	\$6,801,000	\$ -	\$ -	\$14,634,529	\$6,801,000
Special Assessment Bonds	790,000	830,000	-	-	790,000	830,000
OWDA Loan	-	-	303,666	316,234	303,666	316,234
Total Outstanding Debt	<u>\$15,424,529</u>	<u>\$7,631,000</u>	<u>\$303,666</u>	<u>\$316,234</u>	<u>\$15,728,195</u>	<u>\$7,947,234</u>

The General Obligation Bonds are composed of the Various Purpose General Obligation Bonds, Series 2004, of \$10,840,000 and Rocky River Municipal Court Facility, Series 2002, of \$3,515,000. The former is paid from monies transferred from the General Fund into the Debt Service Fund while the latter is paid from monies transferred from the Municipal Court Capital Improvement Fund into the Debt Service Fund.

The Special Assessment Bonds consist of Erosion Control A & B Bonds: one for \$475,000 (Series 1998) and one for \$315,000 (Series 2000). The principal and interest for these bonds are paid from the Special Assessment Fund with monies collected through the Cuyahoga County Auditor from the affected taxpayers.

Principal and interest of the Ohio Water Development Authority (OWDA) loan is paid semi-annually from the Sanitary Sewer Fund and will be paid in full in the year 2020.

The City's overall legal debt margin was \$23,158,968 on December 31, 2004.

See Note 15 of the Basic Financial Statements for additional information on the City's debt.

Current Financial Related Activities

The City celebrated its centennial in 2003 and is proud of the accomplishments that have taken place over those years. The City is situated on Lake Erie and off Interstate 90, approximately fifteen minutes from the City of Cleveland, Ohio, Cuyahoga County, and Cleveland Hopkins International Airport.

Over the recent past, the City has enjoyed steady growth in revenues as a result of new residential development and at the same time adopted a strong, fiscally responsible financial plan to function within available revenues. The City has not gone to the voters for an increase in taxes since 1993. The City built the Senior Center; a Service Garage, dedicated to former Mayor Earl Martin; the Civic Center, dedicated to former Mayor Don Umerley; and renovated the Hamilton Ice Arena. In recent years, the City has worked to reduce its employee health insurance costs, by operating a self-funded insurance program. To buffer potential increases in workers' compensation costs, the City became a member in good standing of the Ohio

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Rural Water Association to be eligible for its group rating plan. Premium increases for employee health insurance and workers' compensation have been kept at reasonable levels while providing coverage to provide financial security for City employees.

The Mayor and City Council work extremely hard at keeping the debt burden low. The City makes financial plans so that certain improvements may be paid from current revenue and to maintain a high level of services.

The City has committed itself to financial excellence which is proven by the bond rating Aa2 by Moody's Investors Service that was affirmed in 2004.

In November 2001, residents of the City voted that the City adopt a Master Plan for the development, growth and expansion of the City. The City has hired City Architecture, Inc. to provide professional services for the master plan and \$69,000 has been allotted for the Master Plan design. The Master Plan was received in 2004 with its analysis and discussion to continue into 2005.

The City's commitment to its residents has always been one of full disclosure of financial matters of the City. This Comprehensive Annual Financial Report is available to all residents who wish to review it. City of Rocky River, Charter, Article III, Section 19, requires that, "[t]he Comprehensive Annual Financial Report, made to the City shall be filed with the Clerk of Council, who shall retain the then current report for public inspection. Within thirty days after the report is filed with the Clerk of Council, the Director of Finance shall submit a copy of the same report to the Rocky River Public Library." (Amended 11-6-90).

Contacting the City's Finance Department

This Comprehensive Annual Financial Report is designed to provide citizens, taxpayers, creditors and investors with a general overview of the City's finances and show the City's accountability for all money it receives, spends or invests. Any questions about this report or for additional financial information contact the Director of Finance, City of Rocky River, 21012 Hilliard Boulevard, Rocky River, Ohio 44116, (440) 331-0600. Certain information regarding the City is available through the website: www.rrcity.com.

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City of Rocky River, Ohio

Statement of Net Assets

December 31, 2004

	Governmental Activities	Business - Type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents	\$ 16,679,671	\$ 370,041	\$ 17,049,712
Cash and cash equivalents in segregated accounts	455,200	-	455,200
Cash and cash equivalents with fiscal agent	5,000	-	5,000
Accrued interest receivable	137,432	-	137,432
Accounts receivable	190,951	273,430	464,381
Intergovernmental receivable	1,365,828	-	1,365,828
Materials and supplies inventory	110,957	11,366	122,323
Prepaid items	1,683	-	1,683
Taxes receivable	8,735,157	-	8,735,157
Special assessments receivable	796,735	-	796,735
Investment in joint venture	-	6,505,271	6,505,271
Deferred charges	37,736	-	37,736
Nondepreciable capital assets	4,932,287	1,215,931	6,148,218
Depreciable capital assets, net	<u>23,504,474</u>	<u>7,625,217</u>	<u>31,129,691</u>
Total assets	<u>56,953,111</u>	<u>16,001,256</u>	<u>72,954,367</u>
Liabilities:			
Accounts payable	259,361	1,325	260,686
Contracts payable	990,955	-	990,955
Accrued wages and benefits	245,731	14,154	259,885
Intergovernmental payable	531,179	12,144	543,323
Deferred revenue	6,218,370	-	6,218,370
Retainage payable	117,394	-	117,394
Matured bonds payable	5,000	-	5,000
Accrued interest payable	55,151	7,045	62,196
Claims payable	117,082	-	117,082
Long-term liabilities:			
Due within one year	1,003,066	27,792	1,030,858
Due in more than one year	<u>18,072,548</u>	<u>372,684</u>	<u>18,445,232</u>
Total liabilities	<u>27,615,837</u>	<u>435,144</u>	<u>28,050,981</u>
Net assets:			
Invested in capital assets, net of related debt	13,049,968	8,537,482	21,587,450
Restricted for:			
Capital projects	8,506,497	-	8,506,497
Debt service	436,075	-	436,075
Recreation	537,147	-	537,147
Municipal probation services	341,646	-	341,646
Aging	403,278	-	403,278
Street construction and maintenance	658,753	-	658,753
Other purposes	712,932	-	712,932
Unrestricted	<u>4,690,978</u>	<u>7,028,630</u>	<u>11,719,608</u>
Total net assets	<u>\$ 29,337,274</u>	<u>\$ 15,566,112</u>	<u>\$ 44,903,386</u>

See Accompanying Notes to the Basic Financial Statements

City of Rocky River, Ohio

Statement of Activities

For The Year Ended December 31, 2004

	Expenses	Charges for Services	Program Revenues	
			Operating Grants and Contributions	Capital Grants and Contributions
Government activities:				
General government	\$ 4,555,899	\$ 2,368,876	\$ -	\$ 789,079
Security of persons and property	7,673,916	607,429	25,604	-
Public health and welfare	977,448	347,554	-	-
Transportation	4,698,400	14,256	657,577	-
Leisure time activities	3,933,467	1,234,683	-	-
Community development	803,006	705	-	-
Basic utilities	1,739,378	19,370	121,500	-
Interest and fiscal charges	507,297	-	-	-
Total governmental activities	<u>24,888,811</u>	<u>4,592,873</u>	<u>804,681</u>	<u>789,079</u>
Business-type activities:				
Sewer	<u>1,279,740</u>	<u>2,012,219</u>	<u>-</u>	<u>1,107,813</u>
Total	<u>\$ 26,168,551</u>	<u>\$ 6,605,092</u>	<u>\$ 804,681</u>	<u>\$ 1,896,892</u>

General revenues:

Property and other local taxes levied for:

- General purposes
- Recreation
- Office on aging
- Refuse and recycling
- Fire levy
- Police levy
- Capital improvements

Municipal income taxes levied for:

- General purposes
- Other local taxes
- Grants and entitlements not restricted to specific programs
- Investment income
- Other

Total general revenues

Change in net assets

Net assets beginning of year, restated

Net assets end of year

See Accompanying Notes to the Basic Financial Statements

<u>Primary Government</u>		
<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
\$ (1,397,944)	\$ -	\$ (1,397,944)
(7,040,883)	-	(7,040,883)
(629,894)	-	(629,894)
(4,026,567)	-	(4,026,567)
(2,698,784)	-	(2,698,784)
(802,301)	-	(802,301)
(1,598,508)	-	(1,598,508)
(507,297)	-	(507,297)
<u>(18,702,178)</u>	<u>-</u>	<u>(18,702,178)</u>
<u>-</u>	<u>1,840,292</u>	<u>1,840,292</u>
<u>(18,702,178)</u>	<u>1,840,292</u>	<u>(16,861,886)</u>
3,669,410	-	3,669,410
286,213	-	286,213
286,213	-	286,213
572,426	-	572,426
172,015	-	172,015
171,439	-	171,439
572,426	-	572,426
8,159,833	-	8,159,833
278,970	-	278,970
4,955,054	-	4,955,054
281,820	-	281,820
<u>116,350</u>	<u>-</u>	<u>116,350</u>
<u>19,522,169</u>	<u>-</u>	<u>19,522,169</u>
819,991	1,840,292	2,660,283
<u>28,517,283</u>	<u>13,725,820</u>	<u>42,243,103</u>
\$ <u><u>29,337,274</u></u>	\$ <u><u>15,566,112</u></u>	\$ <u><u>44,903,386</u></u>

City of Rocky River, Ohio

Balance Sheet Governmental Funds

December 31, 2004

	General	Recreation Center	General Obligation Bond Retirement
Assets:			
Equity in pooled cash and cash equivalents	\$ 3,782,932	\$ 594,117	\$ 406,039
Cash in segregated accounts	455,200	-	-
Cash with fiscal agents	-	-	5,000
Accrued interest receivable	132,019	-	-
Accounts receivable	185,042	-	-
Intergovernmental receivable	714,317	20,404	-
Materials and supplies inventory	15,354	6,219	-
Prepaid items	1,683	-	-
Municipal income taxes receivable	2,247,363	-	-
Property taxes receivable	3,703,748	293,948	587,897
Special assessments receivable	-	-	-
Total assets	\$ <u>11,237,658</u>	\$ <u>914,688</u>	\$ <u>998,936</u>
Liabilities and fund balances:			
Liabilities:			
Accounts payable	\$ 87,362	\$ 25,532	\$ -
Contracts payable	-	-	-
Accrued wages and benefits	154,707	21,072	-
Intergovernmental payable	175,185	36,989	-
Deferred revenue	5,288,234	293,948	587,897
Notes payable	-	-	5,000
Retainage payable	-	-	-
Total liabilities	<u>5,705,488</u>	<u>377,541</u>	<u>592,897</u>
Fund balances:			
Reserve for encumbrances	118,309	33,553	-
Unreserved, undesignated, reported in:			
General fund	5,413,861	-	-
Special revenue funds	-	503,594	-
Debt service funds	-	-	406,039
Capital project funds	-	-	-
Total fund balances	<u>5,532,170</u>	<u>537,147</u>	<u>406,039</u>
Total liabilities and fund balances	\$ <u>11,237,658</u>	\$ <u>914,688</u>	\$ <u>998,936</u>

See Accompanying Notes to the Basic Financial Statements

<u>Capital Improvement</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 3,899,647	\$ 3,664,649	\$ 3,917,419	\$ 16,264,803
-	-	-	455,200
-	-	-	5,000
-	-	5,413	137,432
-	-	5,909	190,951
40,808	208,541	381,758	1,365,828
-	-	89,384	110,957
-	-	-	1,683
-	-	-	2,247,363
618,963	-	1,283,238	6,487,794
<u>-</u>	<u>-</u>	<u>796,735</u>	<u>796,735</u>
\$ <u>4,559,418</u>	\$ <u>3,873,190</u>	\$ <u>6,479,856</u>	\$ <u>28,063,746</u>
\$ -	\$ -	\$ 146,466	\$ 259,360
990,955	-	-	990,955
-	-	69,952	245,731
-	-	73,352	285,526
587,897	52,136	2,221,170	9,031,282
-	-	-	5,000
<u>117,394</u>	<u>-</u>	<u>-</u>	<u>117,394</u>
<u>1,696,246</u>	<u>52,136</u>	<u>2,510,940</u>	<u>10,935,248</u>
1,763,924	-	161,017	2,076,803
-	-	-	5,413,861
-	-	2,016,155	2,519,749
-	-	30,036	436,075
<u>1,099,248</u>	<u>3,821,054</u>	<u>1,761,708</u>	<u>6,682,010</u>
<u>2,863,172</u>	<u>3,821,054</u>	<u>3,968,916</u>	<u>17,128,498</u>
\$ <u>4,559,418</u>	\$ <u>3,873,190</u>	\$ <u>6,479,856</u>	\$ <u>28,063,746</u>

City of Rocky River, Ohio

Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities

December 31, 2004

Total Governmental Funds Balances \$ 17,128,498

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. 28,436,761

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.

Delinquent property taxes	\$ 189,703
Other local taxes	52,136
Municipal income taxes	1,320,807
Special assessments	796,735
Intergovernmental	<u>453,530</u>

Total 2,812,911

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (55,151)

Intergovernmental payable includes contractually required pension contributions not expected to be paid with expendable available financial resources and therefore not reported in the funds. (245,653)

Internal service funds are used by management to charge the costs of certain activities, such as insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets. 297,786

Bond issuance costs will be amortized over the life of the bonds on the statement of assets. 37,736

Long-term liabilities are not due and payable in the current period and are therefore not reported in the funds.

General obligation bonds	(14,634,529)
Special assessments	(790,000)
Compensated absences	(2,977,425)
Police and fire pension liability	<u>(673,660)</u>

Total (19,075,614)

Net Assets of Governmental Activities \$ 29,337,274

See Accompanying Notes to the Basic Financial Statements

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City of Rocky River, Ohio

Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds

For The Year Ended December 31, 2004

	General	Recreation Center	General Obligation Bond Retirement
Revenues:			
Property taxes	\$ 3,606,284	\$ 286,213	\$ -
Municipal income taxes	7,732,660	-	-
Other local taxes	78,230	-	-
Intergovernmental	1,606,006	60,750	-
Charges for services	69,473	1,180,149	-
Fines, fees and permits	2,694,696	-	-
Special assessments	-	-	-
Investment income	267,251	-	-
Rentals	80,325	27,339	-
Other	20,765	-	204,160
Total revenues	<u>16,155,690</u>	<u>1,554,451</u>	<u>204,160</u>
Expenditures:			
Current:			
Security of persons and property	7,176,288	-	-
Public health	-	-	-
Leisure time activities	340,215	2,093,738	-
Community development	755,980	-	-
Basic utility service	-	-	-
Transportation	561,541	-	-
General government	4,150,210	-	-
Capital outlay	36,663	22,906	-
Debt service:			
Principal retirement	-	-	3,295,000
Interest and fiscal charges	-	-	413,629
Total expenditures	<u>13,020,897</u>	<u>2,116,644</u>	<u>3,708,629</u>
Excess of revenues over (under) expenditures	<u>3,134,793</u>	<u>(562,193)</u>	<u>(3,504,469)</u>
Other financing sources (uses):			
Proceeds from sale of capital assets	14,749	-	-
Proceeds from sale of debt	-	-	3,040,000
Transfers - in	2,340,000	700,000	756,093
Transfers - out	(3,935,896)	-	-
Total other financing sources (uses)	<u>(1,581,147)</u>	<u>700,000</u>	<u>3,796,093</u>
Net change in fund balances	1,553,646	137,807	291,624
Fund balances at beginning of year	<u>3,978,524</u>	<u>399,340</u>	<u>114,415</u>
Fund balances at end of year	\$ <u>5,532,170</u>	\$ <u>537,147</u>	\$ <u>406,039</u>

See Accompanying Notes to the Basic Financial Statements

<u>Capital Improvement</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 572,426	\$ -	\$ 1,202,093	\$ 5,667,016
-	-	-	7,732,660
152,085	-	48,655	278,970
399,719	2,970,876	1,785,798	6,823,149
-	-	437,063	1,686,685
1,840	-	161,324	2,857,860
1,730	-	85,220	86,950
864	-	13,705	281,820
-	-	-	107,664
<u>74,508</u>	<u>-</u>	<u>16,121</u>	<u>315,554</u>
<u>1,203,172</u>	<u>2,970,876</u>	<u>3,749,979</u>	<u>25,838,328</u>
-	-	163,194	7,339,482
-	-	918,244	918,244
-	-	-	2,433,953
-	-	10,179	766,159
-	-	1,339,321	1,339,321
-	-	1,510,836	2,072,377
-	-	2,893	4,153,103
8,475,791	-	665,664	9,201,024
-	-	61,817	3,356,817
<u>-</u>	<u>-</u>	<u>71,874</u>	<u>485,503</u>
<u>8,475,791</u>	<u>-</u>	<u>4,744,022</u>	<u>32,065,983</u>
<u>(7,272,619)</u>	<u>2,970,876</u>	<u>(994,043)</u>	<u>(6,227,655)</u>
-	-	-	14,749
7,800,000	-	-	10,840,000
690,500	-	3,063,366	7,549,959
<u>-</u>	<u>(2,975,000)</u>	<u>(639,063)</u>	<u>(7,549,959)</u>
<u>8,490,500</u>	<u>(2,975,000)</u>	<u>2,424,303</u>	<u>10,854,749</u>
1,217,881	(4,124)	1,430,260	4,627,094
<u>1,645,291</u>	<u>3,825,178</u>	<u>2,538,656</u>	<u>12,501,404</u>
\$ <u><u>2,863,172</u></u>	\$ <u><u>3,821,054</u></u>	\$ <u><u>3,968,916</u></u>	\$ <u><u>17,128,498</u></u>

City of Rocky River, 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, 2004

Net Change in Fund Balances - Total Governmental Funds \$ 4,627,094

Amounts Reported for Governmental Activities in the Statement of Activities are different because:

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

Capital outlay	\$	5,378,949	
Depreciation		<u>(1,441,119)</u>	
Total			3,937,830

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (82,934)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the Funds.

Property and other taxes		63,126	
Municipal income taxes		427,173	
Special assessments		(42,495)	
Intergovernmental		<u>(297,801)</u>	
Total			150,003

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 3,335,000

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (20,153)

Bond issuance costs will be amortized over the life of the bonds on the statement of net assets (1,641)

Other financing sources in the governmental funds that increase long-term liabilities in the statement of net assets. These sources were attributed to the proceed of bonds (10,840,000)

Bond premium will be amortized over the life of the bonds on the statement of net assets (279,529)

continued

City of Rocky River, Ohio

Reconciliation of The Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities (continued)

For The Year Ended December 31, 2004

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

Compensated absences	62,130	
Intergovernmental payable	(15,333)	
Police and fire pension liability	<u>21,818</u>	
Total		68,615

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

(74,294)

Change in Net Assets of Governmental Activities

\$ 819,991

City of Rocky River, Ohio

Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

General Fund

For The Year Ended December 31, 2004

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property and other taxes	\$ 3,617,378	\$ 3,617,378	\$ 3,606,284	\$ (11,094)
Municipal income taxes	7,500,000	7,500,000	7,732,806	232,806
Other local taxes	80,000	80,000	87,495	7,495
Intergovernmental	1,378,264	1,382,764	1,349,256	(33,508)
Charges for services	60,045	60,045	53,872	(6,173)
Rentals	70,000	70,000	80,325	10,325
Fines, fees, and permits	2,658,220	2,658,220	2,798,073	139,853
Investment income	135,000	135,000	154,062	19,062
Miscellaneous income	78,200	78,200	20,766	(57,434)
Total revenues	<u>15,577,107</u>	<u>15,581,607</u>	<u>15,882,939</u>	<u>301,332</u>
Expenditures:				
Current:				
General government	4,910,000	5,091,568	4,443,681	647,887
Security of persons and property	7,085,602	7,605,712	7,194,556	411,156
Transportation	607,172	618,269	571,564	46,705
Community environment	790,018	876,914	790,122	86,792
Leisure time activities	364,415	381,156	341,494	39,662
Capital outlay	-	-	27,224	(27,224)
Total expenditures	<u>13,757,206</u>	<u>14,573,619</u>	<u>13,368,641</u>	<u>1,204,978</u>
Excess of revenues over (under) expenditures	<u>1,819,900</u>	<u>1,007,988</u>	<u>2,514,298</u>	<u>1,506,310</u>
Other financing sources (uses):				
Sale of capital assets	-	15,000	14,749	(251)
Transfers - in	2,301,290	2,341,790	2,340,000	(1,790)
Transfers - out	<u>(3,676,396)</u>	<u>(3,635,896)</u>	<u>(3,935,896)</u>	<u>(300,000)</u>
Total other financing sources (uses)	<u>(1,375,106)</u>	<u>1,279,106</u>	<u>(1,581,147)</u>	<u>(302,041)</u>
Net change in fund balance	444,794	(271,118)	933,151	1,204,269
Fund balance at beginning of year	2,540,221	2,540,221	2,540,221	-
Prior year encumbrances appropriated	<u>182,704</u>	<u>182,704</u>	<u>182,704</u>	-
Fund balance at end of year	\$ <u>3,167,719</u>	\$ <u>2,451,807</u>	\$ <u>3,656,076</u>	\$ <u>1,204,269</u>

See Accompanying Notes to the Basic Financial Statements

City of Rocky River, Ohio

Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

Recreation Center Fund

For The Year Ended December 31, 2004

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 287,093	\$ 287,093	\$ 286,213	\$ (880)
Charges for services	1,192,000	1,192,000	1,180,149	(11,851)
Intergovernmental	40,346	40,346	40,346	-
Rentals	31,000	31,000	27,339	(3,661)
Total revenues	<u>1,550,439</u>	<u>1,550,439</u>	<u>1,534,047</u>	<u>(16,392)</u>
Expenditures:				
Current:				
Leisure time activities	<u>2,316,229</u>	<u>2,369,076</u>	<u>2,152,989</u>	<u>216,087</u>
Excess of revenues over (under) expenditures	(765,790)	(818,637)	(618,942)	199,695
Other financing sources (uses):				
Transfers – in	<u>700,000</u>	<u>700,000</u>	<u>700,000</u>	<u>-</u>
Net change in fund balance	(65,790)	(118,637)	81,058	199,695
Fund balance at beginning of year	427,392	427,392	427,392	-
Prior year encumbrances appropriated	<u>50,847</u>	<u>50,847</u>	<u>50,847</u>	<u>-</u>
Fund balance at end of year	\$ <u>412,449</u>	\$ <u>359,602</u>	\$ <u>559,297</u>	\$ <u>199,695</u>

See Accompanying Notes to the Basic Financial Statements

City of Rocky River, Ohio

Statement of Fund Net Assets Proprietary Funds

December 31, 2004

	Business Type Activities - Sewer	Governmental Activities - Internal Service Fund
Assets:		
Current assets:		
Equity in pooled cash and cash equivalents	\$ 370,041	\$ 414,868
Accounts receivable	273,430	-
Materials and supplies inventory	<u>11,366</u>	<u>-</u>
Total current assets	<u>654,837</u>	<u>414,868</u>
Noncurrent assets:		
Investment in joint venture	6,505,271	-
Nondepreciable capital assets	1,215,931	-
Depreciable capital assets, net	<u>7,625,217</u>	<u>-</u>
Total noncurrent assets	<u>15,346,419</u>	<u>-</u>
Total assets	<u>16,001,256</u>	<u>414,868</u>
Liabilities:		
Current liabilities:		
Accounts payable	1,325	-
Accrued wages and benefits	14,154	-
Intergovernmental payable	12,144	-
Claims Payable	-	117,082
Accrued interest payable	7,045	-
Compensated absences payable	14,633	-
OWDA loans payable	<u>13,159</u>	<u>-</u>
Total current liabilities	<u>62,460</u>	<u>117,082</u>
Long-term liabilities:		
Accrued compensated absences (net of current portion)	82,176	-
OWDA loans payable (net of current portion)	<u>290,508</u>	<u>-</u>
Total long-term liabilities	<u>372,684</u>	<u>-</u>
Total liabilities	<u>435,144</u>	<u>117,082</u>
Net assets:		
Invested in capital assets, net of related debt	8,537,482	-
Unrestricted	<u>7,028,630</u>	<u>297,786</u>
Total Net Assets	\$ <u>15,566,112</u>	\$ <u>297,786</u>

See Accompanying Notes to the Basic Financial Statements

City of Rocky River, Ohio

Statement of Revenues, Expenses and Changes in Fund Net Assets Proprietary Funds

For The Year Ended December 31, 2004

	Business-Type Activities <u>Sewer</u>	Governmental Activities - Internal Fund <u>Fund</u>
Operating revenues:		
Charges for services	\$ <u>2,012,219</u>	\$ <u>1,381,121</u>
Operating expenses:		
Personal services	613,648	-
Materials and supplies	80,804	-
Contractual services	154,213	134,094
Capital outlay	1,531	-
Heat, light and power	10,488	-
Depreciation	264,743	-
Other	2,095	-
Claims	<u>-</u>	<u>1,321,321</u>
Total operating expenses	<u>1,127,522</u>	<u>1,455,415</u>
Operating income (loss)	<u>884,697</u>	<u>(74,294)</u>
Non-operating revenue (expenses):		
Equity in loss of joint venture	(137,981)	-
Interest expense	<u>(14,237)</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>(152,218)</u>	<u>-</u>
Income (loss) before capital contributions	732,479	(74,294)
Contributed capital	<u>1,107,813</u>	<u>-</u>
Change in net assets	1,840,292	(74,294)
Net assets at beginning of year, restated	<u>13,725,820</u>	<u>372,080</u>
Net assets at end of year	\$ <u>15,566,112</u>	\$ <u>297,786</u>

See Accompanying Notes to the Basic Financial Statements

City of Rocky River, Ohio

Statement of Cash Flows Proprietary Fund Types

For The Year Ended December 31, 2004

	Business-Type Activities <u>Sewer</u>	Governmental Activities - Internal <u>Fund</u>
Cash flows from operating activities:		
Cash received from customers	\$ 1,967,608	\$ 1,381,121
Cash payments for goods and services	(234,044)	(152,876)
Cash payments to employees for services and benefits	(628,921)	-
Cash payments for claims	-	(1,283,829)
Cash payments for other operating expenses	<u>(2,095)</u>	<u>-</u>
Net cash provided by (used for) operating activities	<u>1,102,548</u>	<u>(55,584)</u>
Cash flows from capital and related financing activities:		
Capital acquisitions	(926,415)	-
Principal paid on OWDA loan	(12,568)	-
Interest paid on OWDA loan	<u>(14,529)</u>	<u>-</u>
Net cash used for noncapital financing activities	<u>(953,512)</u>	<u>-</u>
Cash flows from investing activities:		
Capital contributed to joint venture	<u>(85,050)</u>	<u>-</u>
Net increase (decrease) cash and cash equivalents	63,986	(55,584)
Cash and cash equivalents at beginning of year	<u>306,055</u>	<u>470,452</u>
Cash and cash equivalents at end of year	\$ <u><u>370,041</u></u>	\$ <u><u>414,868</u></u>
Reconciliation of operating income (loss) to net cash from operating activities:		
Operating income (loss)	\$ 884,697	\$ (74,294)
Adjustments:		
Depreciation	264,743	-
Change in operating assets and liabilities:		
Accounts receivable	(44,611)	-
Materials and supplies inventory	1,207	-
Accounts payable	(359)	(18,782)
Accrued wages and benefits	2,308	-
Compensated absences payable	(3,918)	-
Intergovernmental payable	(1,519)	-
Claims payable	<u>-</u>	<u>37,492</u>
Total adjustments	<u>217,851</u>	<u>18,710</u>
Net cash provided by (used for) operating activities	\$ <u><u>1,102,548</u></u>	\$ <u><u>(55,584)</u></u>

Noncash investing, capital and financing activities:

During the year, the Sewer Fund acquired capital assets in the amount of \$1,107,813 via capital contributions.

See Accompanying Notes to the Basic Financial Statements

City of Rocky River, Ohio

Statement of Fiduciary Net Assets Fiduciary Funds

December 31, 2004

	<u>Investment Trust</u>	
	<u>Individual Investment Account</u>	<u>Agency</u>
Assets:		
Equity in pooled cash and cash equivalents	\$ -	\$ 327,290
Cash and cash equivalents:		
In segregated accounts	4,515,451	-
With fiscal agents	<u>2,662,602</u>	<u>-</u>
Total assets	<u>7,178,053</u>	\$ <u>327,290</u>
Liabilities:		
Undistributed monies	-	\$ 280,871
Deposits held and due to others	<u>-</u>	<u>46,419</u>
Total liabilities	<u>-</u>	\$ <u>327,290</u>
Net assets:		
Held in trust for participants	\$ <u>7,178,053</u>	

See Accompanying Notes to the Basic Financial Statements

City of Rocky River, Ohio

Statement of Changes in Fiduciary Net Assets Investment Trust Fund

For the Year Ended December 31, 2004

	<u>Individual Investment Account</u>
Additions:	
Interest	\$ 91,231
Capital transaction - purchases	<u>4,596,762</u>
Total additions	<u>4,687,993</u>
Deductions:	
Capital transaction - redemption	4,079,320
Distributions to participants	<u>51,880</u>
Total deductions	<u>4,131,200</u>
Changes in net assets	556,793
Net assets beginning of year	<u>6,621,260</u>
Net assets end of year	\$ <u><u>7,178,053</u></u>

See Accompanying Notes to the Basic Financial Statements

City of Rocky River, Ohio

Notes to Basic Financial Statements

For The Year Ended December 31, 2004

Note 1: Description of City and Reporting Entity

The City of Rocky River (the "City") is a home rule municipal corporation, established under the laws of the State of Ohio and operated under its own charter. The current charter, which provides for a Council/Mayor form of government, was adopted in 1960. The Mayor, Law Director and seven member Council all serve two year terms.

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 of the City are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the City.

The City provides various services including police and fire protection, health, parks and recreation, street maintenance, planning and zoning, sewer services, municipal court, senior adult and general administrative services. The operation of these activities is directly controlled by Council through the budgetary process. None of these services are provided by a legally separate organization; therefore, these operations are included in the primary government.

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; or the City is obligated for the debt of the organization. Component units may also include organizations for which the City approves the budget, the issuance of debt, or the levying of taxes. The City has no component units.

The Rocky River Wastewater Treatment Plant is a joint venture among the cities of Rocky River, Bay Village, Fairview Park, and Westlake. The Plant is governed by a management board consisting of the elected mayors of the four member cities and a fifth person nominated and elected by the mayors. The board has complete authority over all aspects of the plant's operation. The City serves as fiscal agent for the Plant.

The City has an explicit and measurable equity interest in the Plant. There exists a residual interest in the assets upon dissolution of the joint venture. The City also has an ongoing financial responsibility for its share of the joint venture liabilities. Additionally, the City has an ongoing financial responsibility since the City's participation is essential to the continued existence of the Plant.

The City is associated with the West Shore Council of Governments, Tri-City Park, and Safe Air For Environment (S.A.F.E.) Council of Governments as jointly governed organizations. These organizations are presented in Note 17 to the basic financial statements. The City is also a member of the West Shore Area Rescue Association, a mutual rescue aid agreement among neighboring communities and select area hospitals.

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2004

Note 2: Summary of Significant Accounting Policies

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

A. Basis of Presentation

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

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

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

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

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2004

Note 2: Summary of Significant Accounting Policies (continued)

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 reports three categories of funds: governmental, proprietary and 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 and/or the general laws of State of Ohio.

Recreation Center Fund The Recreation Fund accounts for membership fees, program fees, general fund subsidies and levied property tax revenue used for the operation and maintenance of the City's recreation activities.

General Obligation Bond Retirement Fund - To account for transfers that are utilized for the repayment of general obligation bonds of the City.

Capital Improvement Fund The Capital Improvement Fund accounts for the various projects of the City financed by tax monies and general fund subsidies.

Permanent Improvement Fund The Permanent Improvement Fund accounts for inheritance tax and other shared revenues designated by the City for expenditures related to permanent improvements.

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

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

Enterprise Fund Enterprise funds may be used for any activity for which a fee is charged to external users for goods and services. The City's major enterprise fund accounts for the collection of sanitary sewer charges. This fund also accounts for the City's investment in the Rocky River Wastewater Treatment Plant.

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2004

Note 2: Summary of Significant Accounting Policies (continued)

Internal Service Fund Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City's internal service fund accounts for a self-insurance program for employee health benefits.

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's only trust fund is an investment trust fund established to account for the investing activity of the Rocky River Wastewater Treatment Plant which is managed by the City of Rocky River. Agency funds are custodial in nature (assets equal liabilities) and thus do not involve measurement of results of operations. The City's agency funds are for deposits, fees and miscellaneous clearance, donations and bequests and the S.A.F.E. fund.

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 (e.g. revenues) and decreases (e.g. 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.

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

The investment trust fund is reported using a flow of economic resources measurement focus.

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2004

Note 2: Summary of Significant Accounting Policies (continued)

D. Basis of Accounting

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

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

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 5). 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 of Ohio levied locally shared taxes (including gasoline tax and motor vehicle license fees), fines and forfeitures, interest, grants and entitlements 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, 2004, but which were levied to finance year 2005 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.

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2004

Note 2: Summary of Significant Accounting Policies (continued)

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, including proprietary 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".

During 2004, investments of the cash management pool were limited to nonnegotiable certificates of deposit, STAROhio and U.S. Treasury Securities which are reported at cost.

Investment procedures are restricted by the provisions of the City Charter and the general laws of the State of Ohio. Interest revenue credited to the general fund during 2004 amounted to \$267,251, which includes \$141,014 assigned from other City funds.

The City utilizes a financial institution to service bonded debt as principal and interest payments come due. The balance in this account is presented as "cash and cash equivalents with fiscal agents" and represents deposits. 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.

The City serves as fiscal agent for the Rocky River Wastewater Treatment Plant. This individual investment account is presented as "cash and cash equivalents in segregated accounts" and represent deposits or nonnegotiable certificates of deposit which are reported at cost. Also included in this individual investment account are monies with a separate fiscal agent for current and future debt service payments, and asset replacement under provisions of a bond indenture. This balance is presented as "cash and cash equivalents with fiscal agents". During 2004, investments purchased through this account were limited to a money market mutual fund and are reported at fair value, which is determined by the fund's current share price.

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the City are presented on the financial statements as cash equivalents.

F. Inventory

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

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2004

Note 2: Summary of Significant Accounting Policies (continued)

G. Deferred Charges

Bond issuance costs are deferred and amortized over the term of the bonds using the straight-line method since the results are not significantly different from the effective interest method.

H. Investment in Joint Venture

The investment in the joint venture is reported using the equity method of accounting.

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2004 are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

J. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of \$2,500. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of proprietary fund capital assets is also capitalized.

All capital assets are depreciated except for land and construction in progress. 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:

Buildings	50 Years
Equipment	5 Years
Vehicles	5 Years
Infrastructure	18 - 50 Years

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2004

Note 2: Summary of Significant Accounting Policies (continued)

J. Capital Assets (continued)

For 2004, the City's infrastructure consists of roads, traffic signals, sidewalks, storm sewers and water mains. In addition, the City has recorded construction in progress for City road projects initiated in 2004. Generally accepted accounting principles requires the City to capitalize all acquisitions of general infrastructure assets for fiscal years beginning after June 15, 2002. The City has reported such acquisitions in accordance with the reporting standards for 2003 and 2004. The City intends to report general infrastructure assets in accordance with the *Phase 2 Government Infrastructure Transition Option* described in generally accepted accounting principles. That Option provides that the City must retroactively report all major general infrastructure assets for fiscal years beginning after June 15, 2006.

K. Interfund Balances

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

L. 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 month 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 (those employees who will be eligible to receive termination payments in the next twenty years). 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 and employees with two or more years of service.

M. Accrued Liabilities and Long-term Obligations

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

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2004

Note 2: Summary of Significant Accounting Policies (continued)

M. Accrued Liabilities and Long-term Obligations (continued)

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, special termination benefits 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.

N. Fund Balance Reserves

The City reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent expendable resources and therefore are not available for appropriation or expenditure. Fund balance reserves have been established for encumbrances.

O. 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 constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes include miscellaneous State and Federal grants.

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

P. Operating Revenues and Expenses

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

Q. Interfund Activity

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

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2004

Note 2: Summary of Significant Accounting Policies (continued)

Q. Interfund Activity (continued)

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

R. 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.

S. 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.

T. Budgetary Data

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, 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 ordinance 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 within each department for the general fund and at the object level for all other funds. Budgetary modifications may only be made by resolution of the City Council at the legal level of control.

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

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

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2004

Note 3: Budgetary Basis of Accounting

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by the general laws of the State of Ohio 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 Budgetary Basis) and Actual for the general fund and recreation center major special revenue fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).
4. Unreported cash represents amounts received but not included as revenue on the budget basis operating statement. These amounts are included as revenue on the GAAP basis operating statements.

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

Net Change in Fund Balance

	<u>General</u>	<u>Recreation Center</u>
GAAP Basis	\$ 1,553,646	\$ 137,807
Net Adjustment for Revenue Accruals	(272,751)	(20,404)
Net Adjustment for Expenditure Accruals	(220,888)	(1,525)
Encumbrances	<u>(126,856)</u>	<u>(34,820)</u>
Budget Basis	\$ <u><u>933,151</u></u>	\$ <u><u>81,058</u></u>

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2004

Note 4: Deposits and Investments

The City Charter allows the Director of Finance to invest moneys of the City in any or all the following: bonds or notes of the City, bonds or other obligations of the United States or those for the payment of principal and interest of which the faith of the United States is pledged, bonds or other obligations of the State of Ohio and bonds or other obligations of any political subdivision or taxing district of State of Ohio as to which there is no default of principal or interest, in such a manner provided by ordinance of Council or by the laws of the State of Ohio and/or STAROhio.

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

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements".

Deposits: At year end, the carrying amount of the City's deposits was \$17,967,435 and the bank balance was \$18,407,525. \$500,000 of the bank balance was covered by federal depository insurance provided by the Federal Depository Insurance Corporation (FDIC). \$17,907,525 was uninsured and uncollateralized. Although all State 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.

Investments: The City's investments are required to be categorized to give an indication of the level of risk assumed by the City at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the City's name. The Armada Money Market Mutual Fund is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	Category <u>3</u>	Carrying and <u>Fair Value</u>
U.S. Government Securities	\$ 4,385,218	\$ 4,385,218
Armada Money Market Mutual Fund	<u>-</u>	<u>2,662,602</u>
Total Investments	\$ <u>4,385,218</u>	\$ <u>7,047,820</u>

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2004

Note 4: Deposits and Investments (continued)

The classification of cash and cash equivalents, and investments on the combined financial statements is based on criteria set forth in GASB Statement No.9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting." A reconciliation between the classifications of cash and investments on the combined financial statements and the classification of deposits and investments presented above per GASB Statement No. 3, is as follows:

	<u>Cash and Cash</u> <u>Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement No. 9	\$ 25,015,255	\$ -
Armada Money Market Mutual Fund	(2,662,602)	2,662,602
U.S. Government Securities	<u>(4,385,218)</u>	<u>4,385,218</u>
GASB Statement No. 3	\$ <u>17,967,435</u>	\$ <u>7,047,820</u>

Note 5: 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 2004 for real and public utility property taxes represents collections of the 2003 taxes. Property tax payments received during 2004 for tangible personal property (other than public utility property) and for 2004 taxes.

2004 real property taxes are levied after October 1, 2004, on the assessed value as of January 1, 2004, the lien date. Assessed values are established by Ohio Revised Code at 35 percent of appraised market value. 2004 real property taxes are collected in and intended to finance 2005.

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. 2004 public utility property taxes which became a lien December 31, 2003, are levied after October 1, 2004, and are collected in 2004 with real property taxes.

2004 tangible personal property taxes are levied after October 1, 2003, on the values as of December 31, 2003. Collections are made in 2004. Tangible personal property assessments are 25 percent of true value for capital assets and 23 percent for inventory.

The full tax rate for all City operations for the year ended December 31, 2004, was \$10.90 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2004 property tax receipts were based as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Property	\$ 636,121,350
Public Utility Real	9,737,980
Tangible Personal	<u>11,888,430</u>
Total	\$ <u>657,747,760</u>

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2004

Note 5: Property Taxes (continued)

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

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

The Cuyahoga County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City. The County Auditor periodically remits to the City its portion of the taxes. Property taxes receivable represents real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2004 and for which there is an enforceable legal claim. In the governmental funds, the entire receivable has been offset by deferred revenue since current taxes were not levied to finance 2004 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 a revenue while on the modified accrual basis the revenue is deferred.

Note 6: Income Taxes

The City levies a municipal income tax of 1.5 percent on substantially all income earned within the City. In addition, residents of the City are required to pay the City income tax on income earned outside the City; however, a credit is allowed for income taxes paid to other municipalities which reduces the effective tax rate to 0.5 percent for such earnings. Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly, as required. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. All income tax monies are credited to the general fund.

The Central Collection Agency administers and collects income taxes for the City. Amounts collected are remitted monthly to the City. Collection fees for 2004 were \$253,951.

Note 7: Receivables

Receivables at December 31, 2004, consisted of taxes, accounts (billings for user charged services), special assessments, interest, and intergovernmental receivables. All receivables are deemed collectible in full.

Special assessments expected to be collected in more than one year amount to \$750,000 in the special assessment bond retirement fund. The amount of delinquent special assessments outstanding is \$6,735 at December 31, 2004.

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2004

Note 7: Receivables (continued)

A summary of the principal items of intergovernmental receivables follows:

	<u>Amount</u>
Gasoline Tax	\$ 118,010
Auto Registration	64,326
Municipal Cents Per Gallon	110,485
Permissive Tax	3,240
Local Government	457,231
Estate Tax	208,542
Homestead and Rollback	<u>403,994</u>
Total	\$ <u><u>1,365,828</u></u>

The City has historically earmarked estate taxes for capital improvements, and account for estate tax receipts in the permanent improvement capital projects fund.

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2004

Note 8: Capital Assets

A summary of changes in capital assets during 2004 follows:

	Balance 12/31/03	Additions	Deletions	Balance 12/31/04
Governmental activities				
<i>Capital assets not being depreciated</i>				
Land	\$ 1,376,404	\$ -	\$ -	\$ 1,376,404
Construction in progress	<u>225,570</u>	<u>3,555,883</u>	<u>(225,570)</u>	<u>3,555,883</u>
<i>Total capital assets not being depreciated</i>	<u>1,601,974</u>	<u>3,555,883</u>	<u>(225,570)</u>	<u>4,932,287</u>
<i>Capital assets being depreciated</i>				
Land improvements	-	75,684	-	75,684
Buildings	24,177,407	19,948	-	24,197,355
Furniture, fixtures and equipment	3,542,861	109,580	-	3,652,441
Vehicles	5,397,540	166,184	(208,128)	5,355,596
Infrastructure:				
Roads	389,614	930,785	-	1,320,399
Sidewalks	-	62,125	-	62,125
Traffic signals	3,000,000	-	-	3,000,000
Storm sewers	731,285	276,832	-	1,008,117
Water mains	<u>917,601</u>	<u>407,498</u>	<u>-</u>	<u>1,325,099</u>
<i>Total capital assets being depreciated</i>	<u>38,156,308</u>	<u>2,048,636</u>	<u>(208,128)</u>	<u>39,996,816</u>
Less accumulated depreciation:				
Land improvements	-	-	-	-
Building	(6,735,610)	(468,521)	-	(7,204,131)
Furniture, fixtures & equipment	(2,967,071)	(170,769)	-	(3,137,840)
Vehicles	(4,054,147)	(476,810)	125,194	(4,405,763)
Infrastructure:				
Roads	-	(42,751)	-	(42,751)
Sidewalks	-	(1,553)	-	(1,553)
Traffic signals	(1,273,332)	(166,666)	-	(1,439,998)
Storm sewers	(146,257)	(57,981)	-	(204,238)
Water mains	<u>-</u>	<u>(56,068)</u>	<u>-</u>	<u>(56,068)</u>
<i>Total capital assets being depreciated</i>	<u>(15,176,417)</u>	<u>(1,441,119)</u>	<u>125,194</u>	<u>(16,492,342)</u>
Total capital assets being depreciated, net	<u>22,979,891</u>	<u>607,517</u>	<u>(82,934)</u>	<u>23,504,474</u>
Governmental activities capital assets, net	\$ <u>24,581,865</u>	\$ <u>4,163,400</u>	\$ <u>(308,504)</u>	\$ <u>28,436,761</u>

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2004

Note 8: Capital Assets (continued)

	Balance 12/31/03	Additions	Deletions	Balance 12/31/04
Business-type activities				
<i>Capital assets not being depreciated</i>				
Land	\$ 39,516	\$ -	\$ -	\$ 39,516
Right of way	250,000	-	-	250,000
Construction in progress	-	926,415	-	926,415
<i>Total capital assets not being depreciated</i>	<u>289,516</u>	<u>926,415</u>	<u>-</u>	<u>1,215,931</u>
<i>Capital assets being depreciated</i>				
Furniture, fixtures and equipment	15,142	-	-	15,142
Vehicles	666,733	-	(22,421)	644,312
Sewer lines	<u>15,769,145</u>	<u>1,107,813</u>	<u>-</u>	<u>16,876,958</u>
<i>Total capital assets being depreciated</i>	<u>16,451,020</u>	<u>1,107,813</u>	<u>(22,421)</u>	<u>17,536,412</u>
Less accumulated depreciation				
Furniture, fixtures and equipment	(2,634)	-	-	(2,634)
Vehicles	(626,075)	(26,514)	22,421	(630,168)
Sewer lines	<u>(9,040,164)</u>	<u>(238,229)</u>	<u>-</u>	<u>(9,278,393)</u>
<i>Total capital assets being depreciated</i>	<u>(9,668,873)</u>	<u>(264,743)</u>	<u>22,421</u>	<u>(9,911,195)</u>
Total capital assets being depreciated, net	<u>6,782,147</u>	<u>843,070</u>	<u>-</u>	<u>7,625,217</u>
Total business-type activities capital assets, net	\$ <u>7,071,663</u>	\$ <u>1,769,485</u>	\$ <u>-</u>	\$ <u>8,841,148</u>

*Depreciation expense was charged to governmental functions as follows:

General Government	\$ 205,321
Security of Persons and Property	354,482
Public Health and Welfare	49,313
Transportation	162,099
Community Environment	16,261
Basic Utility Services	358,811
Leisure Time Activities	<u>294,832</u>
Total	\$ <u>1,441,119</u>

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2004

Note 9: Joint Venture - Rocky River Wastewater Treatment Plant

The Rocky River Wastewater Treatment Plant (the "Plant") is a joint venture among the cities of Rocky River, Bay Village, Fairview Park and Westlake. The Plant is governed by a management board consisting of the elected mayors of the four member cities and a fifth person nominated and elected by the mayors. The board has complete authority over all aspects of the Plant's operation. The Plant supplies all participating residents of the member cities with sanitary sewer services. Each city owns the sewage lines located in its city and bills its residents for usage. Continued existence of the Plant is dependent on the City's continued participation, and the City does have an equity interest in the Plant. The City's equity interest is \$6,505,271 which represents 28.35 percent of the total equity in the Plant. The Plant is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit to or burden on the City. Complete financial statements can be obtained from the Director of Finance, City of Rocky River, 21012 Hilliard Boulevard, Rocky River, Ohio 44116, who serves as fiscal agent.

Note 10: Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2004, the City procured insurance through the St. Paul Insurance Company, except for the umbrella policy which is through the Philadelphia Indemnity Company, for the following types of insurance:

<u>Type of Coverage</u>	<u>Coverage Amount</u>
Property	\$ 28,740,696
Boiler and Machinery	23,104,000
Automobile Liability	1,000,000
General Liability, Per Occurrence	1,000,000
General Liability, In Aggregate	2,000,000
Public Employee Dishonest Bond	100,000
Money and Securities	50,000
Public Officials Liability	2,000,000
Umbrella Liability	5,000,000
Inland Marine	1,354,442
Law Enforcement Liability	
Per Occurrence	1,000,000
In Aggregate	2,000,000

Settled claims have not exceeded this coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2004

Note 10: Risk Management (continued)

In May 2002, the City elected to provide employee hospital/medical and prescription insurance benefits on a self-insured basis using an internal service fund. A third party administrator processes and pays the claims. The City purchased stop loss coverage for claims in excess of \$75,000 per individual and \$1,218,200 aggregate per year. For each employee, the City paid monthly into the self insurance internal service fund \$258 for single and \$696 for family coverage. These rates are paid by the fund from which the employees' salary is paid. Incurred but not reported claims of \$117,082 have been accrued as a liability at December 31, 2004 based on an estimate by the third party administrator.

The claims liability of \$117,082 reported in the funds at December 31, 2004, was estimated by reviewing current claims and is based on the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claims adjustment expenses. Changes in the fund's claims liability amount in 2004 were:

	<u>Balance at</u> <u>Beginning of Year</u>	<u>Current Year</u> <u>Claims</u>	<u>Claim</u> <u>Payments</u>	<u>Balance at</u> <u>End of Year</u>
2003	\$ 76,161	\$ 1,117,008	\$ 1,113,579	\$ 79,590
2004	79,590	1,321,321	1,283,829	117,082

The City is a member in good standing of the Ohio Rural Water Authority (ORWA). The intent of the City's membership in the ORWA is to achieve the benefit of reduces workers' compensation premiums, foster safer working conditions and promote cost effective claims management by virtue of its grouping and representation with other members of the ORWA. The City pays a workers' compensation premium based on its individual workers' compensation claim experience; then the workers' compensation claim experience of the ORWA members is calculated as one experience. A comparison is calculated and each member's individual workers' compensation claim experience is compared to the workers' compensation claim experience of the ORWA members. A member may then receive a refund for a favorable comparison to the group or contribute to an equity pooling fund for an unfavorable comparison. The equity pooling arrangement ensures that each member shares equally in the overall experience of the ORWA members. CompManagement, Inc. provides consulting, administrative and case analysis services to participating members of the ORWA.

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2004

Note 11: Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

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

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-6701.

For the year ended December 31, 2004, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9 percent. The City's contribution rate for pension benefits for 2004 was 8.5 percent, except for those plan members in law enforcement or public safety. For those classifications, the City's pension contributions were 11.7 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The City's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2004, 2003, and 2002 were \$724,257 \$628,764, and \$582,756 respectively; 97.63 percent has been contributed for 2004 and 100 percent for 2003 and 2002. Contributions to the member-directed plan for 2004 were \$16,785 made by the City and \$10,529 made by the plan members.

B. Ohio Police and Fire Pension Fund

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

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2004

Note 11: Defined Benefit Pension Plans (continued)

B. Ohio Police and Fire Pension Fund (continued)

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the City is required to contribute 11.75 percent for police officers and 16.25 percent for firefighters. Contributions are authorized by Ohio Revised Code. The City's contributions to the fund for police and firefighters were \$277,579 and \$299,615 for the year ended December 31, 2004, \$255,459 and \$292,596 for the year ended December 31, 2003 and \$240,195 and \$285,695 for the year ended December 31, 2002, equal to the required contributions for each year. The full amount has been contributed for 2003 and 2002. 73.20 and 72.39 percent, respectively, has been contributed for 2004 with the remainder being reported as a liability.

Note 12: Postemployment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2004 local government employer contribution rate was 13.55 percent of covered payroll (16.7 percent for public safety and law enforcement); 4.00 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2003, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase 1.00 to 6.00 percent annually, for the next eight years and 4.00 percent annually after eight years.

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

The number of active contributing participants in the traditional and combined plans was 369,885. Actual employer contributions for 2004 which were used to fund postemployment benefits were \$303,354. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2003, (the latest information available) were \$10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$26.9 billion and \$16.4 billion, respectively.

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2004

Note 12: Postemployment Benefits (continued)

A. Ohio Public Employees Retirement System (continued)

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to skyrocketing health care costs.

Under the HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. The plan incorporates a cafeteria approach, offering a broad range of health care options that allow benefit recipients to use their monthly allocation to purchase health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses.

B. Ohio Police and Fire Pension Fund

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

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in *GASB Statement No. 12*. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution rate is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the postemployment health care program during 2004. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The City's actual contributions for 2004 that were used to fund postemployment benefits were \$183,084 for police and \$142,893 for firefighters. The OP&F's total health care expense for the year ended December 31, 2003, (the latest information available) was \$150,853,148, which was net of member contributions of \$17,207,506. The number of OP&F participants eligible to receive health care benefits as of December 31, 2003, was 13,662 for police and 10,474 for firefighters.

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2004

Note 13: Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements, Ohio Revised Code and city ordinances. Vacation leave is earned at rates which vary depending upon length of service and standard work week. Vacation accumulation is limited to two years. Vacation leave not used within two years is eliminated from the employee's leave balance. All accumulated unused vacation time is paid upon termination of employment.

Employees earn sick leave at the rate of 2.3 hours for every forty hours worked, except for the fire division where employees earn 9.69 hours for every 168 hours worked. Sick leave accumulation is limited to 1,080 hours, except for the fire division where a maximum of 1,512 hours may be accumulated. City employees with two or more years of service are paid for their accumulated sick leave upon termination or retirement.

Note 14: Conduit Debt

In December 2002, the City issued \$7,000,000 Multi-Mode Variable Rate Revenue Bonds, Series 2002 (Bonds) under the provisions of a Trust Indenture dated December 1, 2002 between the City and Fifth Third Bank, as Trustee. The Bonds were issued for the purpose of making a loan to the Cleveland Lutheran High School Association, Inc. also known as Cleveland Lutheran West High School, an Ohio nonprofit corporation, the Borrower, to assist in financing the costs of acquiring, constructing, renovating, improving, furnishing and equipping of the real and personal property comprising facilities for a private secondary educational facility located at 3850 Linden Road in the City.

The Bonds are special obligations of the City and the principal of and interest and any premiums thereon will be payable from revenues assigned by an indenture to secure such payment and are not payable from other funds of the City whether raised by taxation or otherwise received. Accordingly, the Bonds are not reported as a liability of the City in the accompanying financial statements. From the date of original issuance of the Bonds through December 15, 2007, the Bonds are secured by an irrevocable, direct-pay letter of credit.

<u>Description</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Outstanding 12/31/04</u>	<u>Date of Maturity</u>
Multi-Mode Variable Rate Revenue Bonds, Series 2002	\$ 7,000,000	Variable	\$ 7,000,000	December 1, 2022

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2004

Note 15: Long-Term Obligations

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

<u>Debt Issue</u>	<u>Interest Rate</u>	<u>Original Issue Amount</u>	<u>Date of Maturity</u>
General Obligation Bonds			
2004 General Purpose	2.00-5.00%	\$ 10,840,000	December 1, 2024
2002 Municipal Court Facility	3.00-4.75	3,700,000	December 1, 2026
1994 General Purpose	5.40	6,000,000	December 1, 2014
Special Assessment Bonds			
2000 Erosion Control (B)	5.00-5.50	360,000	December 1, 2025
1998 Erosion Control	4.75-5.10	605,000	December 1, 2023
OWDA Loan			
2000 Sewer Repair	4.64	328,239	July 1, 2020

The changes in long-term obligations during the year were as follows:

	<u>Outstanding 12/31/2003</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding 12/31/2004</u>	<u>Amount Due in One Year</u>
Governmental Activities					
General Obligation Bonds					
Municipal Court Facility	\$ 3,615,000	\$ -	\$ 100,000	\$ 3,515,000	\$ 100,000
General Purpose	3,195,000	10,840,000	3,195,000	10,840,000	620,000
Unamortized Premium	<u>-</u>	<u>279,529</u>	<u>-</u>	<u>279,529</u>	<u>-</u>
Total General Obligation Bonds	<u>6,810,000</u>	<u>11,119,529</u>	<u>3,295,000</u>	<u>14,634,529</u>	<u>720,000</u>
Special Assessment Bonds					
Erosion Control (B)	330,000	-	15,000	315,000	15,000
Erosion Control	<u>500,000</u>	<u>-</u>	<u>25,000</u>	<u>475,000</u>	<u>25,000</u>
Total Special Assessment Bonds	<u>830,000</u>	<u>-</u>	<u>40,000</u>	<u>790,000</u>	<u>40,000</u>
Compensated Absences Payable	<u>3,039,555</u>	<u>1,111,973</u>	<u>1,174,103</u>	<u>2,977,425</u>	<u>220,311</u>
Police and Fire Pension Liability	<u>695,478</u>	<u>-</u>	<u>21,818</u>	<u>673,660</u>	<u>22,755</u>
Total Governmental Activities	<u>\$ 11,375,033</u>	<u>\$ 12,231,502</u>	<u>\$ 4,530,921</u>	<u>\$ 19,075,614</u>	<u>\$ 1,003,066</u>
Business Type Activities					
OWDA Loan	\$ 316,234	-	12,568	\$ 303,666	\$ 13,159
Compensated Absences Payable	<u>100,728</u>	<u>56,486</u>	<u>60,404</u>	<u>96,810</u>	<u>14,633</u>
Total Business Type Activities	<u>\$ 416,962</u>	<u>\$ 56,486</u>	<u>\$ 72,972</u>	<u>\$ 400,476</u>	<u>\$ 27,792</u>

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2004

Note 15: Long-Term Obligations (continued)

General obligation bonds will be paid from money transferred to the debt service fund. The special assessment bonds will be paid from the proceeds of special assessments levied against benefited property owners. In the event that a property owner would fail to pay the assessment, payment would be made by the City. The police and fire pension liability will be paid from levied taxes in the Police and Fire levy special revenue funds. Compensated absences will be paid from the general fund, the recreation center, office on aging, refuse and recycling, motor vehicle license tax and street construction and repair special revenue funds, and the sanitary sewer enterprise fund. The OWDA loan reported in the enterprise fund will be paid from revenues derived by the City from sanitary sewer charges.

On October 1, 2004, the City issued \$10,840,000 Various Purpose General Obligation Bonds, Series 2004 (Bonds) which included \$6,260,000 in Serial Bonds and \$4,580,000 in Term Bonds at interest rates varying from 2.0 percent to 5.0 percent. Proceeds were used for certain capital projects (\$7,645,000) and to refund (current) \$3,195,000 of the outstanding Various Purpose General Obligation Bonds, Series 1994.

The Bonds were sold at a premium of \$249,529. The proceeds net of underwriting fees and other issuance costs, for the capital portion (\$8,074,726) were credited to the Capital Improvement Fund. The current refunding proceeds, net of underwriting fees and other issuance costs, (\$3,037,085) were credited to the Bond Retirement Fund for the redemption of the principal, interest, and redemption premium for that portion of the 1994 Bonds maturing on or after December 1, 2005. Pending such redemption, the City invested such proceeds in direct obligations of the United States of America. As a result, \$3,195,000 of the 1994 Bonds is considered to be defeased.

The aggregate difference in the debt service between the refunded debt and refunding debt is \$254,475. The City achieved an economic gain (difference between the present value of the refunded debt and the refunding debt service payments) on the transaction of \$229,323.

The Serial Bonds mature over a 10 year period with a final maturity at December 1, 2014. The Term Bonds maturing on December 1 in the years 2019 to 2024 are subject to mandatory sinking fund redemption, beginning December 1, 2015 and December 1, 2020, respectively. The Term Bonds maturing on and after December 1, 2015 are subject to optional redemption by the City prior to maturity, beginning December 1, 2014.

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2004

Note 15: Long-Term Obligations (continued)

The City's overall legal debt margin was \$21,947,637 at December 31, 2004. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2004, are as follows:

	General Obligation Bonds		Special Assessment Bonds		Police and Fire Pension		Total Governmental Activities	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2005	\$ 720,000	\$ 621,550	\$ 40,000	\$ 40,263	\$ 22,755	\$ 28,391	\$ 782,755	\$ 690,204
2006	775,000	539,580	40,000	38,313	23,732	27,414	838,732	605,307
2007	775,000	523,080	40,000	36,363	24,751	26,395	839,751	585,838
2008	710,000	505,860	40,000	34,413	25,814	25,332	775,814	565,605
2009	715,000	487,610	40,000	32,425	26,923	24,223	781,923	544,258
2010-2014	3,715,000	2,100,175	200,000	132,300	152,988	102,742	4,067,988	2,335,217
2015-2019	2,880,000	1,435,814	200,000	81,575	188,790	66,941	3,268,790	1,584,330
2020-2024	3,390,000	677,838	175,000	29,250	69,466	37,087	3,634,466	744,175
2025-2030	675,000	65,075	15,000	825	78,491	22,202	768,491	88,102
2031-2033	-	-	-	-	59,950	4,850	59,950	4,850
Total	\$ 14,355,000	\$ 6,956,582	\$ 790,000	\$ 425,727	\$ 673,660	\$ 365,577	\$ 15,818,660	\$ 7,747,886

Business Type Activity		
OWDA Loan		
Principal	Interest	
2005	\$ 13,159	\$ 13,939
2006	13,776	13,322
2007	14,423	12,675
2008	15,099	11,997
2009	15,809	11,289
2010-2014	90,893	44,594
2015-2019	114,325	21,165
2020-2022	26,182	914
Total	\$ 303,666	\$ 129,895

Note 16: Litigation

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

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2004

Note 17: Jointly Governed Organizations

A. West Shore Council of Governments

The West Shore Council of Governments (West Shore Council) was organized pursuant to Ohio Revised Code Section 167.01 by the Ohio cities of Rocky River, Bay Village, Fairview Park, Lakewood, North Olmstead and Westlake. The West Shore Council was formed to foster cooperation between members in the areas of public health, welfare, police protection, fire protection and regional development. The West Shore Council oversees both the West Shore Hazardous Materials Committee which provides hazardous material handling training, protection and assistance and the West Shore Enforcement Bureau which provides SWAT Team training, protection and assistance.

The West Shore Council is governed by a board comprised of one member from each member city. The board exercised control over the operation of the West Shore Council including budgeting, appropriating, contracting and administration. The West Shore Council board adopts an annual budget governing its activities for that year. Each city's degree of control is limited to its representation on the board. In 2004, the City contributed \$47,784 to the West Shore Council.

Financial information for the West Shore Council may be obtained from the Director of Finance, City of Bay Village, 350 Dover Center Road, Bay Village, Ohio 44140, who serves as fiscal agent.

B. Tri-City Park

The Tri-City Park Council of Governments (Tri-City Park) was organized pursuant to Ohio Revised Code Section 167.01 by the Ohio cities of Rocky River, Fairview Park and Westlake. Tri-City Park was formed to operated a public park to which residents of all member cities would have access and which is bordered by all member cities.

Tri-City Park is governed by a board comprised of one member from each member city. The board exercises control over the operation of Tri-City Park including budgeting, appropriating, contracting and administration. The Tri-City Park board adopts an annual budget governing its activities for that year. Each city's degree of control is limited to its representation on the board. In 2004, the City contributed \$3,328 to Tri-City Park.

Financial information for Tri-City Park may be obtained from the Director of Finance, City of Rocky River, 21012 Hilliard Boulevard, Rocky River, Ohio 44116, who serves as fiscal agent.

C. S.A.F.E. Council of Governments

The Safe Air for the Environmental Council of Governments (SAFE Council) was organized pursuant to Ohio Revised Code Section 167.01 by the Ohio cities of Rocky River, Bay Village, Fairview Park and Westlake. The SAFE Council was formed to oppose and monitor changes to air traffic patterns of flights from nearby Cleveland Hopkins International Airport.

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2004

Note 17: Jointly Governed Organizations (continued)

C. S.A.F.E. Council of Governments (continued)

The SAFE Council is governed by a board comprised of one member from each member city. The board exercises control over the operation of the SAFE Council including budgeting, appropriating, contracting and administration. The SAFE Council board adopts an annual budget governing its activities for that year. Each city's degree of control is limited to its representation on the board. The City made no contributions to the SAFE Council in 2004.

Financial information for the SAFE Council may be obtained from the Director of Finance, City of Rocky River, 21012 Hilliard Boulevard, Rocky River, Ohio 44116, who serves as fiscal agent.

D. West Shore Area Rescue Association

The West Shore Area Rescue Association (WESHARE) helps foster cooperation between municipalities and hospitals to provide optimum emergency medical services. The board is comprised of one member from each of the nine participating entities. The board exercises total control over the operation of the Council including budgeting, appropriating, contracting, and designating management.

Budgets are adopted by the board. Each city's degree of control is limited to its representation on the board. In 2004, the City did not contribute to WESHARE.

Note 18: Interfund Transfers

The general fund transfers to the major and Non-major governmental funds were made to provide additional resources for current operations and for the payment of debt. The transfer from the permanent improvement capital projects fund to the capital improvement and equipment replacement capital projects funds were to finance debt obligations, capital improvements and equipment purchases in the City. The transfer from the municipal court capital improvements fund to the general obligation bond retirement fund was to cover various debt obligations of the City. The transfer from the fire levy and police levy special revenue funds to the general fund were to pay for the current portion of the Ohio Police and Fire Pension. The transfer from the office on aging special revenue fund to the general fund was to pay for expenses originally covered by the general fund. Transfers made during the year ended December 31, 2004 were as follows:

	Transfer from			Total
	General	Permanent Improvement	Non-Major Governmental Funds	
<u>Transfer to</u>				
General	\$ -	\$ 2,000,000	\$ 340,000	\$ 2,340,000
Recreation Center	700,000	-	-	700,000
General Obligation Bond Retirement	497,530	-	258,563	756,093
Capital Improvement	-	650,000	40,500	690,500
Non-Major Governmental Funds	<u>2,738,366</u>	<u>325,000</u>	<u>-</u>	<u>3,063,366</u>
	<u>\$ 3,935,896</u>	<u>\$ 2,975,000</u>	<u>\$ 639,063</u>	<u>\$ 7,549,959</u>

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2004

Note 19: Contractual Commitments

At December 31, 2004, the City's significant contractual commitments consisted of:

<u>Project</u>	<u>Contract Amount</u>	<u>Amount Paid</u>	<u>Remaining on Contract</u>
Wooster Road	\$ 1,020,000	\$ 862,482	\$ 157,518
Sidewall Repairs	39,100	9,200	29,900
Family Aquatic Center	2,161,036	826,127	1,334,909
Hilliard Blvd Improvements	1,564,703	1,503,150	61,553
Aberdeen Road	1,273,587	1,106,439	167,148
Orchard Park/Bates Road	<u>2,230,238</u>	<u>1,687,081</u>	<u>543,157</u>
Total	\$ <u>8,288,664</u>	\$ <u>5,994,479</u>	\$ <u>2,294,185</u>

Note 20: Restatement of Prior Year Net Assets

Overstatement in the investment in joint venture had the following effect on net assets at December 31, 2003.

Net assets, December 31, 2003	\$ <u>13,956,983</u>
Investment in joint venture	<u>(231,163)</u>
Restated net assets, December 31, 2003	\$ <u>13,725,820</u>

Note 21: Subsequent Events

Following the successful passage of a 1.0 mill levy in November 2004, on February 1, 2005, the City issued \$8,400,000 Don Umerley Civic Facility Improvement, General Obligation Bonds, Series 2005 (Bonds).

The Bonds included \$3,760,000 in Serial Bonds and \$4,640,000 in Term Bonds at interest rates varying from 2.5 percent to 5.0 percent. The Bonds were issued for the purpose of improving, furnishing and equipping the Don Umerley Civic Facility and improving related sites.

The Bonds were sold at a premium of \$248,746. The proceeds, net of underwriting fees and other issuance costs, were credited to the Capital Improvement Fund.

The Serial Bonds mature over a 10 year period with a final maturity at December 1, 2015. The Term Bonds maturing on December 1 in the years 2020 and 2024 are subject to mandatory sinking fund redemption, beginning December 1, 2016 and December 1, 2021, respectively. The Term Bonds maturing on and after December 1, 2016 are subject to optional redemption by the City prior to maturity, beginning December 1, 2015.

City of Rocky River, Ohio

Combining Statements
Non-Major Government Funds
Fund Descriptions

Non-major Special Revenue Funds

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

Law Enforcement Trust Fund - Required by the Ohio Revised Code to account for monies received from various Law Enforcement Agencies designated for law enforcement related purposes.

Community Diversion Program Fund - To account for monies received from Cuyahoga County to be used to help divert youth who are first time offenders of misdemeanor offenses from formal court action and to establish or expand community policing programs.

Indigent Driver Alcohol Treatment Fund - Required by the Ohio Revised Code to account for 50 percent of fines received by the City for convictions related to persons whose drivers license was suspended for driving under the influence of alcohol.

Enforcement and Education Fund - To account for fines imposed under Section 4511.99 (A) of the Ohio Revised Code. These monies are used to pay costs incurred in enforcing Section 4511.99 of the Ohio Revised Code, and to educate the public about laws governing the operation of a motor vehicle under the influence of alcohol and the danger thereof.

Municipal Probation Services Fund - To account for specific court costs used to maintain ongoing probation services.

Young Adult Alcohol Diversion Fund - To account for monies received from the Rocky River Municipal Court to be used to help educate and assist eligible offenders change their alcohol behaviors.

Mediation Services Fund – To account for the collection of fees for all civil cases except cognovits notes and domestic relations filings pursuant to ORC 2303.201(E)(1).

Federal Emergency Management Agency (FEMA) Fund – To account for Federal monies received to pay for expenses incurred during emergencies.

Office on Aging Fund - To account for levied property tax revenues, charges for services and general fund subsidies used for the operation of the Senior Center.

Marine Patrol Fund - To account for monies received from the State and general fund subsidies used for the operation of the City's police boat.

Community Impacts Fund - To account for monies received from a railroad company to be used for costs resulting from increased usage of the Nickel Plate railroad line.

(continued)

City of Rocky River, Ohio

Combining Statements
Non-Major Governmental Funds (Continued)
Fund Descriptions

Fund Descriptions – Non-major Funds (continued)

Refuse and Recycling Fund - To account for levied property tax revenue and general fund subsidies used for the recycling program, as well as the collection and hauling of rubbish.

Motor Vehicle License Tax Fund - Required by the Ohio Revised Code to account for monies received from Cuyahoga County for the maintenance of public roads, highways, streets and bridges within the City.

Street Repair and Maintenance Fund - Required by the Ohio Revised Code to account for State gasoline tax and motor vehicle registration fees designated for maintenance of streets within the City.

State Highway Fund - Required by the Ohio Revised Code to account for State gasoline tax and motor vehicle registration fees designated for the maintenance of state highways within the City.

Fire Levy Fund - This fund accounts for a voted real estate tax operating levy which pays for the current and accrued past service liability for fire disability and pension benefits.

Police Levy Fund - This fund accounts for a voted real estate tax operating levy which pays for the current and accrued past service liability for police disability and pension benefits.

Non-major 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.

Special Assessment Bond Retirement Fund - To account for the collection of special assessments levied against the benefited properties for the payment of special assessment bonds and related interest.

Non-major Capital Projects Fund

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

Equipment Replacement Fund - To account for liquor permit revenues and transfers to provide for the future replacement of equipment.

Municipal Court Capital Improvement Fund - To account for specific court costs created to maintain operating and capital needs of the Municipal Court.

City of Rocky River, Ohio

Combining Balance Sheet Non-Major Governmental Funds

December 31, 2004

	Non-major Special Revenue Funds	Non-major Debt Service Fund	Non-major Capital Projects Fund	Total Non-major Governmental Funds
Assets:				
Equity in pooled cash and cash equivalents	\$ 2,030,629	\$ 30,036	\$ 1,856,754	\$ 3,917,419
Accrued interest receivable	-	-	5,413	5,413
Accounts receivable	5,909	-	-	5,909
Intergovernmental receivable	381,758	-	-	381,758
Materials and supplies inventory	89,384	-	-	89,384
Taxes receivable	1,234,583	-	48,655	1,283,238
Special assessments receivable	-	796,735	-	796,735
Total assets	\$ 3,742,263	\$ 826,771	\$ 1,910,822	\$ 6,479,856
Liabilities and fund balances:				
Liabilities:				
Accounts payable	\$ 61,224	\$ -	\$ 85,242	\$ 146,466
Accrued wages and benefits	68,324	-	1,628	69,952
Intergovernmental payable	71,671	-	1,681	73,352
Deferred revenue	1,424,435	796,735	-	2,221,170
Total liabilities	1,625,654	796,735	88,551	2,510,940
Fund balances:				
Reserve for encumbrances	100,454	-	60,563	161,017
Unreserved, undesignated, reported in:				
Special revenue funds	2,016,155	-	-	2,016,155
Debt service fund	-	30,036	-	30,036
Capital projects funds	-	-	1,761,708	1,761,708
Total fund balances	2,116,609	30,036	1,822,271	3,968,916
Total liabilities and fund balances	\$ 3,742,263	\$ 826,771	\$ 1,910,822	\$ 6,479,856

City of Rocky River, Ohio

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds

For The Year Ended December 31, 2004

	Non-major Special Revenue Funds	Non-major Debt Service Fund	Non-major Capital Projects Fund	Total Non-major Governmental Funds
Revenues:				
Property taxes	\$ 1,202,093	\$ -	\$ -	\$ 1,202,093
Other local taxes	-	-	48,655	48,655
Intergovernmental	996,719	-	789,079	1,785,798
Charges for services	354,808	-	82,255	437,063
Fees, Fines & Permits	161,324	-	-	161,324
Special assessments	-	85,220	-	85,220
Investment income	-	-	13,705	13,705
Other	16,121	-	-	16,121
Total revenues	<u>2,731,065</u>	<u>85,220</u>	<u>933,694</u>	<u>3,749,979</u>
Expenditures:				
Current:				
Security of persons and property	163,194	-	-	163,194
Public health	918,244	-	-	918,244
Community development	10,179	-	-	10,179
Basic utility service	1,339,321	-	-	1,339,321
Transportation	1,510,836	-	-	1,510,836
General government	1,265	-	1,628	2,893
Capital outlay	17,786	-	647,878	665,664
Debt Service:				
Principal retirement	21,817	40,000	-	61,817
Interest and fiscal charges	29,328	42,546	-	71,874
Total expenditures	<u>4,011,970</u>	<u>82,546</u>	<u>649,506</u>	<u>4,744,022</u>
Excess of revenues (over) expenditures	<u>(1,280,905)</u>	<u>2,674</u>	<u>284,188</u>	<u>(994,043)</u>
Other financing sources (uses):				
Transfers-in	2,425,725	12,641	625,000	3,063,366
Transfers - out	(380,500)	-	(258,563)	(639,063)
Total other financing sources (uses)	<u>2,045,225</u>	<u>12,641</u>	<u>366,437</u>	<u>2,424,303</u>
Net change in fund balances	764,320	15,315	650,625	1,430,260
Fund balances at beginning of year	<u>1,352,289</u>	<u>14,721</u>	<u>1,171,646</u>	<u>2,538,656</u>
Fund balances at end of year	<u>\$ 2,116,609</u>	<u>\$ 30,036</u>	<u>\$ 1,822,271</u>	<u>\$ 3,968,916</u>

City of Rocky River, Ohio

Combining Balance Sheet Non-Major Special Revenue Funds

December 31, 2004

	Law Enforcement Trust	Community Diversion Program	Indigent Driver Alcohol Treatment	Enforcement and Education
Assets:				
Equity in pooled cash and cash equivalents	\$ 38,675	\$ 4,986	\$ 83,896	\$ 8,611
Accounts receivable	-	-	-	-
Intergovernmental receivable	-	-	-	-
Materials and supplies inventory	-	-	-	-
Taxes receivable	-	-	-	-
Total assets	\$ <u>38,675</u>	\$ <u>4,986</u>	\$ <u>83,896</u>	\$ <u>8,611</u>
Liabilities and fund balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued wages and benefits	-	-	-	-
Intergovernmental payable	-	69	-	-
Deferred revenue	-	-	-	-
Total liabilities	<u>-</u>	<u>69</u>	<u>-</u>	<u>-</u>
Fund balances:				
Reserve for encumbrances	4,534	-	-	-
Unreserved, undesignated	<u>34,141</u>	<u>4,917</u>	<u>83,896</u>	<u>8,611</u>
Total fund balances	<u>38,675</u>	<u>4,917</u>	<u>83,896</u>	<u>8,611</u>
Total liabilities and fund balances	\$ <u>38,675</u>	\$ <u>4,986</u>	\$ <u>83,896</u>	\$ <u>8,611</u>

<u>Municipal Probation Services</u>	<u>Young Adult Alcohol Diversion</u>	<u>Mediation Services</u>	<u>Federal Emergency Management Agency</u>	<u>Office on Aging</u>
\$ 338,100	\$ 42,295	\$ 14,470	\$ 1,772	\$ 374,292
5,909	-	-	-	-
-	-	-	-	20,404
-	-	-	-	36,217
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>293,948</u>
\$ <u>344,009</u>	\$ <u>42,295</u>	\$ <u>14,470</u>	\$ <u>1,772</u>	\$ <u>724,861</u>
\$ 217	\$ -	\$ -	\$ -	\$ 5,590
1,265	-	-	-	10,179
881	-	-	-	11,866
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>293,948</u>
<u>2,363</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>321,583</u>
1,937	-	-	-	13,955
<u>339,709</u>	<u>42,295</u>	<u>14,470</u>	<u>1,772</u>	<u>389,323</u>
<u>341,646</u>	<u>42,295</u>	<u>14,470</u>	<u>1,772</u>	<u>403,278</u>
\$ <u>344,009</u>	\$ <u>42,295</u>	\$ <u>14,470</u>	\$ <u>1,772</u>	\$ <u>724,861</u>

(continued)

City of Rocky River, Ohio

Combining Balance Sheet Non-Major Special Revenue Funds (Continued)

December 31, 2004

	<u>Marine Patrol</u>	<u>Community Impacts</u>	<u>Refuse and Recycling</u>	<u>Motor Vehicle License Tax</u>
Assets:				
Equity in pooled cash and cash equivalents	\$ 10,014	\$ 3,312	\$ 336,873	\$ 105,823
Accounts receivable	-	-	-	-
Intergovernmental receivable	-	-	40,808	3,240
Materials and supplies inventory	-	-	-	-
Taxes receivable	-	-	587,897	-
Total assets	\$ <u>10,014</u>	\$ <u>3,312</u>	\$ <u>965,578</u>	\$ <u>109,063</u>
Liabilities and fund balances:				
Liabilities:				
Accounts payable	\$ 210	\$ -	\$ 27,406	\$ 2,786
Accrued wages and benefits	-	-	21,214	3,919
Intergovernmental payable	833	-	16,595	4,226
Deferred revenue	-	-	587,897	-
Total liabilities	<u>1,043</u>	<u>-</u>	<u>653,112</u>	<u>10,931</u>
Fund balances:				
Reserve for encumbrances	3	-	28,477	1,187
Unreserved, undesignated	<u>8,968</u>	<u>3,312</u>	<u>283,989</u>	<u>96,945</u>
Total fund balances	<u>8,971</u>	<u>3,312</u>	<u>312,466</u>	<u>98,132</u>
Total liabilities and fund balances	\$ <u>10,014</u>	\$ <u>3,312</u>	\$ <u>965,578</u>	\$ <u>109,063</u>

<u>Street Repair and Maintenance</u>	<u>State Highway</u>	<u>Fire Levy</u>	<u>Police Levy</u>	<u>Total Non-major Special Revenue Funds</u>
\$ 562,278	\$ 35,751	\$ 34,179	\$ 35,302	\$ 2,030,629
-	-	-	-	5,909
270,860	21,962	12,242	12,242	381,758
53,167	-	-	-	89,384
<u>-</u>	<u>-</u>	<u>176,369</u>	<u>176,369</u>	<u>1,234,583</u>
\$ <u>886,305</u>	\$ <u>57,713</u>	\$ <u>222,790</u>	\$ <u>223,913</u>	\$ <u>3,742,263</u>
\$ 441	\$ 24,574	\$ -	\$ -	\$ 61,224
31,747	-	-	-	68,324
19,751	-	9,618	7,832	71,671
<u>175,613</u>	<u>14,239</u>	<u>176,369</u>	<u>176,369</u>	<u>1,424,435</u>
<u>227,552</u>	<u>38,813</u>	<u>185,987</u>	<u>184,201</u>	<u>1,625,654</u>
50,361	-	-	-	100,454
<u>608,392</u>	<u>18,900</u>	<u>36,803</u>	<u>39,712</u>	<u>2,016,155</u>
<u>658,753</u>	<u>18,900</u>	<u>36,803</u>	<u>39,712</u>	<u>2,116,609</u>
\$ <u>886,305</u>	\$ <u>57,713</u>	\$ <u>222,790</u>	\$ <u>223,913</u>	\$ <u>3,742,263</u>

City of Rocky River, Ohio

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Non-Major Special Revenue Funds

For the Year Ended December 31, 2004

	Law Enforcement Trust	Community Diversion Program	Indigent Driver Alcohol Treatment	Enforcement and Education
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	16,116	-	-	-
Charges for services	-	-	-	-
Fees, fines and permits	6,114	7,200	38,790	3,213
Other	-	-	-	-
Total revenues	<u>22,230</u>	<u>7,200</u>	<u>38,790</u>	<u>3,213</u>
Expenditures:				
Current:				
Security of persons and property	4,819	3,387	33,842	3,436
Public health	-	-	-	-
Community development	-	-	-	-
Basic utility service	-	-	-	-
Transportation	-	-	-	-
General government	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>4,819</u>	<u>3,387</u>	<u>33,842</u>	<u>3,436</u>
Excess of revenues over (under) expenditures	<u>17,411</u>	<u>3,813</u>	<u>4,948</u>	<u>(223)</u>
Other financing sources (uses):				
Transfers-in	-	725	-	-
Transfers - out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>725</u>	<u>-</u>	<u>-</u>
Net change in fund balances	17,411	4,538	4,948	(223)
Fund balances at beginning of year	<u>21,264</u>	<u>379</u>	<u>78,948</u>	<u>8,834</u>
Fund balances at end of year	\$ <u><u>38,675</u></u>	\$ <u><u>4,917</u></u>	\$ <u><u>83,896</u></u>	\$ <u><u>8,611</u></u>

<u>Municipal Probation Services</u>	<u>Young Adult Alcohol Diversion</u>	<u>Mediation Services</u>	<u>Federal Emergency Management Agency</u>	<u>Office on Aging</u>
\$ -	\$ -	\$ -	\$ -	\$ 286,213
-	-	-	42,272	60,750
-	-	-	-	335,438
74,607	18,405	12,995	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,564</u>
<u>74,607</u>	<u>18,405</u>	<u>12,995</u>	<u>42,272</u>	<u>687,965</u>
46,678	875	-	-	-
-	-	-	-	918,244
-	-	-	-	10,179
-	-	-	-	-
-	-	-	-	-
1,265	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>47,943</u>	<u>875</u>	<u>-</u>	<u>-</u>	<u>928,423</u>
<u>26,664</u>	<u>17,530</u>	<u>12,995</u>	<u>42,272</u>	<u>(240,458)</u>
-	-	-	-	370,000
<u>-</u>	<u>-</u>	<u>-</u>	<u>(40,500)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(40,500)</u>	<u>370,000</u>
26,664	17,530	12,995	1,772	129,542
<u>314,982</u>	<u>24,765</u>	<u>1,475</u>	<u>-</u>	<u>273,736</u>
\$ <u><u>341,646</u></u>	\$ <u><u>42,295</u></u>	\$ <u><u>14,470</u></u>	\$ <u><u>1,772</u></u>	\$ <u><u>403,278</u></u>

(continued)

City of Rocky River, Ohio

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Non-Major Special Revenue Funds (Continued)

For the Year Ended December 31, 2004

	Marine Patrol	Community Impacts	Refuse and Recycling	Motor Vehicle License Tax
Revenues:				
Property taxes	\$ -	\$ -	\$ 572,426	\$ -
Intergovernmental	25,604	-	121,500	39,349
Charges for services	-	-	19,370	-
Fees, fines and permits	-	-	-	-
Other	-	-	10,557	-
	<u>25,604</u>	<u>-</u>	<u>723,853</u>	<u>39,349</u>
Total revenues				
Expenditures:				
Current:				
Security of persons and property	57,195	-	-	3,919
Public health	-	-	-	-
Community development	-	-	-	-
Basic utility service	-	-	1,339,321	-
Transportation	-	-	-	304,511
General government	-	-	-	-
Capital outlay	1,544	-	-	734
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
	<u>58,739</u>	<u>-</u>	<u>1,339,321</u>	<u>309,164</u>
Total expenditures				
Excess of revenues over (under) expenditures	<u>(33,135)</u>	<u>-</u>	<u>(615,468)</u>	<u>(269,815)</u>
Other financing sources (uses):				
Transfers-in	30,000	-	800,000	300,000
Transfers - out	-	-	-	-
	<u>30,000</u>	<u>-</u>	<u>800,000</u>	<u>300,000</u>
Total other financing sources (uses)				
Net change in fund balances	(3,135)	-	184,532	30,185
Fund balances at beginning of year	<u>12,106</u>	<u>3,312</u>	<u>127,934</u>	<u>67,947</u>
Fund balances at end of year	\$ <u><u>8,971</u></u>	\$ <u><u>3,312</u></u>	\$ <u><u>312,466</u></u>	\$ <u><u>98,132</u></u>

Street Repair and Maintenance	State Highway	Fire Levy	Police Levy	Total Non-major Special Revenue Funds
\$ -	\$ -	\$ 172,015	\$ 171,439	\$ 1,202,093
572,555	45,673	36,450	36,450	996,719
-	-	-	-	354,808
-	-	-	-	161,324
-	-	-	-	16,121
<u>572,555</u>	<u>45,673</u>	<u>208,465</u>	<u>207,889</u>	<u>2,731,065</u>
-	-	4,103	4,940	163,194
-	-	-	-	918,244
-	-	-	-	10,179
-	-	-	-	1,339,321
1,151,687	54,638	-	-	1,510,836
-	-	-	-	1,265
15,508	-	-	-	17,786
-	-	5,956	15,861	21,817
-	-	14,182	15,146	29,328
<u>1,167,195</u>	<u>54,638</u>	<u>24,241</u>	<u>35,947</u>	<u>4,011,970</u>
<u>(594,640)</u>	<u>(8,965)</u>	<u>184,224</u>	<u>171,942</u>	<u>(1,280,905)</u>
925,000	-	-	-	2,425,725
-	-	(180,000)	(160,000)	(380,500)
<u>925,000</u>	<u>-</u>	<u>(180,000)</u>	<u>(160,000)</u>	<u>2,045,225</u>
330,360	(8,965)	4,224	11,942	764,320
<u>328,393</u>	<u>27,865</u>	<u>32,579</u>	<u>27,770</u>	<u>1,352,289</u>
\$ <u>658,753</u>	\$ <u>18,900</u>	\$ <u>36,803</u>	\$ <u>39,712</u>	\$ <u>2,116,609</u>

City of Rocky River, Ohio

Combining Balance Sheet Non-Major Capital Projects Funds

December 31, 2004

	<u>Equipment Replacement</u>	<u>Municipal Court Capital Improvement</u>	<u>Total Non-major Capital Project Funds</u>
Assets:			
Equity in pooled cash and cash equivalents	\$ 673,928	\$ 1,182,826	\$ 1,856,754
Accrued interest receivable	-	5,413	5,413
Taxes receivable	<u>-</u>	<u>48,655</u>	<u>48,655</u>
 Total assets	 \$ <u>673,928</u>	 \$ <u>1,236,894</u>	 \$ <u>1,910,822</u>
Liabilities and fund balances:			
Liabilities:			
Accounts payable	\$ 64,756	\$ 20,486	\$ 85,242
Accrued wages and benefits	-	1,628	1,628
Intergovernmental payable	<u>-</u>	<u>1,681</u>	<u>1,681</u>
 Total liabilities	 <u>64,756</u>	 <u>23,795</u>	 <u>88,551</u>
Fund balances:			
Reserve for encumbrances	48,672	11,891	60,563
Unrestricted, undesignated	<u>560,500</u>	<u>1,201,208</u>	<u>1,761,708</u>
 Total fund balances	 <u>609,172</u>	 <u>1,213,099</u>	 <u>1,822,271</u>
 Total liabilities and fund balances	 \$ <u>673,928</u>	 \$ <u>1,236,894</u>	 \$ <u>1,910,822</u>

City of Rocky River, Ohio

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Non-Major Capital Project Funds

For the Year Ended December 31, 2004

	<u>Equipment Replacement</u>	<u>Municipal Court Capital Improvement</u>	<u>Total Non-major Capital Project Funds</u>
Revenues:			
Other local taxes	\$ -	\$ 48,655	\$ 48,655
Intergovernmental	66,197	722,882	789,079
Charges for services	82,255	-	82,255
Investment income	<u>-</u>	<u>13,705</u>	<u>13,705</u>
Total revenues	<u>148,452</u>	<u>785,242</u>	<u>933,694</u>
Expenditures:			
Current:			
General government	-	1,628	1,628
Capital outlay	<u>391,406</u>	<u>256,472</u>	<u>647,878</u>
Total expenditures	<u>391,406</u>	<u>258,100</u>	<u>649,506</u>
Excess of revenues over (under) expenditures	<u>(242,954)</u>	<u>527,142</u>	<u>284,188</u>
Other financing sources (uses):			
Transfers-in	625,000	-	625,000
Transfers - out	<u>-</u>	<u>(258,563)</u>	<u>(258,563)</u>
Total other financing sources (uses)	<u>625,000</u>	<u>(258,563)</u>	<u>366,437</u>
Net change in fund balances	382,046	268,579	650,625
Fund balances at beginning of year	<u>227,126</u>	<u>944,520</u>	<u>1,171,646</u>
Fund balances at end of year	\$ <u><u>609,172</u></u>	\$ <u><u>1,213,099</u></u>	\$ <u><u>1,822,271</u></u>

City of Rocky River, Ohio

Fiduciary Funds

Fund Descriptions

Fiduciary Funds

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

Investment Trust Fund

Individual Investment Account Fund – To account for the investing activity of the Rocky River Wastewater Treatment Plant which is managed by the City of Rocky River. The Plant is a joint venture between the cities of Rocky River, Bay Village, Fairview Park and Westlake. There is no budgeted activity for the individual investment account because the monies are not considered part of the City.

Agency Funds

Deposits, Fees and Miscellaneous Clearance Fund – To account for refundable deposits and miscellaneous assets held by the City.

Donations and Bequests Fund – To account for donations to the City's police department and office on aging to be used for community-related programs. The City's role is limited to that of custodian of funds.

S.A.F.E. Fund – To account for monies received from the S.A.F.E. Council of Governments for payment of legal expenses for the opposition to changes to the Cleveland Hopkins International Airport air traffic pattern.

City of Rocky River, Ohio

Combining Statement of Assets and Liabilities – Agency Funds

December 31, 2004

	<u>Deposits Fees and Miscellaneous Clearance</u>	<u>Donations and Bequests</u>	<u>S.A.F.E.</u>	<u>Total</u>
Assets:				
Equity in pooled cash and cash equivalents	\$ <u>46,419</u>	\$ <u>255,332</u>	\$ <u>25,539</u>	\$ <u>327,290</u>
Liabilities:				
Undistributed monies	\$ -	\$ 255,332	\$ 25,539	\$ 280,871
Deposits held and due to others	<u>46,419</u>	<u>-</u>	<u>-</u>	<u>46,419</u>
Total liabilities	\$ <u>46,419</u>	\$ <u>255,332</u>	\$ <u>25,539</u>	\$ <u>327,290</u>

City of Rocky River, Ohio

Combining Statement of Changes in Assets and Liabilities – Agency Funds

For The Year Ended December 31, 2004

	<u>Balance</u> <u>12/31/03</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12/31/04</u>
Deposits, Fees and Miscellaneous Clearance				
Assets:				
Equity in Pooled Cash and Cash equivalents	\$ <u>43,712</u>	\$ <u>24,906</u>	\$ <u>22,199</u>	\$ <u>46,419</u>
Liabilities:				
Deposits held and due to others	\$ <u>43,712</u>	\$ <u>24,906</u>	\$ <u>22,199</u>	\$ <u>46,419</u>
Donations and Bequests				
Assets:				
Equity in Pooled Cash and Cash equivalents	\$ <u>154,691</u>	\$ <u>142,707</u>	\$ <u>42,066</u>	\$ <u>255,332</u>
Liabilities:				
Undistributed monies	\$ <u>154,691</u>	\$ <u>142,707</u>	\$ <u>42,066</u>	\$ <u>255,332</u>
S.A.F.E.				
Assets:				
Equity in Pooled Cash and Cash equivalents	\$ <u>27,741</u>	\$ <u>292</u>	\$ <u>2,494</u>	\$ <u>25,539</u>
Liabilities:				
Undistributed monies	\$ <u>27,741</u>	\$ <u>292</u>	\$ <u>2,494</u>	\$ <u>25,539</u>
All Agency Funds				
Assets:				
Equity in Pooled Cash and Cash equivalents	\$ <u>226,144</u>	\$ <u>167,905</u>	\$ <u>66,759</u>	\$ <u>327,290</u>
Liabilities:				
Undistributed monies	\$ <u>182,432</u>	\$ <u>142,999</u>	\$ <u>44,560</u>	\$ <u>280,871</u>
Deposits held and due to others	<u>43,712</u>	<u>24,906</u>	<u>22,199</u>	<u>46,419</u>
Total Liabilities	\$ <u>226,144</u>	\$ <u>167,905</u>	\$ <u>66,759</u>	\$ <u>327,290</u>

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

City of Rocky River, Ohio

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

General Fund

For The Year Ended December 31, 2004

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property and other taxes	\$ 3,617,378	\$ 3,617,378	\$ 3,606,284	\$ (11,094)
Municipal income taxes	7,500,000	7,500,000	7,732,806	232,806
Other local taxes	80,000	80,000	87,495	7,495
Intergovernmental	1,378,264	1,382,764	1,349,256	(33,508)
Charges for services	60,045	60,045	53,872	(6,173)
Rentals	70,000	70,000	80,325	10,325
Fines, fees, and permits	2,658,220	2,658,220	2,798,073	139,853
Investment income	135,000	135,000	154,062	19,062
Miscellaneous income	78,200	78,200	20,766	(57,434)
Total revenues	<u>15,577,107</u>	<u>15,581,607</u>	<u>15,882,939</u>	<u>301,332</u>
Expenditures:				
Current:				
General government:				
Council:				
Personal service	111,257	111,359	107,831	3,528
Other	9,725	13,675	3,009	10,666
Total council	<u>120,982</u>	<u>125,034</u>	<u>110,840</u>	<u>14,194</u>
Mayor:				
Personal service	155,864	155,989	149,570	6,419
Other	7,155	7,155	5,004	2,151
Total mayor	<u>163,019</u>	<u>163,144</u>	<u>154,574</u>	<u>8,570</u>
Finance department:				
Personal service	256,303	270,103	252,166	17,937
Other	108,500	129,779	122,457	7,322
Total finance department	<u>364,803</u>	<u>399,882</u>	<u>374,623</u>	<u>25,259</u>
Law director:				
Personal service	91,911	91,994	87,883	4,111
Other	131,025	131,025	85,803	45,222
Total law director	<u>222,936</u>	<u>223,019</u>	<u>173,686</u>	<u>49,333</u>
Other executive administration:				
Personal service	75,488	75,556	72,082	3,474
Other	3,450	6,472	5,514	958
Total other executive administration	<u>78,938</u>	<u>82,028</u>	<u>77,596</u>	<u>4,432</u>

(continued)

City of Rocky River, Ohio

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

General Fund (continued)

For The Year Ended December 31, 2004

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Boards and commissions:				
Personal service	30,290	30,315	26,563	3,752
Other	37,550	53,200	15,844	37,356
Total boards and commissions	67,840	83,515	42,407	41,108
Building maintenance:				
Personal service	344,868	345,168	319,842	25,326
Other	359,980	374,176	266,538	107,638
Total building maintenance	704,848	719,344	586,380	132,964
Municipal courts:				
Personal service	1,691,773	1,692,273	1,553,129	139,144
Other	304,976	317,213	187,711	129,502
Total municipal courts	1,996,749	2,009,486	1,740,840	268,646
Miscellaneous:				
Other	1,189,885	1,286,116	1,182,735	103,381
Total general government	4,910,000	5,091,568	4,443,681	647,887
Security of persons and property:				
Police department:				
Personal service	3,242,651	3,605,936	3,508,931	97,005
Other	448,925	498,289	365,894	132,395
Total police department	3,691,576	4,104,225	3,874,825	229,400
Fire department:				
Personal service	2,883,171	2,885,980	2,784,407	101,573
Other	84,468	159,720	124,771	34,949
Total fire department	2,967,639	3,045,700	2,909,178	136,522
Police on patrol arresting speeders:				
Personal service	79,449	86,522	78,035	8,487
Other	8,000	27,238	810	26,428
Total police on patrol arresting speeders	87,449	113,760	78,845	34,915
Street lighting:				
Other	260,000	260,000	254,113	5,887

(continued)

City of Rocky River, Ohio

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

General Fund (continued)

For The Year Ended December 31, 2004

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Administrative support:				
Personal service	75,488	75,556	72,082	3,474
Other	<u>3,450</u>	<u>6,471</u>	<u>5,513</u>	<u>958</u>
Total administrative support	<u>78,938</u>	<u>82,027</u>	<u>77,595</u>	<u>4,432</u>
Total security of persons and property	<u>7,085,602</u>	<u>7,605,712</u>	<u>7,194,556</u>	<u>411,156</u>
Transportation:				
Equipment repair and garage:				
Personal services	475,172	478,666	460,098	18,568
Other	<u>132,000</u>	<u>139,603</u>	<u>111,466</u>	<u>28,137</u>
Total transportation	<u>607,172</u>	<u>618,269</u>	<u>571,564</u>	<u>46,705</u>
Community environment:				
Community development:				
Personal service	547,383	547,873	522,109	25,764
Other expenditures	<u>93,100</u>	<u>128,149</u>	<u>89,363</u>	<u>38,786</u>
Total community center	<u>640,483</u>	<u>676,022</u>	<u>611,472</u>	<u>64,550</u>
Economic development:				
Personal Services	120,235	120,341	113,473	6,868
Other	<u>29,300</u>	<u>80,551</u>	<u>65,177</u>	<u>15,374</u>
Total economic development	<u>149,535</u>	<u>200,892</u>	<u>178,650</u>	<u>22,242</u>
Total community environment	<u>790,018</u>	<u>876,914</u>	<u>790,122</u>	<u>86,792</u>
Leisure time activities:				
Parks department:				
Personal service	282,065	285,065	269,753	15,312
Other	<u>82,350</u>	<u>96,091</u>	<u>71,741</u>	<u>24,350</u>
Total leisure time activities	<u>364,415</u>	<u>381,156</u>	<u>341,494</u>	<u>39,662</u>

(continued)

City of Rocky River, Ohio

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

General Fund (continued)

For The Year Ended December 31, 2004

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Capital outlay	-	-	27,224	(27,224)
Total expenditures	<u>13,757,207</u>	<u>14,573,619</u>	<u>13,368,641</u>	<u>1,204,978</u>
Excess of revenues over (under) expenditures	<u>1,819,900</u>	<u>1,007,988</u>	<u>2,514,298</u>	<u>1,506,310</u>
Other financing sources (uses):				
Sale of capital assets	-	15,000	14,749	(251)
Transfers – in	2,301,290	2,341,790	2,340,000	(1,790)
Transfers – out	<u>(3,676,396)</u>	<u>(3,635,896)</u>	<u>(3,935,896)</u>	<u>(300,000)</u>
Total other financing sources (uses)	<u>(1,375,106)</u>	<u>(1,279,106)</u>	<u>(1,581,147)</u>	<u>(302,041)</u>
Net change in fund balance	444,794	(271,118)	933,151	1,204,269
Fund balance at beginning of year	2,540,221	2,540,221	2,540,221	-
Prior year encumbrances appropriated	<u>182,704</u>	<u>182,704</u>	<u>182,704</u>	<u>-</u>
Fund balance at end of year	\$ <u>3,167,719</u>	\$ <u>2,451,807</u>	\$ <u>3,656,076</u>	\$ <u>1,204,269</u>

City of Rocky River, Ohio

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

Recreation Center Fund

For the Year Ended December 31, 2004

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 287,093	\$ 287,093	\$ 286,213	\$ (880)
Charges for services	1,192,000	1,192,000	1,180,149	(11,851)
Intergovernmental	40,346	40,346	40,346	-
Rentals	31,000	31,000	27,339	(3,661)
Total revenues	<u>1,550,439</u>	<u>1,550,439</u>	<u>1,534,047</u>	<u>(16,392)</u>
Expenditures:				
Current:				
Leisure time activities:				
Recreation center:				
Personal services	1,473,254	1,473,254	1,391,640	81,614
Other	820,975	863,360	738,443	124,917
Capital outlay	<u>22,000</u>	<u>32,462</u>	<u>22,906</u>	<u>9,556</u>
Total expenditures	<u>2,316,229</u>	<u>2,369,076</u>	<u>2,152,989</u>	<u>216,087</u>
Excess of revenues over (under) expenditures	(765,790)	(818,637)	(618,942)	199,695
Other financing sources (uses):				
Transfers - in	<u>700,000</u>	<u>700,000</u>	<u>700,000</u>	<u>-</u>
Net change in fund balances	(65,790)	(118,637)	81,058	199,695
Fund balance at beginning of year	427,392	427,392	427,392	-
Prior year encumbrances appropriated	<u>50,847</u>	<u>50,847</u>	<u>50,847</u>	<u>-</u>
Fund balance at end of year	\$ <u>412,449</u>	\$ <u>359,602</u>	\$ <u>559,297</u>	\$ <u>199,695</u>

City of Rocky River, Ohio

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

General Obligation Bond Retirement Fund

For the Year Ended December 31, 2004

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Other	\$ -	\$ -	\$ 204,160	\$ 204,160
Expenditures:				
Debt service:				
Principal retirement	425,000	3,825,000	3,295,000	530,000
Interest and fiscal charges	<u>331,093</u>	<u>361,093</u>	<u>413,629</u>	<u>(52,536)</u>
Total expenditures	<u>756,093</u>	<u>4,186,093</u>	<u>3,708,629</u>	<u>477,464</u>
Excess of revenues over (under) expenditures	<u>(756,093)</u>	<u>(4,186,093)</u>	<u>(3,504,469)</u>	<u>681,624</u>
Other financing sources (uses):				
Proceeds from sale of debt	-	3,300,000	3,040,000	(260,000)
Transfers – in	<u>756,093</u>	<u>756,093</u>	<u>756,093</u>	<u>-</u>
Total other financing sources (uses)	<u>756,093</u>	<u>4,056,093</u>	<u>3,796,093</u>	<u>(260,000)</u>
Net change in fund balances	-	(130,000)	291,624	421,624
Fund balance at beginning of year	<u>114,415</u>	<u>114,415</u>	<u>114,415</u>	<u>-</u>
Fund balance at end of year	\$ <u>114,415</u>	\$ <u>(15,585)</u>	\$ <u>406,039</u>	\$ <u>421,624</u>

City of Rocky River, Ohio

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

Capital Improvement Fund

For The Year Ended December 31, 2004

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 574,187	\$ 574,187	\$ 572,426	\$ (1,761)
Fees, fines, and permits	-	-	1,840	1,840
Charges for services	1,579	1,579	5,331	3,752
Intergovernmental	400,377	400,377	382,377	(18,000)
Special assessment	3,673	3,673	1,730	(1,943)
Interest	1,500	1,500	864	(636)
Other local taxes	112,000	112,000	121,019	9,019
Other	-	-	74,508	74,508
Total revenues	<u>1,093,316</u>	<u>1,093,316</u>	<u>1,160,095</u>	<u>66,779</u>
Expenditures:				
Capital outlay	<u>8,944,000</u>	<u>10,510,469</u>	<u>10,350,326</u>	<u>160,143</u>
Excess of revenues over (under) expenditures	<u>(7,850,684)</u>	<u>(9,417,153)</u>	<u>(9,190,231)</u>	<u>226,922</u>
Other financing sources (uses):				
Proceeds from sale of debt	7,400,000	7,870,000	7,800,000	(70,000)
Transfers - in	<u>690,500</u>	<u>690,500</u>	<u>690,500</u>	<u>-</u>
Total other financing sources (uses)	<u>8,090,500</u>	<u>8,560,500</u>	<u>8,490,500</u>	<u>(70,000)</u>
Net change in fund balance	239,816	(856,653)	(699,731)	156,922
Fund balance at beginning of year	335,035	335,035	335,035	-
Prior year encumbrances appropriated	<u>1,542,469</u>	<u>1,542,469</u>	<u>1,542,469</u>	<u>-</u>
Fund balance at end of year	\$ <u>2,117,320</u>	\$ <u>1,020,851</u>	\$ <u>1,177,773</u>	\$ <u>156,922</u>

City of Rocky River, Ohio

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

Permanent Improvement Fund

For The Year Ended December 31, 2004

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ <u>1,500,000</u>	\$ <u>1,500,000</u>	\$ <u>3,309,886</u>	\$ <u>1,809,886</u>
Excess of revenues over (under) expenditures	1,500,000	1,500,000	3,309,886	1,809,886
Other financing sources (uses):				
Transfers - out	<u>(3,275,000)</u>	<u>(3,275,000)</u>	<u>(2,975,000)</u>	<u>300,000</u>
Net change in fund balance	(1,775,000)	(1,775,000)	334,886	2,109,886
Fund balance at beginning of year	<u>3,329,763</u>	<u>3,329,763</u>	<u>3,329,763</u>	<u>-</u>
Fund balance at end of year	\$ <u>1,554,763</u>	\$ <u>1,554,763</u>	\$ <u>3,664,649</u>	\$ <u>2,109,886</u>

City of Rocky River, Ohio

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

Sanitary Sewer Fund

For The Year Ended December 31, 2004

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ <u>1,918,150</u>	\$ <u>1,918,150</u>	\$ <u>1,967,608</u>	\$ <u>49,458</u>
Expenditures:				
Water operations:				
Personal services	648,671	652,671	628,921	23,750
Contractual services	1,241,746	1,252,177	1,154,553	97,624
Heat, light, and power	14,500	14,500	10,488	4,012
Materials and supplies	52,700	98,198	87,745	10,453
Other	1,175	2,675	2,132	543
Capital outlay	9,100	9,100	1,531	7,569
Debt service:				
Principal retirement	12,569	12,569	12,568	1
Interest and fiscal charges	<u>14,530</u>	<u>14,530</u>	<u>14,529</u>	<u>1</u>
Total expenditures	<u>1,994,991</u>	<u>2,056,420</u>	<u>1,912,467</u>	<u>143,953</u>
Net change in fund balance	(76,841)	(138,270)	55,141	193,411
Fund balance at beginning of year	294,326	294,326	294,326	-
Prior year encumbrances appropriated	<u>11,729</u>	<u>11,729</u>	<u>11,729</u>	-
Fund balance at end of year	\$ <u>229,214</u>	\$ <u>167,785</u>	\$ <u>361,196</u>	\$ <u>193,411</u>

City of Rocky River, Ohio

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

Law Enforcement Trust Fund

For The Year Ended December 31, 2004

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines, fees, and permits	\$ 375	\$ 6,375	\$ 6,239	\$ (136)
Intergovernmental	-	17,000	16,116	(884)
Total revenues	<u>375</u>	<u>23,375</u>	<u>22,355</u>	<u>(1,020)</u>
Expenditures:				
Current:				
Security of persons and property:				
Law enforcement trust:				
Personal services	10,227	10,227	-	10,227
Other	<u>9,773</u>	<u>10,122</u>	<u>9,353</u>	<u>769</u>
Total expenditures	<u>20,000</u>	<u>20,349</u>	<u>9,353</u>	<u>10,996</u>
Net change in fund balance	(19,625)	3,026	13,002	9,976
Fund balance at beginning of year	20,790	20,790	20,790	-
Prior year encumbrances appropriated	<u>349</u>	<u>349</u>	<u>349</u>	-
Fund balance at end of year	\$ <u><u>1,514</u></u>	\$ <u><u>24,165</u></u>	\$ <u><u>34,141</u></u>	\$ <u><u>9,976</u></u>

City of Rocky River, Ohio

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

Community Diversion Program Fund

For The Year Ended December 31, 2004

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines, fees and permits	\$ <u>7,200</u>	\$ <u>7,200</u>	\$ <u>7,200</u>	\$ <u>-</u>
Expenditures:				
Current:				
Security of persons and property:				
Commercial driver program:				
Personal service	<u>8,415</u>	<u>8,415</u>	<u>3,453</u>	<u>4,962</u>
Excess of revenues over (under) expenditures	(1,215)	(1,215)	3,747	4,962
Other financing sources (uses):				
Transfers – in	<u>725</u>	<u>725</u>	<u>725</u>	<u>-</u>
Net change in fund balance	(490)	(490)	4,472	4,962
Fund balance at beginning of year	<u>514</u>	<u>514</u>	<u>514</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>24</u></u>	\$ <u><u>24</u></u>	\$ <u><u>4,986</u></u>	\$ <u><u>4,962</u></u>

City of Rocky River, Ohio

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

Indigent Driver Alcohol Treatment Fund

For The Year Ended December 31, 2004

	<u>Budget</u>		<u>Actual</u>	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines, fees, and permits	\$ <u>42,500</u>	\$ <u>42,500</u>	\$ <u>40,337</u>	\$ <u>(2,163)</u>
Expenditures:				
Current:				
Security of persons and property:				
Indigent driver alcohol treatment:				
Other	<u>77,000</u>	<u>77,000</u>	<u>33,842</u>	<u>43,158</u>
Net change in fund balance	(34,500)	(34,500)	6,495	40,995
Fund balance at beginning of year	<u>77,401</u>	<u>77,401</u>	<u>77,401</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>42,901</u></u>	\$ <u><u>42,901</u></u>	\$ <u><u>83,896</u></u>	\$ <u><u>40,995</u></u>

City of Rocky River, Ohio

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

Enforcement and Education Fund

For The Year Ended December 31, 2004

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines, fees, and permits	\$ <u>4,000</u>	\$ <u>4,000</u>	\$ <u>3,621</u>	\$ <u>(379)</u>
Expenditures:				
Current:				
Security of persons and property:				
Enforcement and education:				
Other	<u>8,000</u>	<u>8,000</u>	<u>3,436</u>	<u>4,564</u>
Net change in fund balance	(4,000)	(4,000)	185	4,185
Fund balance at beginning of year	<u>8,426</u>	<u>8,426</u>	<u>8,426</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>4,426</u></u>	\$ <u><u>4,426</u></u>	\$ <u><u>8,611</u></u>	\$ <u><u>4,185</u></u>

City of Rocky River, Ohio

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

Municipal Probation Services Fund

For The Year Ended December 31, 2004

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fees, fines, and permits	\$ <u>50,000</u>	\$ <u>50,000</u>	\$ <u>73,777</u>	\$ <u>23,777</u>
Expenditures:				
Current:				
Security of persons and property:				
Municipal probation services:				
Personal service	49,511	49,511	37,735	11,776
Capital outlay	12,000	23,750	6,046	17,704
Other	<u>23,800</u>	<u>24,170</u>	<u>5,229</u>	<u>18,941</u>
Total expenditures	<u>85,311</u>	<u>97,431</u>	<u>49,010</u>	<u>48,421</u>
Net change in fund balance	(35,311)	(47,431)	24,767	72,198
Fund balance at beginning of year	299,137	299,137	299,137	-
Prior year encumbrances appropriated	<u>12,120</u>	<u>12,120</u>	<u>12,120</u>	-
Fund balance at end of year	\$ <u>275,946</u>	\$ <u>263,826</u>	\$ <u>336,024</u>	\$ <u>72,198</u>

City of Rocky River, Ohio

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

Young Adult Alcohol Diversion Fund

For The Year Ended December 31, 2004

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines, fees, and permits	\$ 11,500	\$ 11,500	\$ 19,110	\$ 7,610
Expenditures:				
Current:				
Security of persons and property:				
Young adult alcohol diversion:				
Other	20,000	20,000	875	19,125
Net change in fund balance	(8,500)	(8,500)	18,235	26,735
Fund balance at beginning of year	24,765	24,765	24,765	-
Fund balance at end of year	\$ 16,265	\$ 16,265	\$ 43,000	\$ 26,735

City of Rocky River, Ohio

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

Mediation Services Fund

For The Year Ended December 31, 2004

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines, fees, and permits	\$ <u>15,000</u>	\$ <u>15,000</u>	\$ <u>12,995</u>	\$ <u>(2,005)</u>
Expenditures:				
Current:				
General government:				
Other	<u>15,000</u>	<u>15,000</u>	<u>-</u>	<u>15,000</u>
Net change in fund balance	-	-	12,995	12,995
Fund balance at beginning of year	<u>1,475</u>	<u>1,475</u>	<u>1,475</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>1,475</u></u>	\$ <u><u>1,475</u></u>	\$ <u><u>14,470</u></u>	\$ <u><u>12,995</u></u>

City of Rocky River, Ohio

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

Federal Emergency Management Agency Grant Fund

For The Year Ended December 31, 2004

	<u>Budget</u>		<u>Actual</u>	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ <u>40,500</u>	\$ <u>40,500</u>	\$ <u>42,272</u>	\$ <u>1,772</u>
Excess of revenues over (under) expenditures	(40,500)	(40,500)	(42,272)	1,772
Other financing sources (uses):				
Transfers - out	<u>(40,500)</u>	<u>(40,500)</u>	<u>(40,500)</u>	<u>-</u>
Net change in fund balance	-	-	1,772	1,772
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>1,772</u></u>	\$ <u><u>1,772</u></u>

City of Rocky River, Ohio

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

Office on Aging Fund

For The Year Ended December 31, 2004

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 327,439	\$ 327,439	\$ 326,559	\$ (880)
Charges for services	382,250	382,250	335,438	(46,812)
Other	<u>3,500</u>	<u>3,500</u>	<u>5,564</u>	<u>2,064</u>
Total revenues	<u>713,189</u>	<u>713,189</u>	<u>667,561</u>	<u>(45,628)</u>
Expenditures:				
Current:				
Public health services:				
Office on aging:				
Personal services	646,280	646,280	611,912	34,368
Other	<u>432,000</u>	<u>448,598</u>	<u>361,133</u>	<u>87,465</u>
Total expenditures	<u>1,078,280</u>	<u>1,094,878</u>	<u>973,045</u>	<u>121,833</u>
Excess of revenues over (under) expenditures	(365,091)	(381,689)	(305,484)	76,205
Other financing sources (uses):				
Transfers - in	<u>370,000</u>	<u>370,000</u>	<u>370,000</u>	<u>-</u>
Net change in fund balance	4,909	(11,689)	64,516	76,205
Fund balance at beginning of year	285,844	285,844	285,844	-
Prior year encumbrances appropriated	<u>8,298</u>	<u>8,298</u>	<u>8,298</u>	<u>-</u>
Fund balance at end of year	\$ <u>299,051</u>	\$ <u>282,453</u>	\$ <u>358,658</u>	\$ <u>76,205</u>

City of Rocky River, Ohio

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

Marine Patrol Fund

For The Year Ended December 31, 2004

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ <u>35,000</u>	\$ <u>35,000</u>	\$ <u>25,604</u>	\$ <u>(9,396)</u>
Expenditures:				
Current:				
Security of persons and property:				
Marine patrol:				
Personal services	54,143	54,143	49,629	4,514
Capital outlay	5,200	5,200	1,544	3,656
Other	<u>16,930</u>	<u>17,155</u>	<u>7,813</u>	<u>9,342</u>
Total expenditures	<u>76,273</u>	<u>76,498</u>	<u>58,986</u>	<u>17,512</u>
Excess of revenues over (under) expenditures	(41,273)	(41,498)	(33,382)	8,116
Other financing sources (uses):				
Transfers - in	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>-</u>
Net change in fund balance	(11,273)	(11,498)	(3,382)	8,116
Fund balance at beginning of year	12,961	12,961	12,961	-
Prior year encumbrances appropriated	<u>225</u>	<u>225</u>	<u>225</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>1,913</u></u>	\$ <u><u>1,688</u></u>	\$ <u><u>9,804</u></u>	\$ <u><u>8,116</u></u>

City of Rocky River, Ohio

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

Community Impacts Fund

For The Year Ended December 31, 2004

	<u>Budget</u>		<u>Actual</u>	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Expenditures:				
Current:				
Basic utility services:				
Community impacts:				
Other	\$ <u>3,300</u>	\$ <u>3,300</u>	\$ <u>-</u>	\$ <u>3,300</u>
Net change in fund balance	(3,300)	(3,300)	-	3,300
Fund balance at beginning of year	<u>3,312</u>	<u>3,312</u>	<u>3,312</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>12</u></u>	\$ <u><u>12</u></u>	\$ <u><u>3,312</u></u>	\$ <u><u>3,300</u></u>

City of Rocky River, Ohio

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

Refuse and Recycling Fund

For The Year Ended December 31, 2004

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 574,187	\$ 574,187	\$ 572,426	\$ (1,761)
Charges for services	15,000	15,000	19,370	4,370
Intergovernmental	80,692	80,692	80,692	-
Other	<u>3,000</u>	<u>3,000</u>	<u>10,557</u>	<u>7,557</u>
Total revenues	<u>672,879</u>	<u>672,879</u>	<u>683,045</u>	<u>10,166</u>
Expenditures:				
Current:				
Basic utilities services:				
Refuse and recycling:				
Personal services	891,144	898,344	857,097	41,247
Other	<u>576,625</u>	<u>594,997</u>	<u>549,600</u>	<u>45,397</u>
Total expenditures	<u>1,467,769</u>	<u>1,493,341</u>	<u>1,406,697</u>	<u>86,644</u>
Excess of revenues over (under) expenditures	(794,890)	(820,462)	(723,652)	96,810
Other financing sources (uses):				
Transfers - in	<u>800,000</u>	<u>800,000</u>	<u>800,000</u>	<u>-</u>
Net change in fund balance	5,110	(20,462)	76,348	96,810
Fund balance at beginning of year	195,580	195,580	195,580	-
Prior year encumbrances appropriated	<u>9,872</u>	<u>9,872</u>	<u>9,872</u>	<u>-</u>
Fund balance at end of year	\$ <u>210,562</u>	\$ <u>184,990</u>	\$ <u>281,800</u>	\$ <u>96,810</u>

City of Rocky River, Ohio

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

Motor Vehicle License Tax Fund

For The Year Ended December 31, 2004

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 42,400	\$ 42,400	\$ 42,520	\$ 120
Expenditures:				
Current:				
Transportation:				
Motor vehicle license tax:				
Personal services	260,048	262,548	241,523	21,025
Capital outlay	1,000	1,000	734	266
Other	65,950	81,632	68,013	13,619
Total expenditures	326,998	345,180	310,270	34,910
Excess of revenues over (under) expenditures	(284,598)	(302,780)	(267,750)	35,030
Other financing sources (uses):				
Transfers - in	300,000	300,000	300,000	-
Net change in fund balance	15,402	(2,780)	32,250	35,030
Fund balance at beginning of year	70,032	70,032	70,032	-
Prior year encumbrances appropriated	1,982	1,982	1,982	-
Fund balance at end of year	\$ 87,416	\$ 69,234	\$ 104,264	\$ 35,030

City of Rocky River, Ohio

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

Street Repair and Maintenance Fund

For The Year Ended December 31, 2004

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ <u>443,800</u>	\$ <u>518,800</u>	\$ <u>555,841</u>	\$ <u>37,041</u>
Expenditures:				
Current:				
Transportation				
Street repair and maintenance:				
Personal services	1,042,040	1,042,364	925,833	116,531
Capital outlay	15,000	16,812	15,858	954
Other	<u>298,440</u>	<u>355,133</u>	<u>294,099</u>	<u>61,034</u>
Total expenditures	<u>1,355,480</u>	<u>1,414,309</u>	<u>1,235,790</u>	<u>178,519</u>
Excess of revenues over (under) expenditures	(911,680)	(895,509)	(679,949)	215,560
Other financing sources (uses):				
Transfers – in	<u>925,000</u>	<u>925,000</u>	<u>925,000</u>	<u>-</u>
Net change in fund balance	13,320	29,491	245,051	215,560
Fund balance at beginning of year	209,596	209,596	209,596	-
Prior year encumbrances appropriated	<u>56,829</u>	<u>56,829</u>	<u>56,829</u>	<u>-</u>
Fund balance at end of year	\$ <u>279,745</u>	\$ <u>295,916</u>	\$ <u>511,476</u>	\$ <u>215,560</u>

City of Rocky River, Ohio

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

State Highway Fund

For The Year Ended December 31, 2004

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ <u>35,800</u>	\$ <u>41,800</u>	\$ <u>44,318</u>	\$ <u>2,518</u>
Expenditures:				
Current:				
Transportation:				
State highway patrol:				
Other	<u>45,000</u>	<u>50,858</u>	<u>49,493</u>	<u>1,365</u>
Net change in fund balance	(9,200)	(9,058)	(5,175)	3,883
Fund balance at beginning of year	15,639	15,639	15,639	-
Prior year encumbrances appropriated	<u>5,858</u>	<u>5,858</u>	<u>5,858</u>	-
Fund balance at end of year	\$ <u><u>12,297</u></u>	\$ <u><u>12,439</u></u>	\$ <u><u>16,322</u></u>	\$ <u><u>3,883</u></u>

City of Rocky River, Ohio

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

Fire Levy Fund

For The Year Ended December 31, 2004

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 172,255	\$ 172,255	\$ 172,015	\$ (240)
Intergovernmental	24,208	24,208	24,208	-
Total revenue	<u>196,463</u>	<u>196,463</u>	<u>196,223</u>	<u>(240)</u>
Expenditures:				
Current:				
Security of persons and property:				
Fire:				
Other	<u>20,139</u>	<u>20,139</u>	<u>20,138</u>	<u>1</u>
Excess of revenues over (under) expenditures	176,324	176,324	176,085	(239)
Other financing sources (uses):				
Transfers – out	<u>(180,000)</u>	<u>(180,000)</u>	<u>(180,000)</u>	<u>-</u>
Net change in fund balance	(3,676)	(3,676)	(3,915)	(239)
Fund balance at beginning of year	<u>38,095</u>	<u>38,095</u>	<u>38,095</u>	<u>-</u>
Fund balance at end of year	\$ <u>34,419</u>	\$ <u>34,419</u>	\$ <u>34,180</u>	\$ <u>(239)</u>

City of Rocky River, Ohio

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

Police Levy Fund

For The Year Ended December 31, 2004

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 172,255	\$ 172,255	\$ 171,439	\$ (816)
Intergovernmental	24,208	24,208	24,208	-
Total revenue	<u>196,463</u>	<u>196,463</u>	<u>195,647</u>	<u>(816)</u>
Expenditures:				
Current:				
Security of persons and property:				
Police:				
Other	<u>33,034</u>	<u>33,034</u>	<u>33,035</u>	<u>(1)</u>
Excess of revenues over (under) expenditures	163,429	163,429	162,612	(817)
Other financing sources (uses):				
Transfers – out	<u>(160,000)</u>	<u>(160,000)</u>	<u>(160,000)</u>	<u>-</u>
Net change in fund balance	3,429	3,429	2,612	(817)
Fund balance at beginning of year	<u>32,690</u>	<u>32,690</u>	<u>32,690</u>	<u>-</u>
Fund balance at end of year	\$ <u>36,119</u>	\$ <u>36,119</u>	\$ <u>35,302</u>	\$ <u>(817)</u>

City of Rocky River, Ohio

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

Special Assessment Bond Retirement Fund

For The Year Ended December 31, 2004

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Special assessments	\$ <u>70,444</u>	\$ <u>70,444</u>	\$ <u>85,220</u>	\$ <u>14,776</u>
Expenditures:				
Debt service:				
Principal retirement	40,000	40,000	40,000	-
Interest and fiscal charges	<u>42,875</u>	<u>42,875</u>	<u>42,546</u>	<u>329</u>
Total expenditures	<u>82,875</u>	<u>82,875</u>	<u>82,546</u>	<u>329</u>
Excess of revenues over (under) expenditures	(12,431)	(12,431)	2,674	15,105
Other financing sources (uses):				
Transfers – in	<u>12,641</u>	<u>12,641</u>	<u>12,641</u>	<u>-</u>
Excess of revenues over (under) expenditures	210	210	15,315	15,105
Fund balance at beginning of year	<u>14,721</u>	<u>14,721</u>	<u>14,721</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>14,931</u></u>	\$ <u><u>14,931</u></u>	\$ <u><u>30,036</u></u>	\$ <u><u>15,105</u></u>

City of Rocky River, Ohio

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

Equipment Replacement Fund

For The Year Ended December 31, 2004

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 26,500	\$ 61,500	\$ 66,197	\$ 4,697
Charge for services	-	83,000	82,255	(745)
Total revenues	<u>26,500</u>	<u>144,500</u>	<u>148,452</u>	<u>3,952</u>
Expenditures:				
Capital outlay	<u>729,163</u>	<u>881,460</u>	<u>440,051</u>	<u>441,409</u>
Excess of revenues over (under) expenditures	(702,663)	(736,960)	(291,599)	445,361
Other financing sources (uses):				
Transfers - in	<u>625,000</u>	<u>625,000</u>	<u>625,000</u>	-
Net change in fund balance	(77,663)	(111,960)	333,401	445,361
Fund balance at beginning of year	106,729	106,729	106,729	-
Prior year encumbrances appropriated	<u>120,397</u>	<u>120,397</u>	<u>120,397</u>	-
Fund balance at end of year	\$ <u>149,463</u>	\$ <u>115,166</u>	\$ <u>560,527</u>	\$ <u>445,361</u>

City of Rocky River, Ohio

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

Self Insurance Fund

For The Year Ended December 31, 2004

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charge for services	\$ <u>1,530,600</u>	\$ <u>1,530,600</u>	\$ <u>1,381,121</u>	\$ <u>(149,479)</u>
Expenditures:				
Contractual services	1,400,000	1,400,001	1,283,832	116,169
Claims	<u>130,000</u>	<u>158,000</u>	<u>152,874</u>	<u>5,126</u>
Total expenditures	<u>1,530,000</u>	<u>1,558,001</u>	<u>1,436,706</u>	<u>121,295</u>
Net change in fund balance	600	(27,401)	(55,585)	(28,184)
Fund balance at beginning of year	470,451	470,451	470,451	-
Prior year encumbrances appropriated	<u>1</u>	<u>1</u>	<u>1</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>471,052</u></u>	\$ <u><u>443,051</u></u>	\$ <u><u>414,867</u></u>	\$ <u><u>(28,184)</u></u>

City of Rocky River, Ohio

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

Municipal Court Capital Improvement Fund

For The Year Ended December 31, 2004

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 772,000	\$ 772,000	\$ 722,882	\$ (49,118)
Interest	14,000	14,000	8,326	(5,674)
Total revenues	<u>786,000</u>	<u>786,000</u>	<u>731,208</u>	<u>(54,792)</u>
Expenditures:				
Current:				
General government:				
Personal services	113,099	113,099	77,525	35,574
Capital outlay	129,000	433,138	340,085	93,053
Other	90,600	100,516	75,829	24,687
Total expenditures	<u>332,699</u>	<u>646,753</u>	<u>493,439</u>	<u>153,314</u>
Excess of revenues over (under) expenditures	453,301	139,247	237,769	98,522
Other financing sources (uses):				
Transfers - out	<u>(258,563)</u>	<u>(258,563)</u>	<u>(258,563)</u>	<u>-</u>
Net change in fund balance	194,738	(119,316)	(20,794)	98,522
Fund balance at beginning of year	893,569	893,569	893,569	-
Prior year encumbrances appropriated	<u>310,053</u>	<u>310,053</u>	<u>310,053</u>	<u>-</u>
Fund balance at end of year	\$ <u>1,398,360</u>	\$ <u>1,084,306</u>	\$ <u>1,182,828</u>	\$ <u>98,522</u>

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City of Rocky River, Ohio

Governmental Revenues by Source and Expenditures by Function

Last Three Years

	<u>2004</u>	<u>2003</u>	<u>2002</u>
Program Revenues			
Charges for Services and Sales	\$ 4,592,873	\$ 4,451,138	\$ 4,656,016
Operating Grants and Contributions	804,681	628,874	549,203
Capital Grants and Contributions	789,079	749,605	800,499
General Revenues			
Property and Other Taxes	5,730,142	5,255,119	5,302,721
Municipal Income Taxes	8,159,833	7,450,963	7,667,847
Estate Taxes	278,970	1,485,683	4,404,473
Other Local Taxes	-	195,006	195,854
Grants and Entitlements	4,955,054	1,455,607	1,591,815
Investment Earnings	281,820	195,673	267,852
Other	<u>116,350</u>	<u>327,212</u>	<u>164,186</u>
Total	\$ <u>25,708,802</u>	\$ <u>22,194,880</u>	\$ <u>25,600,466</u>
Expenses			
General Government	\$ 4,555,899	\$ 5,142,027	\$ 3,605,760
Security of Persons and Property	7,673,916	8,037,215	7,360,825
Public Health Services	977,448	1,071,428	1,066,523
Transportation	4,698,400	2,619,434	2,664,483
Leisure Time Activities	3,933,467	2,738,117	2,654,654
Community Environment	803,006	823,487	613,151
Basic Utility Services	1,739,378	2,161,930	1,656,791
Interest and Fiscal Charges	<u>507,297</u>	<u>439,230</u>	<u>370,540</u>
Total	\$ <u>24,888,811</u>	\$ <u>23,032,868</u>	\$ <u>19,992,727</u>

Source: City Financial Records

City of Rocky River, Ohio

Governmental Revenues by Source and Expenditures by Function

Last Ten Years

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Revenues				
Property and other taxes	\$ 5,667,016	\$ 5,251,769	\$ 5,280,092	\$ 5,221,797
Municipal income taxes	7,732,660	7,553,532	7,770,663	7,397,168
Other local taxes	278,970	195,006	195,854	218,398
Intergovernmental	6,823,149	4,351,557	7,464,551	5,467,168
Charges for services	1,686,685	1,609,543	1,651,871	1,686,484
Fees, fines and permits	2,857,860	2,739,144	2,908,634	2,739,133
Special assessments	86,950	41,018	35,324	76,550
Interest	281,820	195,673	267,852	559,625
Contributions and donations	-	-	-	-
Rentals	107,664	98,771	86,692	59,013
Other	<u>315,554</u>	<u>327,212</u>	<u>164,186</u>	<u>243,123</u>
<i>Total revenues</i>	\$ <u>25,838,328</u>	\$ <u>22,363,225</u>	\$ <u>25,825,719</u>	\$ <u>23,668,459</u>
Expenditures				
Current:				
Security of persons and property	\$ 7,339,482	\$ 7,309,763	\$ 7,001,113	\$ 6,619,901
Public health services	918,244	1,081,332	1,015,068	1,043,279
Leisure time activities	2,433,953	352,892	2,415,412	2,482,386
Community environment	766,159	806,798	623,812	538,504
Basic utility services	1,339,321	1,485,120	1,365,575	1,246,307
Transportation	2,072,377	2,317,478	2,113,204	1,999,681
General government	4,153,103	4,544,926	3,372,844	3,392,994
Capital outlay	9,201,024	5,611,179	6,267,738	4,563,260
Debt service	<u>3,842,320</u>	<u>901,206</u>	<u>768,165</u>	<u>733,060</u>
<i>Total expenditures</i>	\$ <u>32,065,983</u>	\$ <u>24,410,694</u>	\$ <u>24,942,931</u>	\$ <u>22,619,372</u>

Source: City Financial Records

<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>
\$ 4,578,689	\$ 4,709,924	\$ 4,511,492	\$ 4,086,738	\$ 4,150,989	\$ 4,162,785
7,662,097	7,066,577	6,734,847	6,140,693	5,726,342	5,585,437
168,846	81,758	89,292	98,036	91,137	89,851
5,195,635	5,721,211	4,413,915	3,748,460	3,845,070	3,227,454
1,562,961	1,302,873	1,283,320	1,313,562	1,128,488	1,167,926
2,299,698	1,933,030	1,752,247	1,809,238	1,392,022	1,309,707
64,163	72,729	31,419	33,749	35,796	40,389
874,993	467,281	413,197	362,611	374,595	420,030
-	-	50,000	-	-	-
36,195	-	-	-	-	-
<u>89,786</u>	<u>118,981</u>	<u>447,328</u>	<u>109,757</u>	<u>100,401</u>	<u>96,086</u>
\$ <u>22,533,063</u>	\$ <u>21,474,364</u>	\$ <u>19,727,057</u>	\$ <u>17,702,844</u>	\$ <u>16,844,840</u>	\$ <u>16,099,665</u>
\$ 6,144,881	\$ 5,929,591	\$ 5,665,424	\$ 5,572,535	\$ 5,572,616	\$ 5,296,690
1,037,212	725,795	736,802	628,542	591,740	555,980
2,175,412	2,167,980	2,031,202	1,831,721	1,719,459	1,630,443
519,004	444,319	408,127	414,040	401,952	389,935
1,344,343	1,228,850	1,316,780	1,175,994	1,090,517	987,231
1,880,336	1,734,809	1,551,570	1,578,005	1,542,601	1,346,893
2,955,625	2,869,638	2,586,954	2,543,231	2,445,079	2,240,941
7,014,377	2,331,325	2,703,315	2,009,638	3,705,131	4,609,291
<u>787,498</u>	<u>702,978</u>	<u>722,341</u>	<u>720,997</u>	<u>738,914</u>	<u>755,356</u>
\$ <u>23,858,688</u>	\$ <u>18,135,285</u>	\$ <u>17,722,515</u>	\$ <u>16,474,703</u>	\$ <u>17,808,009</u>	\$ <u>17,812,760</u>

City of Rocky River, Ohio

Real Property Tax Levies and Collection

Last Ten Years

<u>Year</u>	<u>Total Tax Levy</u>	<u>Current Collections (1)</u>	<u>Percent of Current Collections to Tax Levy</u>	<u>Delinquent Tax Collections</u>
2004	\$ 6,568,175	\$ 6,170,368	93.94%	\$ 139,194
2003	6,258,955	5,889,910	94.10	122,928
2002	6,366,351	5,872,530	92.24	160,298
2001	5,960,601	5,813,998	97.54	157,811
2000	5,206,250	5,084,043	97.65	98,465
1999	5,258,181	5,149,513	97.93	83,151
1998	5,150,639	4,899,380	95.12	86,257
1997	4,749,511	4,460,772	93.92	59,499
1996	4,764,477	4,525,056	94.97	60,483
1995	4,912,191	4,689,724	95.47	63,088

Source: Cuyahoga County, Ohio; County Auditor

- (1) Includes homestead/rollback taxes assessed locally but distributed through the Ohio Department of Taxation and reported as intergovernmental/grants and entitlements revenue.

	<u>Total Tax Collections</u>	<u>Percent of Total Collections To Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Percent of Delinquent Taxes to Tax Levy</u>
\$	6,309,562	96.06%	\$ 292,542	4.45%
	6,012,838	96.07	248,027	3.96
	6,032,828	94.76	195,557	3.07
	5,971,809	100.19	267,631	4.49
	5,182,508	99.54	196,071	3.77
	5,232,664	99.51	149,061	2.83
	4,985,637	96.80	170,634	3.31
	4,520,271	95.17	152,899	3.22
	4,585,539	96.24	149,267	3.13
	4,752,812	96.76	176,578	3.59

City of Rocky River, Ohio

Assessed and Estimated Actual Value of Taxable Property

Last Ten Years

Year	Real Property		Public Utility Property	
	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)
2004	\$ 636,121,350	\$ 1,817,489,571	\$ 9,737,980	\$ 11,065,806
2003	634,723,650	1,813,496,142	9,544,580	10,846,113
2002	577,506,520	1,650,018,629	9,536,030	10,836,398
2001	571,695,000	1,633,414,286	12,675,450	14,403,920
2000	498,017,510	1,422,907,171	12,157,730	13,815,602
1999	494,359,080	1,412,454,514	13,324,420	15,141,386
1998	491,143,400	1,403,266,857	13,681,070	15,546,670
1997	451,184,260	1,289,097,886	14,287,460	16,235,750
1996	450,464,400	1,287,041,143	14,775,920	16,790,818
1995	449,154,360	1,283,298,171	16,396,310	18,632,170

Source: Cuyahoga County, Ohio; County Auditor

- (1) This amount is calculated for 2004 based on the following percentages:
 Real property is assessed at thirty-five percent of actual value.
 Public utility is assessed at eighty-eight percent of actual value.
 Tangible personal is assessed at twenty-five percent of true value
 for capital assets and twenty-three percent of true value for inventory.

<u>Tangible Personal Property</u>		<u>Total</u>		<u>Ratio</u>
<u>Assessed Value</u>	<u>Estimated Actual Value (1)</u>	<u>Assessed Value</u>	<u>Estimated Actual Value (1)</u>	
\$ 11,888,430	\$ 51,688,826	\$ 657,747,760	\$ 1,880,244,283	34.98%
14,696,532	58,786,128	658,964,762	1,883,128,383	34.99
14,906,102	59,624,408	601,948,652	1,720,479,435	34.99
15,716,132	62,864,528	600,086,582	1,710,682,734	35.08
15,769,844	63,079,376	525,945,084	1,499,802,149	35.07
15,823,705	63,294,820	523,507,205	1,490,890,720	35.11
14,249,598	56,998,392	519,074,068	1,475,811,919	35.17
14,360,719	57,442,876	479,832,439	1,362,776,512	35.21
13,301,596	53,206,384	478,541,916	1,357,038,345	35.26
13,151,025	52,604,100	478,701,695	1,354,534,441	35.34

City of Rocky River, Ohio

Property Tax Rates – Direct and Overlapping Governments (Per \$1,000 of Assessed Valuation)

Last Ten Years

<u>Year</u>	<u>City of Rocky River</u>					<u>Total</u>	<u>Rocky River School and Library</u>	<u>Cuyahoga County</u>	<u>Special(1) Taxing Districts</u>	<u>Total</u>
	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Debt Bond Service</u>	<u>Total</u>					
2004	\$ 6.30	\$ 2.60	\$ 1.00	\$ 1.00	\$ 10.90	\$ 78.10	\$ 13.52	\$ 4.78	\$ 107.30	
2003	6.30	2.60	1.00	-	9.90	76.70	13.52	4.48	104.60	
2002	6.30	2.60	1.00	-	9.90	72.20	11.72	4.48	98.30	
2001	6.30	2.60	1.00	-	9.90	72.70	11.72	1.55	95.87	
2000	6.30	2.60	1.00	-	9.90	73.30	10.82	1.55	95.57	
1999	6.30	2.60	1.00	-	9.90	68.50	10.82	4.48	93.70	
1998	6.30	2.60	1.00	-	9.90	68.20	10.82	4.48	93.40	
1997	6.30	2.60	1.00	-	9.90	64.70	12.12	4.48	91.20	
1996	6.30	2.60	1.00	-	9.90	62.20	12.12	4.48	88.70	
1995	6.30	2.60	1.00	-	9.90	62.70	12.32	4.48	89.40	

Source: Cuyahoga County, Ohio; County Auditor

(1) Cleveland Metropolitan Park District, Cuyahoga County College District and Cleveland-Cuyahoga County Port Authority

City of Rocky River, Ohio

Special Assessment Levies and Collections (1)

Last Ten Years

<u>Year</u>	<u>Current Assessments Due</u>	<u>Current Assessments Collected(1)</u>	<u>Ratio of Collections To Amount Due</u>
2004	\$ 98,183	\$ 94,407	96.15 %
2003	95,383	69,497	72.86
2002	87,278	62,574	71.70
2001	97,650	76,550	78.39
2000	80,549	64,163	79.66
1999	83,900	72,729	86.69
1998	42,724	31,419	73.54
1997	47,599	33,749	70.90
1996	48,005	35,796	74.57
1995	30,693	30,693	100.00

Source: Cuyahoga County, Ohio; County Auditor

(1) Collections made by Cuyahoga County Auditor only (includes principal and interest)

City of Rocky River, Ohio

Ratio of Net General Bonded Debt to Assessed Value and Net General Bonded Debt per Capita

Last Ten Years

<u>Year</u>	<u>Population</u>	<u>Net General Obligation Bonded Debt</u>	<u>Assessed Value</u>	<u>Ratio of Net General Bonded Debt to Assessed Value</u>	<u>Net General Bonded Debt Capita</u>
2004	20,735	\$ 14,228,490	\$ 657,747,760	2.16%	\$ 686.21
2003	20,735	6,695,585	658,964,762	1.02	322.91
2002	20,735	7,100,585	601,948,652	1.18	342.44
2001	20,735	3,720,585	600,086,582	0.62	179.44
2000	20,735	4,030,585	525,945,084	0.77	194.39
1999	20,410	4,340,585	523,507,205	0.83	212.67
1998	20,410	4,650,585	519,074,068	0.90	227.86
1997	20,410	4,960,585	479,832,439	1.03	243.05
1996	20,410	5,270,585	478,541,916	1.10	258.24
1995	20,410	5,575,585	478,701,695	1.16	273.18

City of Rocky River, Ohio

Computation of Legal Debt Margin

December 31, 2004

Assessed Value		\$ 657,747,760
Legal Debt Margin:		
Debt Limitation - 10.5 percent of Assessed Value		69,063,515
Debt Applicable to Limitation:		
General Obligation Bonds	\$ 14,634,529	
Special Assessment Bonds	790,000	
OWDA Loan	<u>303,666</u>	
Gross Indebtedness (Total Voted and Unvoted Debt)	<u>15,728,195</u>	
Less: Debt Outside Limitations:		
Special Assessment Bonds	790,000	
OWDA Loan	<u>303,666</u>	
Total Debt Outside Limitations	<u>1,093,666</u>	
Total Debt Applicable to Limitation - Within 10.5% Limitations	14,634,529	
Less: Amount Available in Debt Service Fund to pay debt applicable to limitation	<u>406,039</u>	
Net Debt Within 10.5% Limitation		<u>14,228,490</u>
Overall Debt Margin Within 10.5% Limitation		\$ <u>54,835,025</u>

Unvoted Debt Limitation - 5.5% of Assessed Valuation		\$ 36,176,127
Gross Indebtedness Authorized by Council	\$ 15,728,195	
Less: Debt Outside Limitations:		
Total Debt Outside Limitations	<u>1,093,666</u>	
Debt Within 5.5% Limitation	14,634,529	
Less Amount Available in Debt Service Fund	<u>406,039</u>	
Net Debt Within 5.5% Limitation		<u>14,228,490</u>
Unvoted Debt Margin Within 5.5% Limitation		\$ <u>21,947,637</u>

Source: City Financial Records

City of Rocky River, Ohio

Computation of Direct and Overlapping General Obligation Bonded Debt

December 31, 2004

	General Obligation Debt <u>Outstanding</u>	Percentage Applicable to City (1) <u>to City (1)</u>	Amount Applicable to City of Rocky River <u>Rocky River</u>
<u>Direct:</u>			
City of Rocky River	\$ <u>14,634,529</u>	100.00%	\$ <u>14,634,529</u>
<u>Overlapping:</u>			
Cuyahoga County	251,154,636	2.14	5,374,709
Greater Cleveland Regional Transit Authority	147,025,000	2.14	3,146,335
Rocky River School District	<u>23,139,128</u>	95.36	<u>22,065,472</u>
Total Overlapping	<u>421,318,764</u>		<u>30,586,516</u>
Total	\$ <u>435,953,293</u>		\$ <u>45,221,045</u>

Source: Cuyahoga County, Ohio; County Auditor

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

City of Rocky River, Ohio

Ratio of Annual Debt Service Expenditures For General Bonded Debt to Total Governmental Expenditures

Last Ten Years

<u>Year</u>	<u>Debt Service</u>	<u>General Governmental Expenditures</u>	<u>Ratio of Debt Service To Total Governmental Expenditures</u>
2004	\$ 3,842,320	\$ 32,065,983	12.00%
2003	769,349	24,410,694	3.15
2002	527,090	24,942,931	2.11
2001	533,830	22,619,372	2.36
2000	550,570	23,858,688	2.31
1999	567,233	18,135,285	3.13
1998	583,895	17,722,515	3.29
1997	600,558	16,474,703	3.65
1996	611,951	17,808,009	3.44
1995	692,326	17,812,760	3.89

Source: City Financial Records

City of Rocky River, Ohio

Property Value, Construction and Bank Deposits

Last Ten Years

<u>Year</u>	<u>Property Value (1)</u>			<u>Residential (2)</u>	
	<u>Commercial</u>	<u>Residential</u>	<u>Total</u>	<u>Number of Units</u>	<u>Value</u>
2004	\$ 284,197,186	\$ 1,533,292,385	\$ 1,817,489,571	28	\$ 9,652,000
2003	283,572,742	1,529,923,400	1,813,496,142	24	8,195,000
2002	265,627,200	1,384,391,429	1,650,018,629	10	3,190,000
2001	259,539,257	1,373,875,029	1,633,414,286	16	6,646,000
2000	222,395,743	1,200,511,428	1,422,907,171	7	2,476,750
1999	221,891,543	1,190,562,971	1,412,454,514	14	5,810,000
1998	406,947,389	996,319,468	1,403,266,857	24	5,220,000
1997	212,720,061	1,076,377,825	1,289,097,886	16	4,123,500
1996	215,005,800	1,072,035,343	1,287,041,143	75	8,109,237
1995	372,156,470	911,141,701	1,283,298,171	24	8,437,749

Sources: Cuyahoga County, Ohio; County Auditor City Building
Department Federal Reserve Bank of Cleveland

(1) Represents total estimated actual value of real property

(2) Number of units include new construction only

Large increase in deposits due to KeyBank becoming a single charter in 1997

<u>Commercial (2) Number of Units</u>	<u>Value</u>	<u>Domestic Bank Deposits in the County (in thousands)</u>
3	\$ 3,082,000	\$ 101,838,959
3	6,843,800	97,238,973
1	9,570,917	95,761,917
5	6,469,000	63,893,769
2	6,119,202	61,942,764
3	1,917,500	57,816,942
5	5,485,000	58,904,596
3	3,287,001	53,941,971 (3)
4	3,859,826	27,068,211
1	6,651,500	22,458,573

City of Rocky River, Ohio

Demographic Statistics

Last Ten Years

<u>Year</u>	<u>Population</u>	<u>School Enrollment</u>	<u>Unemployment Cuyahoga County</u>
2004	20,735	2,598	6.20%
2003	20,735	2,575	6.20
2002	20,735	2,493	6.60
2001	20,735	2,467	4.60
2000	20,735	2,397	4.50
1999	20,410	2,321	4.50
1998	20,410	2,192	4.50
1997	20,410	2,174	4.50
1996	20,410	2,120	5.20
1995	20,410	2,027	5.50

Sources: U.S. Bureau of the Census

City of Rocky River, Board of Education

City of Rocky River, Ohio

Principal Taxpayers – Real and Tangible Personal Property

December 31, 2004

<u>Taxpayer</u>	<u>Real and Tangible Personal Property Assessed Value</u>	<u>Percent of Total Assessed Value</u>
Westwood Town Center	\$ 5,447,130	0.83%
Normandy Association, LTD.	5,103,390	0.77
Rockport Association Co. LTD	4,731,610	0.72
Cleveland Illuminating Company	4,336,960	0.66
Presidential Apartments, LTD.	4,057,450	0.62
John D. Spielberger	3,258,680	0.49
Ohio Bell Telephone Company	3,172,510	0.48
Gross Management, Inc.	3,062,650	0.46
Linden Apartment Company	2,835,040	0.43
W & F Plaza Investments	<u>2,207,080</u>	<u>0.33</u>
<i>Totals</i>	\$ <u>38,212,500</u>	<u>5.80%</u>
<i>Total City Assessed Valuation</i>	\$ <u>658,964,762</u>	

Source: Cuyahoga County, Ohio; County Auditor

City of Rocky River, Ohio

Miscellaneous Statistics

December 31, 2004

Date of Incorporation	September 1960
Form of Government	Mayor - Council
Population 2000	20,735
Census Area	4.48 Square Miles
Miles of Streets	60.49
Number of Street Lights	1,813
Fire Protection:	
Number of Stations	1
Number of Firefighters and Officers	29
Police Protection:	
Number of Stations	1
Number of Police Officers	29
Education (K-12) (Public Only):	
Attendance Centers	4
Number of Teachers	162
Number of Students	2,598
Water Department Utility Services	Served by City of Cleveland
Sewers:	
Miles of Sanitary Sewers	90
Miles of Storm Sewer	90
Building Permits Issued	725
Recreation and Culture:	
Number of Parks	8
Number of Libraries	1
Employees (full time)	212

Source: City Records and Rocky River City School District



**Auditor of State
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CITY OF ROCKY RIVER

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 14, 2005**