

City of Rocky River, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2011

Issued by:

City of Rocky River
Department of Finance

Michael A. Thomas, CPA
Director of Finance



Dave Yost • Auditor of State

City Council
City of Rocky River
21012 Hilliard Boulevard
Rocky River, Ohio 44116

We have reviewed the *Independent Auditor's Report* of the City of Rocky River, Cuyahoga County, prepared by Ciuni & Panichi, Inc., for the audit period January 1, 2011 through December 31, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

September 27, 2012

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City of Rocky River, Ohio

Comprehensive Annual Financial Report
For The Year Ended December 31, 2011

Table of Contents	Page
I. Introductory Section	
Title Page	i
Table of Contents	ii
Letter of Transmittal	viii
GFOA Certificate of Achievement	xiii
List of Elected Officials	xiv
Organizational Chart	xv
II. Financial Section	
Independent Auditor’s Report.....	1
Management’s Discussion and Analysis.....	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	15
Statement of Activities	16
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	18
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities.....	20
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	24
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget (Non-GAAP Budgetary Basis) and Actual:	
General Fund.....	26
Recreation Center Fund	27
Statement of Fund Net Assets – Proprietary Funds	28
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds	29

City of Rocky River, Ohio

Comprehensive Annual Financial Report
For The Year Ended December 31, 2011

Table of Contents	Page
II. Financial Section (continued)	
Statement of Cash Flows – Proprietary Fund Types	30
Statement of Fiduciary Net Assets – Fiduciary Funds	31
Statement of Changes in Fiduciary Net Assets – Investment Trust Fund	32
Notes to Basic Financial Statements.....	33
Combining Statements and Individual Fund Schedules:	
Combining Statements: Non-major Governmental Funds:	
Fund Descriptions.....	68
Combining Balance Sheet – Non-major Governmental Funds	70
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-major Governmental Funds	71
Combining Balance Sheet – Non-major Special Revenue Funds	72
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-major Special Revenue Funds	76
Combining Balance Sheet – Non-major Capital Projects Funds.....	80
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-major Capital Projects Funds	81
Individual Fund Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget (Non-GAAP Budgetary Basis) and Actual:	
Governmental Major Funds:	
General Fund	83
Recreation Center Fund	87
General Obligation Bond Retirement Fund.....	88
Sewer Rehabilitation Fund	89
Capital Improvement Fund.....	90

City of Rocky River, Ohio

Comprehensive Annual Financial Report
For The Year Ended December 31, 2011

Table of Contents **Page**

II. Financial Section (continued)

Governmental Non-Major Funds:

Law Enforcement Trust Fund.....	91
Community Diversion Program Fund	92
Indigent Driver Alcohol Treatment Fund.....	93
Enforcement and Education Fund	94
Municipal Probation Services Fund.....	95
Mediation Services Fund	96
Federal Emergency Management Agency Grant Fund.....	97
Office on Aging Fund.....	98
Marine Patrol Fund.....	99
Community Impacts Fund	100
Refuse and Recycling Fund.....	101
Motor Vehicle License Tax Fund.....	102
Street Repair and Maintenance Fund.....	103
State Highway Fund	104
Indigent Driver Alcohol Monitoring Fund	105
Fire Levy Fund	106
Police Levy Fund.....	107
Special Assessment Bond Retirement Fund.....	108
Equipment Replacement Fund.....	109
Municipal Court Capital Improvement Fund.....	110

Proprietary Funds:

Sanitary Sewer Fund.....	111
Self-Insurance Fund.....	112

Combining Statements – Fiduciary Funds:

Fund Descriptions.....	113
Combining Statement of Assets and Liabilities Agency Funds	114
Combining Statement of Changes in Assets and Liabilities Agency Funds	115

City of Rocky River, Ohio

Comprehensive Annual Financial Report
For The Year Ended December 31, 2011

Table of Contents	Page
III. Statistical Section	
Net Assets by Component – Last Nine Fiscal Years.....	118
Change in Net Assets – Last Nine Fiscal Years.....	119
Fund Balances, Governmental Funds – Last Ten Fiscal Years.....	122
Changes in Fund Balance, Governmental Funds – Last Ten Fiscal Years	124
Assessed and Estimated Actual Value of Taxable Property – Last Ten Years	126
Property Tax Rates – Direct and Overlapping Governments – (Per \$1,000 of Assessed Valuation) – Last Ten Years	128
Real Property Tax Levies and Collections – Last Ten Years.....	130
Principal Taxpayers – Real and Tangible Personal Property – As of December 31, 2011 and 2002.....	132
Ratio of Outstanding Debt by Type – Last Ten Years.....	133
Special Assessment Levies, Collections, and Coverage – Last Ten Years.....	134
Ratio of Net General Bonded Debt to Assessed Value and Net General Bonded Debt Per Capita – Last Ten Years	135
Computation of Legal Debt Margin – Last Ten Years.....	135
Computation of Direct and Overlapping General Obligation Bonded Debt.....	137
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total Governmental Expenditures – Last Ten Years	138
Principal Employers – Current and Nine Years Ago	139
Demographic Statistics.....	140
Property Value and Construction – Last Ten Years.....	141

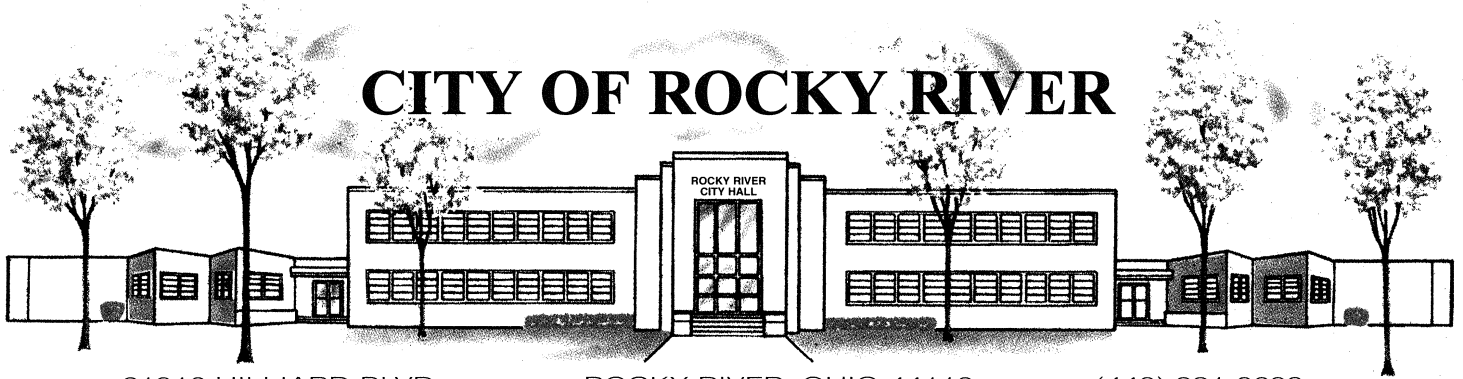
City of Rocky River, Ohio

Comprehensive Annual Financial Report
For The Year Ended December 31, 2011

Table of Contents	Page
III. Statistical Section (continued)	
Employees by Function/Program – Last Ten Years.....	142
Operating Indicators by Function/Program – Last Ten Years	143
Capital Asset Statistics by Function/Program – Last Ten Years.....	146

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CITY OF ROCKY RIVER



21012 HILLIARD BLVD. • ROCKY RIVER, OHIO 44116 • (440) 331-0600

June 29, 2012

Citizens of the City of Rocky River
Mayor Pamela E. Bobst; and
Members of City Council

Transmittal of the Comprehensive Annual Financial Report

The City of Rocky River, Ohio (City) is pleased to submit the Comprehensive Annual Financial Report (CAFR) for the year ending December 31, 2011. The CAFR is a more extensive report than basic financial statements and it is believed that the CAFR demonstrates the City's ongoing commitment to be accountable to its citizenry and to excellence in financial reporting. While no single report can be all things to all people, the goal in presenting this CAFR is to provide any person or entity interested in the City with information needed to gain a fair understanding of the City's financial position, results of operations, and cash flows.

The Ohio Revised Code Section 117.38 requires that the City certify and file, within one hundred fifty days after the close of the fiscal year, a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America. The City issues this CAFR for the year ended December 31, 2011 therefore.

The CAFR consists of management's representations concerning the finances of the City. Consequently management assumes responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive internal control system that has been established for that purpose. To provide a reasonable for making these representations, management of the City has established a thorough internal control framework that is designed to both protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in accordance with GAAP. The City strives to maintain a dynamic system of internal controls and procedures – including internal control over financial reporting – designed to ensure reliable financial record-keeping, transparent financial reporting and disclosure, and protection of assets. Because the cost of internal control should not exceed anticipated benefits, the objective of the internal control system is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The City maintains an active Audit Committee to review the audit process; and to report to and make recommendations to City Council. The three Audit Committee members are residents of the City with expertise in financial administration and auditing.

The financial statements of the City have been audited by independent auditor Ciuni & Panichi, Inc. The objective of an audit is to provide reasonable assurance that the financial statements are free of material misstatement. The audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates

made by management; and evaluating the overall financial statement presentation. Based upon the results of the audit, Ciuni & Panichi, Inc. concluded that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the year ended December 31, 2011 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the Financial Section of the CAFR.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complement this Letter of Transmittal and should be read in conjunction with it.

Profile of the City of Rocky River, Ohio

The City of Rocky River is an established residential community located in northeastern Ohio that covers 4.48 square miles along the southern shore of Lake Erie west of the City of Cleveland, in Cuyahoga County. The Rocky River, which drains into Lake Erie, forms the eastern border of the City. The City's population according to the 2010 Census was 20,213. 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 and last amended in 2008.

The City is governed by 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. As of December 31, the City had 182 full-time employees, including the Rocky River Municipal Court

The City provides various services including police and fire protection, including emergency medical services, parks and recreation, senior services, street maintenance, sanitary and storm sewer services, planning and zoning, and general government services. Public health services are provided by contract with the Cuyahoga County Board of Health. Located in the City are the Rocky River Wastewater Treatment Plant and the Rocky River Municipal Court. Both provide services to a jurisdiction that extends to several neighboring communities.

In addition to access to services by government entities, City residents may participate in the activities of a variety of local private institutions in the City including the Cleveland Yachting Club; Westwood Country Club; Oakwood Beach; Parklawn Beach; Wagar Beach; Lutheran West High School; Magnificat High School, and numerous private elementary schools and churches that contribute to the sense of community in the City.

Economic Conditions

Local Economy Because of the proximity to major cultural, educational and medical facilities in Northeastern Ohio and ease of travel in the area, the City has experienced economic challenges not unlike the northeast Ohio region as a whole.

The City's fiscally responsible approach to economic factors associated with managing a built-out suburb, an understanding of mutual benefits to be derived from intergovernmental cooperation with neighboring communities and its proximity to the City of Cleveland, Ohio contribute a degree of economic stability.

The tax base of the City's municipal income tax consists of business (and employees) located within the City as well as individual, resident taxpayers. The largest organizations located within the City generating income tax revenue are the City and the Rocky River City School District. Other significant industries in the City

are senior citizen congregate housing and health care; banking; insurance (including health); and retail. Relative to residents' incomes, the website www.city-data.com reports the estimated median household income in 2009 (the most recent data available) in the City is \$62,621; while for the State of Ohio that amount is \$45,395.

City income tax collections increased by about six percent from 2010. Components of the income tax collections are:

Component	2009	2010	2011
Employee Withholding	\$3,998,910	\$4,015,456	\$4,317,760
Business Profit	535,170	573,157	700,292
Residence Tax	3,307,068	3,331,207	3,398,674
Penalties & Interest	106,301	125,493	119,867
Total	\$7,947,449	\$8,045,313	\$8,536,593

The local impact to property values of the downturn in the real estate market is reflected in the assessed value amounts shown below:

Component	2009	2010	2011
Residential	\$574,501,830	\$574,695,300	\$573,861,740
Commercial	112,241,510	108,063,670	104,844,170
Public Utility	6,392,090	6,534,340	6,797,170
Total	\$693,135,430	\$689,293,310	\$685,503,080

Because of the valuation decline shown, the City has experienced a property tax revenue decrease in the recent past. As compiled by the website www.city-data.com, the estimated median house or condo value in 2009 (the most recent data available) was \$203,799 in the City while the State of Ohio estimated amount was \$134,600. For taxing purposes, Cuyahoga County oversees real property appraisals within the City.

Legislation enacted in 2011 by the General Assembly of the State of Ohio will impact the City's revenue. First, when the tangible personal property tax was phased out effective January 1, 2009, the law provided for the City to be reimbursed for the lost tax revenue on a sliding scale through 2018. In 2011 that reimbursement was discontinued. Next, distributions by the State of Ohio of the Local Government Fund were frozen at basically the 2010 distribution level through July 31, 2013. Finally, the Estate Tax, which had provided an average of \$1,734,918 in revenue to the City, was eliminated effective January 1, 2013.

Major Initiatives

Management of various phases of significant infrastructure improvement projects was the focus of attention of the City during 2011. The table below updates certain of the projects described in last year's CAFR.

Project	Project Cost	Status	Construction Schedule
Valley View Area Sanitary Sewer	\$4,979,520	Project complete	03/01/2009 to 03/30/2011
Lake Road Storm and Sanitary Sewer and Road Reconstruction	\$4,830,000	Project complete	06/01/2010 to 04/30/2011
Hampton Road Sanitary Sewer	\$5,409,600	Phase I begun on schedule; Phase II began in early 2012	04/01/2010 to 11/30/2012

Interest free loans, that are funded by the Ohio Public Works Commission (OPWC), an agency of the State of Ohio, were obtained for the Valley View Area Sanitary Sewer and Hampton Road Sanitary Sewer projects. Also, to support these projects with a local funding source, in March 2008, the City began collection of a fixed fee of \$25 per quarter per household imposed in conjunction with sanitary sewer charges. In 2011, the City collected \$1,094,959 from this fee.

In 2011, the City experienced the completion of the U. S. Route 6 (Lake Road) project, managed by the State of Ohio Department of Transportation. The City paid its portion of the project cost to the Ohio Department of Transportation from resources provided by the fixed fee sewer charge and the 1 mill Capital Improvement property tax levy.

These projects have been determined as those of priority within the comprehensive sewer maintenance and rehabilitation plan drafted by the City Engineer in 2006.

Long-term Financial Planning

Through prudent planning, limited borrowing and reserved budgetary increases, the City has been able to manage through a declining revenue environment with limited service reductions or additional working capital borrowing. Carrying forward moderate reserves have served as budget stabilizing force for the most recent several years. The ability to continue to carry forward budgetary reserves will be challenged in the three to five year time frame. The City monitors cash flow in comparison to budget expectations throughout the year and attempts to be in a position to react to unexpected outside influences.

The Municipal Income Tax revenue is economically sensitive and so with the modest stabilization that occurred in the economy in 2011, income tax revenue exceeded budget expectations by almost six percent. Such excess was not appropriated and carried over in the budgetary General Fund balance to the next year.

Property Tax revenue accounts for approximately to 21 percent of total General Fund revenue; that amount was 25 percent in 2010 and 22 percent in 2009. The residential real property component makes up an average of about 83 percent of the City's Total Tax Valuation. The Cuyahoga County Auditor (now known as Fiscal Officer), last made a sexennial property revaluation of property in the City in 2006. The result was an increase in the Total Tax Valuation of property in the City of approximately 10 percent. In April 2009, the Cuyahoga County Auditor, based on statistical analysis of sales prices and market conditions within the City, imposed a valuation decrease of five percent. The next sexennial property revaluation is expected in 2012. While a decrease based on sales prices and market conditions may occur, several projects involving new construction to increase the tax base may moderate a decline. The City continues to monitor the effects of the real estate market on its Total Tax Valuation.

The City uses on-going analysis of these and other revenue sources as a basis for its annual budget while balancing the need for reserves. In the most recent five years, the General Fund reserve (non-GAAP budgetary basis) has fallen within a range of 9 to 39 percent for an average of about 25 percent.

Mutual agreements with other governments to provide services to City residents are always a consideration for any projects undertaken. Currently, income tax collection, wastewater treatment, certain safety services, justice services, park management, air traffic monitoring, and marine patrol are provided by contract with other governments or managed by multi-jurisdictional related entities.

Awards and Acknowledgements

Certificate of Achievement The Government Finance Officers Association of the United States and Canada (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, 2010. This was the 24th year that the City has received this prestigious award. A “Certificate of Achievement” is awarded to the City when its publication is issued with easily readable language; is efficiently organized and comprehensive; and conforms to the programs standards for an annual financial report. This report must satisfy 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 CAFR continues to meet the award program requirements, and will submit it to determine its eligibility for another certificate.

Acknowledgements The publication of the CAFR is a significant step in the ongoing effort toward superior financial reporting. 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 2011 CAFR. The CAFR represents a coordinated effort among departments of the City; each 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,

/s/ Michael A. Thomas

Michael A. Thomas, CPA
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, 2010

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.



Linda C. Dandson

President

Jeffrey R. Emer

Executive Director

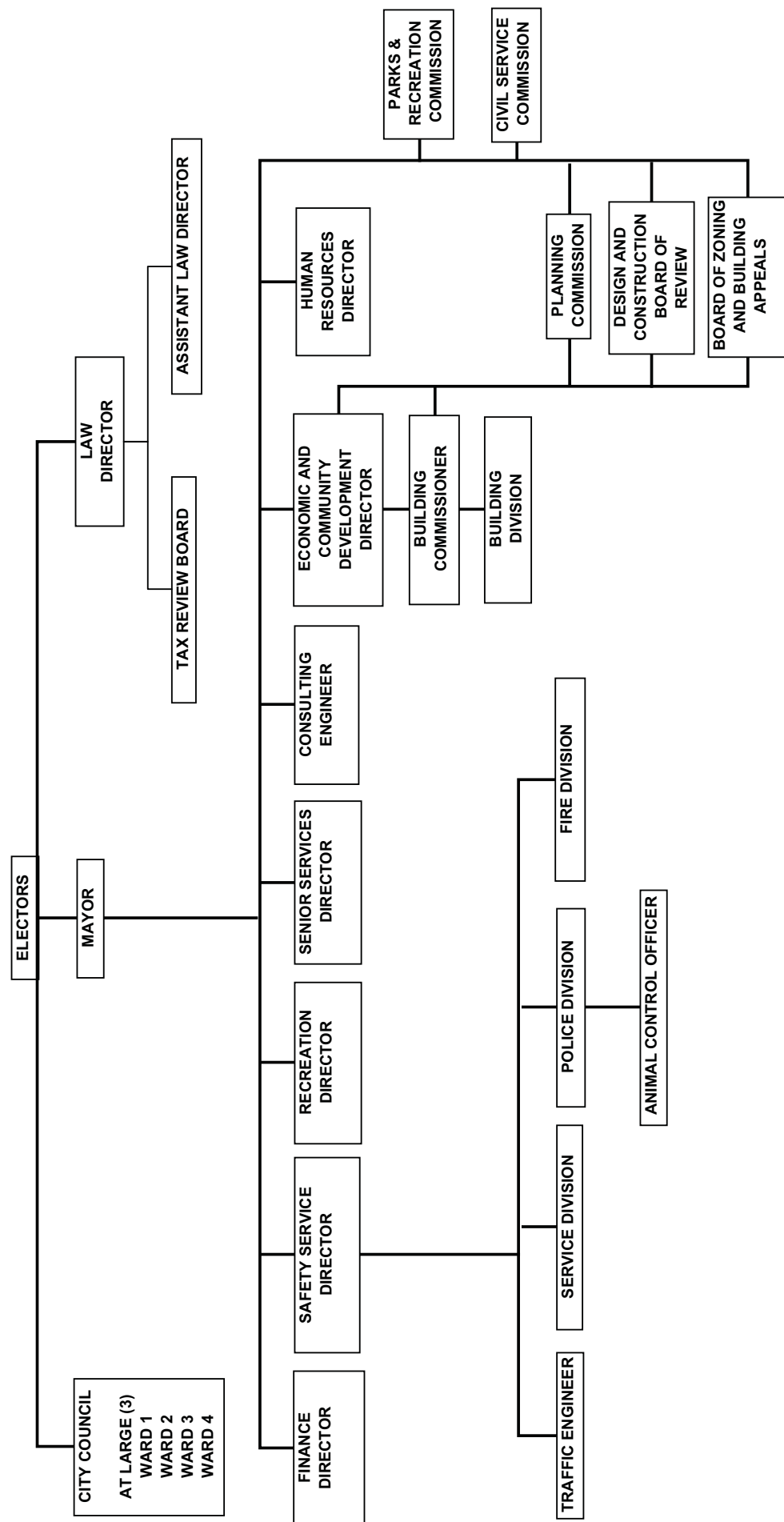
City of Rocky River, Ohio

List of Elected Officials

December 31, 2011

<u>Title</u>	<u>Name</u>
Mayor	Pamela E. Bobst
Law Director	Andrew D. Bemer
Council Member – At-Large	Dr. James D. Schieda (dec. December 23, 2011)
Council Member – At-Large	David W. Furry
Council Member – At-Large	Anjanette Arabian-Whitman
Council Member – Ward 1	Thomas J. Hunt
Council Member – Ward 2	James W. Moran
Council Member – Ward 3	Michael W. Mylen
Council President – Ward 4	John B. Shephard

CITY OF ROCKY RIVER ORGANIZATIONAL CHART



Independent Auditor's Report

Members of the City Council
Rocky River, Ohio

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, Ohio (the "City"), as of and for the year ended December 31, 2011, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2011, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General and Recreation Center Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3 to the financial statements, the City implemented Governmental Accounting Standards Board ("GASB") Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* and GASB Statement No. 59, *Financial Instruments Omnibus*.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2012, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Members of the City Council
Rocky River, Ohio

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Cini & Paricki, Inc.

Cleveland, Ohio
June 29, 2012

City of Rocky River, Ohio
Management's Discussion and Analysis (Unaudited)
For the Year Ended December 31, 2011

The administration of the City of Rocky River, Ohio (the "City") offers this Management's Discussion and Analysis to provide a narrative overview and analysis of the City's financial activities for the year ended December 31, 2011. The intent of the Management's 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 2011 are:

- Total revenues were \$33,327,195, an increase of 9.8 percent from 2010. Total expenses were \$32,806,905, an increase over 2010 levels. Due to the revenue increase being greater than the increase in expenses, total net assets increased \$520,290 or 0.8 percent.
- Total assets increased by \$423,203 or 0.4 percent from 2010.
- Total liabilities decreased by \$97,087 or 0.3 percent from 2010.
- Total capital assets increased by \$1,912,987 or 2.8 percent from 2010.
- Total outstanding long-term liabilities decreased \$168,972 from 2010, a decrease of 0.7 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 financial 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 2011?" 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 accounting method used by the private sector. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

City of Rocky River, Ohio
Management's Discussion and Analysis (Unaudited)
For the Year Ended December 31, 2011

These two statements report the City's *net assets* and changes in them. The City's net assets, the difference between assets, what the City owns, and liabilities, what the City owes, is one way to measure the City's financial health, or financial position. Over time, *increases or decreases* in the City's net assets are an indicator of whether its *financial health* is improving or deteriorating. Also other nonfinancial factors, however, such as changes in the City's property tax base, income tax base, and the condition of the City's capital assets (roads, buildings, and water and sewer lines) should be considered to assess the *overall health* of the City. In the Statement of Net Assets and the Statement of Activities, the City is divided into two kinds of activities:

- Governmental Activities – Most of the City's basic services are reported here, including police, fire, streets, refuse collection, parks, recreation, and general administration. Property taxes, income taxes, state shared revenues, court fines, and recreation fees finance most of these activities.
- Business-Type Activities – The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's sanitary sewer activity is reported here.

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

- Assets
- Liabilities
- Net Assets (Assets minus Liabilities)
- Program Revenues 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 18. 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. The City's major funds are the General, Recreation Center, General Obligation Bond Retirement, Sewer Rehabilitation, Capital Improvement, and Sanitary Sewer Funds.

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.

City of Rocky River, Ohio
Management's Discussion and Analysis (Unaudited)
For the Year Ended December 31, 2011

Proprietary Funds

The City maintains two different types of proprietary funds. The first, enterprise funds are used to report the same functions presented as business-type activities. The City uses an enterprise fund to account for the operations of its sanitary sewer charges. The second, internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City maintains this type of fund to account for health, prescription, and dental related employee benefits. Because this activity predominantly affects governmental rather than business functions, it has been included within the governmental activities in the government-wide financial statements.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found beginning on page 28 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the City's administrative oversight. Fiduciary funds are not reflected in the government-wide financial statements because the resources are not available to support the City's own programs. The City has an Investment Trust Fund and agency funds to report within the fiduciary fund category. Agency funds are reported on a full accrual basis and only present statements of assets and liabilities.

Notes to the Financial Statements

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found starting on page 33 of this report.

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 2011 compared to restated 2010 balances.

City of Rocky River, Ohio
Management's Discussion and Analysis (Unaudited)
For the Year Ended December 31, 2011

	Table 1 Net Assets					
	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Assets:						
Current and Other Assets	\$ 21,655,030	\$ 23,083,636	\$ 6,553,477	\$ 6,614,655	\$ 28,208,507	\$ 29,698,291
Capital Assets, Net	<u>48,918,118</u>	<u>49,990,981</u>	<u>22,146,360</u>	<u>19,160,510</u>	<u>71,064,478</u>	<u>69,151,491</u>
Total Assets	<u>70,573,148</u>	<u>73,074,617</u>	<u>28,699,837</u>	<u>25,775,165</u>	<u>99,272,985</u>	<u>98,849,782</u>
Liabilities:						
Current and Other Liabilities	8,531,757	8,700,161	212,372	310,027	8,744,129	9,010,188
Long-Term Liabilities						
Due Within One Year	1,943,224	1,706,241	34,824	35,431	1,978,048	1,741,672
Due In More Than One Year	<u>21,042,578</u>	<u>21,211,793</u>	<u>408,755</u>	<u>306,944</u>	<u>21,451,333</u>	<u>21,518,737</u>
Total Liabilities	<u>31,517,559</u>	<u>31,618,195</u>	<u>655,951</u>	<u>652,402</u>	<u>32,173,510</u>	<u>32,270,597</u>
Net Assets:						
Invested in Capital Assets						
Net of Related Debt	30,680,267	31,781,713	21,806,517	18,945,660	52,486,784	50,727,373
Restricted for:						
Capital Projects	5,136,504	6,304,738	0	0	5,136,504	6,304,738
Debt Service	735,700	129,556	0	0	735,700	129,556
Municipal Probation Services	353,444	387,247	0	0	353,444	387,247
Aging	71,622	51,446	0	0	71,622	51,446
Street Construction and						
Maintenance	413,966	414,993	0	0	413,966	414,993
Other Purposes	556,500	224,268	0	0	556,500	224,268
Unrestricted	<u>1,107,586</u>	<u>2,162,461</u>	<u>6,237,369</u>	<u>6,177,103</u>	<u>7,344,955</u>	<u>8,339,564</u>
Total Net Assets	<u>\$ 39,055,589</u>	<u>\$ 41,456,422</u>	<u>\$ 28,043,886</u>	<u>\$ 25,122,763</u>	<u>\$ 67,099,475</u>	<u>\$ 66,579,185</u>

Net Assets may serve over time as a useful indicator of a government's financial position. For the City, Total Assets exceed Total Liabilities by \$67,099,475 as of December 31, 2011.

\$52,486,784 reflects the investments in capital assets (land, construction in progress, buildings, improvements, machinery and equipment, furniture and fixtures, and infrastructure) less any related debt outstanding used to acquire those assets. These capital assets are used to provide services to the City's citizens; consequently, these assets are not available for future spending. Although, the City's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Total Assets for 2011 increased by \$423,203 or 0.4 percent when compared to 2010. The increase in Total Assets was due primarily to the increase in Capital Assets. The City's Total Liabilities decreased \$97,087 or 0.3 percent when compared to 2010. The largest decreases were due to accounts payable and the timing of invoices being received.

City of Rocky River, Ohio
Management's Discussion and Analysis (Unaudited)
For the Year Ended December 31, 2011

Table 2 shows the changes in net assets for the year ended December 31, 2011 compared to 2010.

Table 2
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Program Revenues:						
Charges for Services	\$ 7,459,515	\$ 7,294,233	\$ 1,865,441	\$ 1,758,085	\$ 9,324,956	\$ 9,052,318
Operating Grants and Contributions	933,570	934,386	0	0	933,570	934,386
Capital Grants and Contributions	864,849	1,286,700	3,158,259	1,501,035	4,023,108	2,787,735
Total Program Revenues	<u>9,257,934</u>	<u>9,515,319</u>	<u>5,023,700</u>	<u>3,259,120</u>	<u>14,281,634</u>	<u>12,774,439</u>
General Revenues:						
Property and Other Local Taxes	6,552,227	6,684,862	0	0	6,552,227	6,684,862
Municipal Income Taxes	8,606,720	7,959,539	0	0	8,606,720	7,959,539
Franchise Tax	201,531	236,114	0	0	201,531	236,114
Admissions Tax	32,638	33,855	0	0	32,638	33,855
Grants and Entitlements	2,852,477	2,477,912	0	0	2,852,477	2,477,912
Investment Income	8,162	31,050	0	0	8,162	31,050
Miscellaneous	791,806	41,522	0	0	791,806	41,522
Total General Revenues						
Before Transfers	<u>19,045,561</u>	<u>17,464,854</u>	<u>0</u>	<u>0</u>	<u>19,045,561</u>	<u>17,464,854</u>
Transfers - In	<u>0</u>	<u>106,197</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>106,197</u>
Total Revenues	<u>28,303,495</u>	<u>27,086,370</u>	<u>5,023,700</u>	<u>3,259,120</u>	<u>33,327,195</u>	<u>30,345,490</u>
Program Expenses:						
General Government	9,384,315	7,598,480	0	0	9,384,315	7,598,480
Security of Persons and Property	9,472,809	9,010,010	0	0	9,472,809	9,010,010
Public Health	1,386,701	1,428,688	0	0	1,386,701	1,428,688
Transportation	2,459,672	2,385,058	0	0	2,459,672	2,385,058
Leisure Time Activities	4,527,664	3,948,809	0	0	4,527,664	3,948,809
Community Development	673,807	816,485	0	0	673,807	816,485
Basic Utility Service	2,111,718	2,127,597	0	0	2,111,718	2,127,597
Interest and Fiscal Charges	687,642	790,980	0	0	687,642	790,980
Sanitary Sewer Charges	0	0	2,102,577	2,450,068	2,102,577	2,450,068
Total Program Expenses						
Before Transfers	<u>30,704,328</u>	<u>28,106,107</u>	<u>2,102,577</u>	<u>2,450,068</u>	<u>32,806,905</u>	<u>30,556,175</u>
Transfers - Out	<u>0</u>	<u>0</u>	<u>0</u>	<u>106,197</u>	<u>0</u>	<u>106,197</u>
Total Program Expenses	<u>30,704,328</u>	<u>28,106,107</u>	<u>2,102,577</u>	<u>2,556,265</u>	<u>32,806,905</u>	<u>30,662,372</u>
Increase (Decrease) in Net Assets	<u>(2,400,833)</u>	<u>(1,019,737)</u>	<u>2,921,123</u>	<u>702,855</u>	<u>520,290</u>	<u>(316,882)</u>
Net Assets, Beginning of Year	<u>41,456,422</u>	<u>42,476,159</u>	<u>25,122,763</u>	<u>24,419,908</u>	<u>66,579,185</u>	<u>66,896,067</u>
Net Assets, End of Year	\$ <u>39,055,589</u>	\$ <u>41,456,422</u>	\$ <u>28,043,886</u>	\$ <u>25,122,763</u>	\$ <u>67,099,475</u>	\$ <u>66,579,185</u>

City of Rocky River, Ohio
Management's Discussion and Analysis (Unaudited)
For the Year Ended December 31, 2011

Governmental Activities

Governmental activities decreased the City's Net Assets by \$2,400,833 during 2011, compared to a decrease in 2010 of \$1,125,934. The difference between 2011 and 2010 change in Net Assets is attributable to an increase in expenditures.

Both Program Revenues and General Revenues fund the City's governmental activities. The amount that Charges for Services revenue contributed to Total Program Revenues increased \$165,282 from 2010 to 2011. Actual Charges for Services received over that period increased 2.3 percent. The City collects Charges for Services for the operation of the Rocky River Municipal Court; recreation; senior service; and building department fees.

The Municipal Income Tax is the largest source of the City's General Revenues. The income tax rate of 1/2 percent was established by City Ordinance No. 81-67, passed August 28, 1967. The income tax rate was amended on June 24, 1968 by City Ordinance No. 82-68 to increase the income tax rate to one 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 2011 was \$8,606,720, a \$647,181 increase from 2010. The City monitors its sources of revenue very closely to react to any changes or fluctuations. The City accounts for municipal income tax revenues in the General Fund.

Property and Other Local Taxes are 34.4 percent of Total General Revenues. Two factors have recently negatively impacted the property tax base. First, the phase out of the tangible personal property tax enacted by the General Assembly of the State of Ohio. Additionally, economic and real estate market conditions compelled the Cuyahoga County Fiscal Officer, who sets real property values, to cause an average valuation decrease of five percent in the City. Both factors were offset by an increase in the collection percent experienced in 2011 from an estimated 96 percent to an actual 99 percent collection. Going forward, it is beginning to appear the property tax valuation decrease will have an impact on the related revenue of the same magnitude.

Grants and Entitlements increased 15.1 percent from 2010 to 2011 due mostly to grant money received for capital projects in 2011. The amounts collected by the City under provisions of the Ohio Revised Code Chapter 5731, Estate Tax, are recorded as Entitlements. During 2011, \$1,111,536 was received as current distributions. The City accounts for Estate Tax revenue in the General Fund.

Total Program Expenses for 2011 were \$30,704,328, a 9.2 percent increase from 2010 levels. Program category increases occurred for General Government, Security of Persons and Property, Transportation, and Leisure Time Activities. Moderating those increases were decreases in the program categories of Public Health, Community Development, Basic Utility Service and Interest and Fiscal Charges.

During 2011, the largest program category function for the City is Security of Persons and Property, which includes police and fire protection. This program accounts for 30.9 percent of expenses and increased by \$462,799 or 5.1 percent from 2010. Compensation levels due to employee turnover as well as operating costs increased.

City of Rocky River, Ohio
Management's Discussion and Analysis (Unaudited)
For the Year Ended December 31, 2011

The General Government program category accounts for 30.6 percent of Program Expenses. An increase of 23.5 percent or \$1,785,835 occurred in this program category from 2010 to 2011. This program category reports the accumulated activity of the Rocky River Municipal Court; and other administrative functions of the City. The aforementioned effect of a favorable health insurance claims year was offset by increased cost related to property tax collections; municipal income tax collections and workers' compensation premiums.

The Leisure Time Activities program category was the third largest for 2011 and comprises 14.7 percent of Program Expenses which increased by 14.7 percent from 2010. Employee turnover created a higher cost level in this category.

Business-Type Activities

For Business-Type Activities of the City, Charges for Services are the primary source of revenue. That revenue increased 6.1 percent from 2010 to 2011. Capital Grants and Contributions revenue more than doubled from 2010 to 2011. This revenue category increase is related to the undertaking of Phase II and Phase III of the Valley View Storm and Sanitary Sewer project. The Program Expenses are comprised of charges to operate the Rocky River Wastewater Treatment Plant as well as the cost to operate a crew of six employees to maintain the sanitary sewer collection system.

The City's Funds

Governmental Funds

The focus of the City's governmental funds is to provide information on a near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Information about the City's governmental funds begins on page 18. These funds are accounted for by using the modified accrual basis of accounting.

As of December 31, 2011, the City's governmental funds reported combining ending fund balances of \$9,140,946. Of that amount, \$2,875,600 constitutes unassigned fund balances, which is available for spending at the City's discretion. The \$6,265,346 remainder of fund balance is reported as nonspendable, restricted, or assigned to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchases of prior period(s).

All governmental funds had total revenues of \$28,190,004 and expenditures of \$31,700,028, leaving a \$1,578,620 current year deficit, after consideration of the sources of \$1,931,404 in net other financing sources.

The General Fund is the most significant fund as it is the source for providing a significant portion of resources for governmental activities such as police, fire, service, legislative, and administrative functions. In 2011, the General Fund had total revenues and other financing sources of \$18,124,892 and expenditures and other financing uses of \$18,082,657 resulting in an increase in fund balance at December 31, 2011 of \$42,235. This represents 0.29 percent of the current year General Fund expenditures and other financing uses. Revenues were approximately \$179,008 more than last year's revenues while expenditures were approximately \$790,858 less than last year's expenditures primarily due to a decrease in transfers out of approximately \$791,000.

City of Rocky River, Ohio
Management's Discussion and Analysis (Unaudited)
For the Year Ended December 31, 2011

The Recreation Center Fund accounts for the operation and maintenance of the City's recreation facilities and activities. In 2011, the Recreation Center Fund had total revenues and other financing sources of \$2,757,656 and expenditures of \$2,795,862 resulting in an decrease in fund balance of \$38,206 at December 31, 2011. Revenues were approximately \$311,510 below last year's while expenditures were \$229,084 less than last year's expenditures. Due to cost control efforts, staff reductions, and a hiring freeze, the City was able to reduce expenditures for recreation activities. Recreation Center Fund revenue was affected by a reduction of a fund transfer from \$600,000 to \$350,000.

The General Obligation Bond Retirement Fund accounts for the repayment of general obligation bonds of the City. In 2011, the General Obligation Bond Retirement Fund had total revenues and other financing sources of \$1,454,589 and expenditures of \$1,561,417 resulting in a decrease in fund balance of \$106,828 at December 31, 2011. Revenues ended \$36,945 above last year's revenues and expenditures were \$13,651 less than last year's expenditures due to the repayment of bond principal and interest.

The Sewer Rehabilitation Fund accounts for a \$25 per quarter fixed-fee charged to each dwelling unit and is used to provide resources to rehabilitate the City's sanitary sewer infrastructure through acquisition, construction or improvement. In 2011, the Sewer Rehabilitation Fund had total revenues and other financing sources of \$2,951,500 and expenditures of \$3,333,585 resulting in a decrease in fund balance of \$382,085 at December 31, 2011. Revenues ended \$1,274,814 higher than last year's revenues due to issuance of debt, while expenditures increased \$1,501,972 as improvement project construction activity ramped-up in 2011.

The Capital Improvement Fund accounts for the various projects of the City financed by tax monies and General Fund transfers. In 2011, the Capital Improvement Fund had total revenues of \$1,718,156 and expenditures of \$1,854,160 resulting in an decrease in fund balance of \$136,004 at December 31, 2011. Revenues ended approximately \$222,791 above last year's revenues mainly due to an increase in intergovernmental revenue, and expenditures also increased from 2010 by \$591,497.

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 2011, the City supplemented the General Fund budget twice. The General Fund's actual expenditures, not including other financing uses, were \$1,481,967 under the final budgeted amount of \$16,050,041.

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. 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 \$18,126,225 and increased by \$16,000 to \$18,142,225 for final budgeted revenues, not including sale of capital assets or advances. The level of

City of Rocky River, Ohio
Management's Discussion and Analysis (Unaudited)
For the Year Ended December 31, 2011

liquidity in the General Fund, measured by the unrestricted cash at year-end, was about 10.9 percent of General Fund revenue and other financing sources.

Capital Assets and Debt Administration

Capital Assets

Table 3 shows fiscal 2011 balances of Capital Assets, Net of any accumulated depreciation, as compared to 2010:

Table 3
Capital Assets, Net at December 31

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 2,017,826	\$ 2,017,826	\$ 39,516	\$ 39,516	\$ 2,057,342	\$ 2,057,342
Land Improvements	203,158	203,158	0	0	203,158	203,158
Right-of-Way	0	0	250,000	250,000	250,000	250,000
Construction in Progress	2,744,480	2,951,171	5,197,361	1,896,782	7,941,841	4,847,953
Land Improvements	3,476,162	3,410,560	0	0	3,476,162	3,410,560
Buildings	22,665,436	23,252,263	0	0	22,665,436	23,252,263
Equipment	718,160	301,034	42,787	62,407	760,947	363,441
Vehicles	488,856	905,357	3,195	6,390	492,051	911,747
Infrastructure:						
Roads	7,254,617	7,610,998	0	0	7,254,617	7,610,998
Sidewalks	1,008,039	785,392	0	0	1,008,039	785,392
Traffic Signals	516,961	650,515	0	0	516,961	650,515
Storm Sewers	3,226,288	3,258,490	0	0	3,226,288	3,258,490
Sewer Lines	0	0	16,613,501	16,905,415	16,613,501	16,905,415
Water Mains	<u>4,598,135</u>	<u>4,644,217</u>	<u>0</u>	<u>0</u>	<u>4,598,135</u>	<u>4,644,217</u>
Total Capital Assets, Net	\$ <u>48,918,118</u>	\$ <u>49,990,981</u>	\$ <u>22,146,360</u>	\$ <u>19,160,510</u>	\$ <u>71,064,478</u>	\$ <u>69,151,491</u>

Total Capital Assets, Net for the City as of December 31, 2011 were \$71,064,478, a \$1,912,987 increase over 2010. Capital asset additions of \$4,333,561 were offset by \$5,967 in disposals and \$2,414,607 of depreciation expense.

The City seeks funding assistance for infrastructure projects as well as improving City facilities. It is through this type of financial assistance as well as grants 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 10 for additional information on capital assets.

City of Rocky River, Ohio
Management's Discussion and Analysis (Unaudited)
For the Year Ended December 31, 2011

Debt

On December 31, 2011, the City had \$18,577,694 in bonds and loans outstanding. Table 4 summarizes bonds and loans outstanding.

Table 4
 Outstanding Debt at Year-End

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
General Obligation Bonds	\$ 14,996,541	\$ 16,784,498	\$ 0	\$ 0	\$ 14,996,541	\$ 16,784,498
Special Assessment Bonds	510,000	550,000	0	0	510,000	550,000
OPWC Loan	2,731,310	874,770	0	0	2,731,310	874,770
OWDA Loan	<u>0</u>	<u>0</u>	<u>339,843</u>	<u>214,850</u>	<u>339,843</u>	<u>214,850</u>
Total Outstanding Debt	\$ <u>18,237,851</u>	\$ <u>18,209,268</u>	\$ <u>339,843</u>	\$ <u>214,850</u>	\$ <u>18,577,694</u>	\$ <u>18,424,118</u>

The outstanding General Obligation Bonds are composed of the following: 1) Rocky River Municipal Court Facility, Series 2002, of \$125,000; 2) Various Purpose General Obligation Bonds, Series 2004, of \$6,445,000; 3) Civic Facility Improvements, Series 2005 of \$6,175,000; and 4) Rocky River Municipal Court Facility Refunded, Series 2011 of \$2,085,000. There remains unamortized premiums and loss on refunding related to these issues of \$349,371 and \$182,830, respectively.

The principal and interest of the Series 2002 Bonds are paid from court costs assessed and collected in accordance with Ohio Revised Code Section 1901.26(B)(1) from the Municipal Court Capital Improvement Fund. The principal and interest of the Series 2004 Bonds are paid from monies transferred from the General Fund into the Debt Service Fund. The principal and interest of the Series 2005 Bonds are paid from property tax levy up to 1.0 mill approved for that purpose.

The Special Assessment Bonds consist of Erosion Control A & B Bonds: one for \$300,000 (Series 1998) and one for \$210,000 (Series 2000). The principal and interest for these bonds are paid from the Special Assessment Fund with monies collected through the Cuyahoga County Fiscal Officer 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 \$54,270,369 on December 31, 2011.

See Note 18 of the Basic Financial Statements for additional information on the City's debt.

City of Rocky River, Ohio
Management's Discussion and Analysis (Unaudited)
For the Year Ended December 31, 2011

Current Financial Related Activities

The City has historically enjoyed steady growth in revenues as a result of a strong tax base and moderate levels of new residential development and at the same time adopted a strong, fiscally responsible financial plan to function within available revenues. Because of economic growth of the tax base, the City has not needed an increase in taxes since 1993.

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's commitment to its residents has always been one of full disclosure of financial matters of the City. This CAFR 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).

Income tax revenue has increased due to a somewhat improved regional economy. That increase however, is overshadowed by the declining property tax revenue that results from lower assessed values of property in the City.

The City undertook a debt refinancing in 2011 as further described in Note 18. Through ongoing prudent management, the Rocky River Municipal Court officials were able to make a contribution during the refinancing process to shorten the maturity of the obligation by five years.

Contacting the City's Finance Department

This CAFR 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 the CAFR 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, 2011

	Governmental Activities	Business - Type Activities	Total
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$ 9,564,707	\$ 195,395	\$ 9,760,102
Accrued Interest Receivable	472	0	472
Accounts Receivable, Net of Allowance for Doubtful Accounts	452,663	595,212	1,047,875
Intergovernmental Receivable	1,542,700	142,320	1,685,020
Internal Balances	(17,560)	17,560	0
Materials and Supplies Inventory	132,498	8,214	140,712
Taxes Receivable	8,984,134	0	8,984,134
Special Assessments Receivable	733,993	0	733,993
Grants Receivable	160,310	0	160,310
Investment in Joint Venture	0	5,594,776	5,594,776
Deferred Charges	101,113	0	101,113
Nondepreciable Capital Assets	4,965,464	5,486,877	10,452,341
Depreciable Capital Assets, Net	<u>43,952,654</u>	<u>16,659,483</u>	<u>60,612,137</u>
Total Assets	<u>70,573,148</u>	<u>28,699,837</u>	<u>99,272,985</u>
Liabilities:			
Accounts Payable	874,956	176,484	1,051,440
Contracts Payable	153,654	0	153,654
Accrued Wages and Benefits	55,366	4,896	60,262
Intergovernmental Payable	700,952	26,410	727,362
Unearned Revenue	6,238,403	0	6,238,403
Retainage Payable	268,221	0	268,221
Matured Compensated Absences	56,578	0	56,578
Accrued Interest Payable	59,223	4,582	63,805
Claims Payable	124,404	0	124,404
Long-Term Liabilities:			
Due within One Year	1,943,224	34,824	1,978,048
Due in More than One Year	<u>21,042,578</u>	<u>408,755</u>	<u>21,451,333</u>
Total Liabilities	<u>31,517,559</u>	<u>655,951</u>	<u>32,173,510</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	30,680,267	21,806,517	52,486,784
Restricted for:			
Capital Projects	5,136,504	0	5,136,504
Debt Service	735,700	0	735,700
Municipal Probation Services	353,444	0	353,444
Aging	71,622	0	71,622
Street Construction and Maintenance	413,966	0	413,966
Other Purposes	556,500	0	556,500
Unrestricted	<u>1,107,586</u>	<u>6,237,369</u>	<u>7,344,955</u>
Total Net Assets	<u>\$ 39,055,589</u>	<u>\$ 28,043,886</u>	<u>\$ 67,099,475</u>

The accompanying notes are an integral part of these basic financial statements.

City of Rocky River, Ohio

Statement of Activities

For The Year Ended December 31, 2011

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Government activities:				
General Government	\$ 9,384,315	\$ 2,688,561	\$ 44,331	\$ 864,849
Security of Persons and Property	9,472,809	1,056,599	25,707	0
Public Health	1,386,701	542,072	0	0
Transportation	2,459,672	400	777,312	0
Leisure Time Activities	4,527,664	2,067,741	0	0
Community Development	673,807	200	0	0
Basic Utility Service	2,111,718	1,103,942	86,220	0
Interest and Fiscal Charges	<u>687,642</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Governmental Activities	<u>30,704,328</u>	<u>7,459,515</u>	<u>933,570</u>	<u>864,849</u>
Business-Type Activities:				
Sanitary Sewer Charges	<u>2,102,577</u>	<u>1,865,441</u>	<u>0</u>	<u>3,158,259</u>
Total	\$ <u>32,806,905</u>	\$ <u>9,324,956</u>	\$ <u>933,570</u>	\$ <u>4,023,108</u>

General Revenues:

Property Taxes Levied for:

 General Purposes

 Recreation

 Office on Aging

 Refuse and Recycling

 Fire Levy

 Police Levy

 Capital Improvements

 General Obligation Bond Retirement

Municipal Income Taxes Levied for:

 General Purposes

 Franchise Tax

 Admissions Tax

 Grants and Entitlements not Restricted to Specific Programs

 Investment Income

 Other

Total General Revenues and Transfers

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

The accompanying notes are an integral part of these basic financial statements.

<u>Primary Government</u>		
<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
\$ (5,786,574)	\$ 0	\$ (5,786,574)
(8,390,503)	0	(8,390,503)
(844,629)	0	(844,629)
(1,681,960)	0	(1,681,960)
(2,459,923)	0	(2,459,923)
(673,607)	0	(673,607)
(921,556)	0	(921,556)
<u>(687,642)</u>	<u>0</u>	<u>(687,642)</u>
<u>(21,446,394)</u>	<u>0</u>	<u>(21,446,394)</u>
<u>0</u>	<u>2,921,123</u>	<u>2,921,123</u>
<u>(21,446,394)</u>	<u>2,921,123</u>	<u>(18,525,271)</u>
3,788,172	0	3,788,172
300,648	0	300,648
300,648	0	300,648
601,297	0	601,297
180,663	0	180,663
181,671	0	181,671
601,297	0	601,297
597,831	0	597,831
8,606,720	0	8,606,720
201,531	0	201,531
32,638	0	32,638
2,852,477	0	2,852,477
8,162	0	8,162
<u>791,806</u>	<u>0</u>	<u>791,806</u>
<u>19,045,561</u>	<u>0</u>	<u>19,045,561</u>
(2,400,833)	2,921,123	520,290
<u>41,456,422</u>	<u>25,122,763</u>	<u>66,579,185</u>
\$ <u><u>39,055,589</u></u>	\$ <u><u>28,043,886</u></u>	\$ <u><u>67,099,475</u></u>

City of Rocky River, Ohio

Balance Sheet Governmental Funds

December 31, 2011

	<u>General</u>	<u>Recreation Center</u>	<u>General Obligation Bond Retirement</u>
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$ 2,093,357	\$ 187,979	\$ 20,397
Accrued Interest Receivable	366	0	0
Accounts Receivable, Net of Allowance			
For Doubtful Accounts	382,808	368	0
Intergovernmental Receivable	685,543	22,234	46,931
Interfund Receivable	450,000	0	0
Materials and Supplies Inventory	15,094	6,355	0
Grants Receivable	10,000	0	0
Municipal Income Taxes Receivable	2,412,346	0	0
Property Taxes Receivable	3,798,372	301,459	602,916
Special Assessments Receivable	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets	\$ <u>9,847,886</u>	\$ <u>518,395</u>	\$ <u>670,244</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	\$ 209,125	\$ 78,486	\$ 0
Contracts Payable	0	0	0
Accrued Wages and Benefits	15,537	10,679	0
Intergovernmental Payable	289,622	41,708	0
Matured Compensated Absences	0	0	0
Interfund Payable	0	450,000	0
Deferred Revenue	5,732,087	323,693	649,847
Retainage Payable	<u>4,633</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>6,251,004</u>	<u>904,566</u>	<u>649,847</u>
Fund Balances:			
Nonspendable	20,082	6,355	0
Restricted	0	0	20,397
Assigned	73,625	0	0
Unassigned (Deficit)	<u>3,503,175</u>	<u>(392,526)</u>	<u>0</u>
Total Fund Balances (Deficit)	<u>3,596,882</u>	<u>(386,171)</u>	<u>20,397</u>
Total Liabilities and Fund Balances	\$ <u>9,847,886</u>	\$ <u>518,395</u>	\$ <u>670,244</u>

The accompanying notes are an integral part of these basic financial statements.

<u>Sewer Rehabilitation</u>	<u>Capital Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 2,241,989	\$ 1,618,305	\$ 2,779,533	\$ 8,941,560
0	0	106	472
0	0	69,487	452,663
224,072	96,514	467,406	1,542,700
0	0	0	450,000
0	0	111,049	132,498
0	150,310	0	160,310
0	0	0	2,412,346
0	602,916	1,266,125	6,571,788
<u>0</u>	<u>0</u>	<u>733,993</u>	<u>733,993</u>
\$ <u>2,466,061</u>	\$ <u>2,468,045</u>	\$ <u>5,427,699</u>	\$ <u>21,398,330</u>
\$ 395,569	\$ 0	\$ 191,776	\$ 874,956
0	153,654	0	153,654
0	0	29,150	55,366
5,804	0	363,818	700,952
0	0	56,578	56,578
0	0	0	450,000
0	647,384	2,344,646	9,697,657
<u>196,880</u>	<u>66,708</u>	<u>0</u>	<u>268,221</u>
<u>598,253</u>	<u>867,746</u>	<u>2,985,968</u>	<u>12,257,384</u>
0	0	111,049	137,486
1,867,808	1,600,299	2,565,731	6,054,235
0	0	0	73,625
<u>0</u>	<u>0</u>	<u>(235,049)</u>	<u>2,875,600</u>
<u>1,867,808</u>	<u>1,600,299</u>	<u>2,441,731</u>	<u>9,140,946</u>
\$ <u>2,466,061</u>	\$ <u>2,468,045</u>	\$ <u>5,427,699</u>	\$ <u>21,398,330</u>

City of Rocky River, Ohio

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

December 31, 2011

Total Governmental Funds Balance \$ 9,140,946

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. 48,918,118

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

Delinquent Property Taxes	\$ 333,388	
Other Local Taxes	37,126	
Municipal Income Taxes	1,292,095	
Special Assessments	733,993	
Charges for Services	134,044	
Intergovernmental	<u>928,608</u>	
Total		3,459,254

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (59,223)

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.

Net Assets	498,743	
Internal Balance	<u>(17,560)</u>	
Total		481,183

Bond issuance costs will be amortized over the life of the bonds on the Statement of Activities, whereas in the governmental funds, bond issuance costs are reported as expenditures when bonds are issued. 101,113

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

General Obligation Bonds	(14,996,541)	
Special Assessments	(510,000)	
Ohio Public Works Commission Loan	(2,731,310)	
Compensated Absences	(4,255,632)	
Police and Fire Pension Liability	<u>(492,319)</u>	
Total		<u>(22,985,802)</u>

Net Assets of Governmental Activities \$ 39,055,589

The accompanying notes are an integral part of these 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, 2011

	General	Recreation Center	General Obligation Bond Retirement
Revenues:			
Property Taxes	\$ 3,741,837	\$ 296,971	\$ 590,476
Municipal Income Taxes	8,570,317	0	0
Other Local Taxes	29,304	0	0
Intergovernmental	2,386,601	43,110	89,113
Charges for Services	31,422	2,051,951	0
Fines, Fees and Permits	3,180,246	0	0
Special Assessments	0	0	0
Investment Income	5,190	0	0
Rentals	70,606	15,624	0
Other	109,369	0	0
Total Revenues	18,124,892	2,407,656	679,589
Expenditures:			
Current:			
General Government	4,867,661	0	0
Security of Persons and Property	7,659,442	0	0
Public Health	0	0	0
Transportation	661,109	0	0
Leisure Time Activities	394,555	2,793,780	0
Community Development	807,866	0	0
Basic Utility Service	0	0	0
Capital Outlay	12,024	2,082	0
Debt Service:			
Principal Retirement	0	0	970,000
Interest and Fiscal Charges	0	0	591,417
Issuance Costs	0	0	0
Total Expenditures	14,402,657	2,795,862	1,561,417
Excess of Revenues Over (Under) Expenditures	3,722,235	(388,206)	(881,828)
Other Financing Sources (Uses):			
Issuance of Debt	0	0	0
Premium on Debt	0	0	0
Payment to Escrow	0	0	0
Transfers - In	0	350,000	775,000
Transfers - Out	(3,680,000)	0	0
Total Other Financing Sources (Uses)	(3,680,000)	350,000	775,000
Net Change in Fund Balances	42,235	(38,206)	(106,828)
Fund Balances (Deficit) at Beginning of Year	3,554,647	(347,965)	127,225
Fund Balances (Deficit) at End of Year	\$ 3,596,882	\$ (386,171)	\$ 20,397

The accompanying notes are an integral part of these basic financial statements.

<u>Sewer Rehabilitation</u>	<u>Capital Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 0	\$ 593,942	\$ 1,248,833	\$ 6,472,059
0	0	0	8,570,317
0	204,865	0	234,169
0	236,530	1,994,471	4,749,825
1,094,960	2,460	530,614	3,711,407
0	330	324,374	3,504,950
0	0	60,120	60,120
0	929	2,043	8,162
0	0	0	86,230
0	679,100	4,296	792,765
<u>1,094,960</u>	<u>1,718,156</u>	<u>4,164,751</u>	<u>28,190,004</u>
0	0	21,303	4,888,964
0	0	1,444,852	9,104,294
0	0	1,281,566	1,281,566
0	0	1,477,838	2,138,947
0	0	0	3,188,335
0	0	0	807,866
2,981,868	0	1,610,544	4,592,412
351,717	1,854,160	777,413	2,997,396
0	0	939,286	1,909,286
0	0	124,681	716,098
0	0	74,864	74,864
<u>3,333,585</u>	<u>1,854,160</u>	<u>7,752,347</u>	<u>31,700,028</u>
<u>(2,238,625)</u>	<u>(136,004)</u>	<u>(3,587,596)</u>	<u>(3,510,024)</u>
1,856,540	0	2,835,000	4,691,540
0	0	52,694	52,694
0	0	(2,812,830)	(2,812,830)
0	0	2,555,000	3,680,000
0	0	0	(3,680,000)
<u>1,856,540</u>	<u>0</u>	<u>2,629,864</u>	<u>1,931,404</u>
(382,085)	(136,004)	(957,732)	(1,578,620)
<u>2,249,893</u>	<u>1,736,303</u>	<u>3,399,463</u>	<u>10,719,566</u>
\$ <u>1,867,808</u>	\$ <u>1,600,299</u>	\$ <u>2,441,731</u>	\$ <u>9,140,946</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, 2011

Net Change in Fund Balances - Total Governmental Funds \$ (1,578,620)

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	\$ 1,032,982	
Depreciation	<u>(2,099,878)</u>	
Total		(1,066,896)

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. (5,967)

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	80,168	
Municipal Income Taxes	36,403	
Special Assessments	28,011	
Charges for Services	67,838	
Intergovernmental	<u>(98,929)</u>	
Total		113,491

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 4,510,000

Proceeds from debt issues are other financing sources in the funds, but debt issues and new leases increase long-term liabilities in the Statement of Net Assets:

General Obligation Bonds Issued	(2,835,000)	
OPWC Loans	(1,856,540)	
Premium on Bonds Issued	<u>(52,694)</u>	
Total		(4,744,234)

(continued)

The accompanying notes are an integral part of these basic financial statements.

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, 2011

In the Statement of Activities, bond issuance costs are amortized over the term of the bonds, whereas, in the governmental funds, a bond issuance expenditure is reported when bonds are issued.

74,864

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

Accrued Interest on Bonds	7,276
Amortization of Bond Premium	22,821
Amortization of Issuance Costs	(1,641)
Loss on Refunding	<u>182,830</u>

Total

211,286

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	(68,471)
Police and Fire Pension Liability	<u>29,286</u>

Total

(39,185)

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

Change in Net Assets	128,303
Change in Internal Balance	<u>(3,875)</u>

Total

124,428

Change in Net Assets of Governmental Activities

\$ (2,400,833)

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, 2011

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 4,208,362	\$ 4,208,362	\$ 3,741,837	\$ (466,525)
Municipal Income Taxes	8,000,000	8,000,000	8,458,567	458,567
Other Local Taxes	40,000	40,000	32,638	(7,362)
Intergovernmental	2,141,463	2,141,463	2,411,407	269,944
Charges for Services	22,700	22,700	21,422	(1,278)
Fines, Fees, and Permits	3,418,100	3,418,100	3,166,223	(251,877)
Investment Income	100,000	100,000	6,543	(93,457)
Rentals	80,000	80,000	70,606	(9,394)
Miscellaneous Income	<u>115,600</u>	<u>131,600</u>	<u>109,369</u>	<u>(22,231)</u>
Total Revenues	<u>18,126,225</u>	<u>18,142,225</u>	<u>18,018,612</u>	<u>(123,613)</u>
Expenditures:				
Current:				
General Government	5,631,355	5,628,355	4,940,395	687,960
Security of Persons and Property	8,322,506	8,335,506	7,680,815	654,691
Transportation	687,363	687,363	672,517	14,846
Leisure Time Activities	391,873	431,873	386,130	45,743
Community Development	861,634	927,339	875,192	52,147
Capital Outlay	<u>89,605</u>	<u>39,605</u>	<u>13,025</u>	<u>26,580</u>
Total Expenditures	<u>15,984,336</u>	<u>16,050,041</u>	<u>14,568,074</u>	<u>1,481,967</u>
Excess of Revenues Over (Under) Expenditures	<u>2,141,889</u>	<u>2,092,184</u>	<u>3,450,538</u>	<u>1,358,354</u>
Other Financing Sources (Uses):				
Sale of Capital Assets	15,000	15,000	11,427	(3,573)
Advance - In	0	50,000	50,000	0
Transfers - Out	<u>(4,916,000)</u>	<u>(4,916,000)</u>	<u>(3,680,000)</u>	<u>1,236,000</u>
Total Other Financing Sources (Uses)	<u>(4,901,000)</u>	<u>(4,851,000)</u>	<u>(3,618,573)</u>	<u>1,232,427</u>
Net Change in Fund Balance	(2,759,111)	(2,758,816)	(168,035)	2,590,781
Fund Balance at Beginning of Year	1,699,699	1,699,699	1,699,699	0
Prior Year Encumbrances Appropriated	<u>448,273</u>	<u>448,273</u>	<u>448,273</u>	<u>0</u>
Fund Balance at End of Year	\$ <u>(611,139)</u>	\$ <u>(610,844)</u>	\$ <u>1,979,937</u>	\$ <u>2,590,781</u>

The accompanying notes are an integral part of these 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, 2011

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 333,997	\$ 333,997	\$ 296,971	\$ (37,026)
Charges for Services	2,127,400	2,177,400	2,059,333	(118,067)
Intergovernmental	0	0	43,110	43,110
Rentals	<u>24,000</u>	<u>24,000</u>	<u>15,624</u>	<u>(8,376)</u>
Total Revenues	<u>2,485,397</u>	<u>2,535,397</u>	<u>2,415,038</u>	<u>(120,359)</u>
Expenditures:				
Current:				
Leisure Time Activities	3,155,982	3,155,982	2,879,834	276,148
Capital Outlay	<u>3,071</u>	<u>3,071</u>	<u>2,082</u>	<u>989</u>
Total Expenditures	<u>3,159,053</u>	<u>3,159,053</u>	<u>2,881,916</u>	<u>277,137</u>
Excess of Revenues Over (Under) Expenditures	(673,656)	(623,656)	(466,878)	156,778
Other Financing Sources (Uses):				
Transfers - In	350,000	350,000	350,000	0
Advances - Out	<u>0</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>350,000</u>	<u>300,000</u>	<u>300,000</u>	<u>0</u>
Net Change in Fund Balances	(323,656)	(323,656)	(166,878)	156,778
Fund Balance at Beginning of Year	220,427	220,427	220,427	0
Prior Year Encumbrances Appropriated	<u>69,351</u>	<u>69,351</u>	<u>69,351</u>	<u>0</u>
Fund Balance at End of Year	\$ <u>(33,878)</u>	\$ <u>(33,878)</u>	\$ <u>122,900</u>	\$ <u>156,778</u>

The accompanying notes are an integral part of these basic financial statements.

City of Rocky River, Ohio

Statement of Fund Net Assets Proprietary Funds

December 31, 2011

	Business-Type Activities <u>Sewer</u>	Governmental Activities - Internal Service <u>Fund</u>
Assets:		
Current Assets:		
Equity in Pooled Cash and Cash Equivalents	\$ 195,395	\$ 623,147
Accounts Receivable	595,212	0
Intergovernmental Receivable	142,320	0
Materials and Supplies Inventory	<u>8,214</u>	<u>0</u>
Total Current Assets	<u>941,141</u>	<u>623,147</u>
Noncurrent Assets:		
Investment in Joint Venture	5,594,776	0
Nondepreciable Capital Assets	5,486,877	0
Depreciable Capital Assets, Net	<u>16,659,483</u>	<u>0</u>
Total Noncurrent Assets	<u>27,741,136</u>	<u>0</u>
Total Assets	<u>28,682,277</u>	<u>623,147</u>
Liabilities:		
Current Liabilities:		
Accounts Payable	176,484	0
Accrued Wages and Benefits	4,896	0
Intergovernmental Payable	26,410	0
Claims Payable	0	124,404
Accrued Interest Payable	4,582	0
Compensated Absences Payable	16,684	0
OWDA Loans Payable	<u>18,140</u>	<u>0</u>
Total Current Liabilities	<u>247,196</u>	<u>124,404</u>
Long-term Liabilities:		
Accrued Compensated Absences (Net of Current Portion)	87,052	0
OWDA Loans Payable (Net of Current Portion)	<u>321,703</u>	<u>0</u>
Total Long-Term Liabilities	<u>408,755</u>	<u>0</u>
Total Liabilities	<u>655,951</u>	<u>124,404</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	21,806,517	0
Unrestricted	<u>6,219,809</u>	<u>498,743</u>
Total Net Assets	28,026,326	\$ <u>498,743</u>
Net Assets reported for Business-Type Activities in the Statement of Net Assets are different because they include accumulated overpayments to the Internal Service Fund:		
	<u>17,560</u>	
Net Assets of Business-Type Activities	\$ <u>28,043,886</u>	

The accompanying notes are an integral part of these 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, 2011

	Business-Type Activities <u>Sewer</u>	Governmental Activities - Internal Service <u>Fund</u>
Operating Revenues:		
Charges for Services	\$ <u>1,865,441</u>	\$ <u>2,020,412</u>
Operating Expenses:		
Personal Service	527,671	0
Materials and Supplies	55,127	0
Contractual Services	786,123	251,714
Capital Outlay	3,350	0
Heat, Light and Power	17,844	0
Depreciation	314,729	0
Other	3,576	0
Claims	<u>0</u>	<u>1,640,395</u>
Total Operating Expenses	<u>1,708,420</u>	<u>1,892,109</u>
Operating Income (Loss)	157,021	128,303
Non-Operating (Expenses):		
Interest (Expense)	(9,367)	0
Loss in Joint Venture	<u>(388,665)</u>	<u>0</u>
Total Non-Operating Expenses	<u>(398,032)</u>	<u>0</u>
Income (Loss) before Capital Contributions	(241,011)	128,303
Contributed Capital	<u>3,158,259</u>	<u>0</u>
Change in Net Assets	2,917,248	128,303
Net Assets at Beginning of Year	<u>25,109,078</u>	<u>370,440</u>
Net Assets at End of Year	\$ <u><u>28,026,326</u></u>	\$ <u><u>498,743</u></u>
Some amount reported for Business-Type Activities in the Statement of Activities are different because of a portion of the Change in Net Assets of the Internal Service Fund is reported with Business-Type Activities:	<u>3,875</u>	
Change in Net Assets of Business-Type Activities	\$ <u><u>2,921,123</u></u>	

The accompanying notes are an integral part of these basic financial statements.

City of Rocky River, Ohio

Statement of Cash Flows Proprietary Fund Types

For The Year Ended December 31, 2011

	Business-Type Activities <u>Sewer</u>	Governmental Activities - Internal Service Fund
Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 1,823,537	\$ 2,020,412
Cash Payments for Goods and Services	(1,091,731)	(251,714)
Cash Payments to Employees for Services and Benefits	(557,192)	0
Cash Payments for Claims	0	(1,623,464)
Cash Payments for Other Operating Expenses	<u>(4,696)</u>	<u>0</u>
Net Cash Provided by Operating Activities	<u>169,918</u>	<u>145,234</u>
Cash Flows from Capital and Related Financing Activities:		
Principal Paid on OWDA Loan	(17,327)	0
Interest Paid on OWDA Loan	<u>(9,770)</u>	<u>0</u>
Net Cash Used for Capital and Related Financing Activities	<u>(27,097)</u>	<u>0</u>
Cash Flows from Investing Activities:		
Capital Contributed to Joint Venture	<u>(161,735)</u>	<u>0</u>
Net Increase (Decrease) Cash and Cash Equivalents	(18,914)	145,234
Cash and cash Equivalents at Beginning of Year	<u>214,309</u>	<u>477,913</u>
Cash and Cash Equivalents at End of Year	\$ <u><u>195,395</u></u>	\$ <u><u>623,147</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	\$ 157,021	\$ 128,303
Adjustments:		
Depreciation	314,729	0
Change in Operating Assets and Liabilities:		
Accounts Receivable	(41,904)	0
Materials and Supplies Inventory	3,433	0
Accounts Payable	(249,189)	0
Accrued Wages and Benefits	(619)	0
Compensated Absences Payable	(23,789)	0
Intergovernmental Payable	10,236	0
Claims Payable	<u>0</u>	<u>16,931</u>
Total Adjustments	<u>239,827</u>	<u>16,931</u>
Net Cash Provided by Operating Activities	\$ <u><u>8,183</u></u>	\$ <u><u>145,234</u></u>
Supplemental Schedule for Non-Cash Capital and Related Financing Activities:		
Increase in Capital Assets due to Capital Contributions	\$ 3,158,259	
Increase in Capital Assets due to Accounts Payable	142,320	
Increase in OWDA due to Intergovernmental Receivable	142,320	

The accompanying notes are an integral part of these basic financial statements.

City of Rocky River, Ohio

Statement of Fiduciary Net Assets Fiduciary Funds

December 31, 2011

	<u>Investment Trust</u>	
	<u>Individual Investment Account</u>	<u>Agency</u>
Assets:		
Equity in Pooled Cash and Cash Equivalents	\$ 0	\$ 349,331
Cash and Cash Equivalents:		
In Segregated Accounts	<u>4,685,869</u>	<u>532,973</u>
Total Assets	\$ <u>4,685,869</u>	\$ <u>882,304</u>
Liabilities:		
Undistributed Monies	\$ 0	\$ 277,180
Deposits Held and Due to Others	<u>0</u>	<u>605,124</u>
Total Liabilities	\$ <u>0</u>	\$ <u>882,304</u>
Net Assets:		
Held in Trust for Participants	\$ <u>4,685,869</u>	

The accompanying notes are an integral part of these basic financial statements.

City of Rocky River, Ohio

Statement of Changes in Fiduciary Net Assets Investment Trust Funds

For The Year Ended December 31, 2011

	<u>Individual Investment Account</u>
Additions:	
Interest	\$ 12,639
Capital Transaction – Purchases	<u>4,375,003</u>
Total Additions	<u>4,387,642</u>
Deductions:	
Capital Transaction – Redemption	5,098,013
Distributions to Participants	<u>19,822</u>
Total Deductions	<u>5,117,835</u>
Changes in Net Assets	(730,193)
Net Assets Beginning of Year	<u>5,416,062</u>
Net Assets End of Year	\$ <u>4,685,869</u>

The accompanying notes are an integral part of these basic financial statements.

City of Rocky River, Ohio

Notes to Basic Financial Statements

For The Year Ended December 31, 2011

Note 1: Description of City and Reporting Entity

The City of Rocky River (City) is a home rule municipal corporation, established under the laws of the State of Ohio and operated under a charter. The charter provides for a Council/Mayor form of government whereby the Mayor is the administrative officer of the City. The Charter was originally adopted in 1960 and has been amended periodically; most recently in 2008. The Mayor, Law Director and seven-member Council all serve two-year terms.

Reporting Entity

For financial reporting purposes, the 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 the City Administration and City 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 (Plant) is a joint venture among the cities of Rocky River, Bay Village, Fairview Park, and Westlake. The Plant has a Management Committee consisting of the Mayor of each Member City or his/her designee and a fifth member who is appointed by the four Mayors. The Director of Finance of the City of Rocky River serves as fiscal agent for the Plant.

The Plant is managed by the City of Rocky River with a report of operational activities made to the Management Committee annually. Personnel at the Plant are employees of the City of Rocky River. Pursuant to the organizing agreement (and amendments), the Plant is jointly owned by the Member Cities with each Member City's share being in proportion to its contribution to the total cost of constructing certain improvements. The Plant is a joint venture in which each Member City has an equity interest.

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 Plant is further described in Note 11 of the basic financial statements.

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2011

Note 1: Description of City and Reporting Entity (continued)

Reporting Entity (continued)

The City participates in other organizations: jointly governed organizations and a related organization. See Notes 20 and 25 to the basic financial statements for further information. The City also participates in a Joint Economic Development Zone, see Note 26 for further information.

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 guidance issued on or before November 30, 1989 by the Financial Accounting Standards Board ("FASB") which established the FASB Accounting Standards Codification ("ASC") as the single source of authoritative accounting principles generally accepted in the United States of America, 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 codification, 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" of the related 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-type activity is self-financing or draws from the general revenues of the City.

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2011

Note 2: Summary of Significant Accounting Policies (continued)

A. Basis of Presentation (continued)

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.

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 the State of Ohio.

Recreation Center Fund The Recreation Center 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 The General Obligation Bond Retirement Fund accounts for resources that are utilized for the repayment of general obligation bonds of the City.

Sewer Rehabilitation Fund The Sewer Rehabilitation Fund accounts for a fixed-fee sanitary sewer charge to be used for the accumulation of resources to rehabilitate through acquisition, construction, or improvement the City's sanitary sewer infrastructure.

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

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

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2011

Note 2: Summary of Significant Accounting Policies (continued)

B. Fund Accounting (continued)

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 joint venture investment in the Rocky River Wastewater Treatment Plant.

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 for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. The City's 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. 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, the Tri-City Council of Governments, donations and bequests, Municipal Court, and the S.A.F.E. Council of Governments.

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 fund financial statements for governmental funds.

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2011

Note 2: Summary of Significant Accounting Policies (continued)

C. Measurement Focus (continued)

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.

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 Non-exchange 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 60 days of year-end.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements, and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 7). Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the modified accrual basis, revenue from non-exchange 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 taxes, State of Ohio levied locally shared taxes (including gasoline tax and motor vehicle license fees), fines and forfeitures, interest, grants and entitlements, and rent.

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2011

Note 2: Summary of Significant Accounting Policies (continued)

D. Basis of Accounting (continued)

Unearned/Deferred Revenue Unearned 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, 2011, but which were levied to finance year 2012 operations, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as unearned revenue.

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

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

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

E. Cash and Cash Equivalents

To improve cash management, cash received by all funds is pooled. Monies for these funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through City records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents."

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.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts and nonnegotiable certificates of deposit are reported at cost.

The City has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2011. STAR Ohio is a statewide investment pool managed by the Ohio Treasurer of State. Participation is offered to Ohio political subdivisions as defined in Ohio Revised Code Section 135.45(F)(2)(a). STAR Ohio is not registered with the Securities Exchange Commission (SEC) as an investment company, but maintains a policy to operate as a "2a7 like pool" in a manner consistent with GASB Statement No. 31 "*Accounting and Financial Reporting for Certain Investments and for External Investment Pools.*" Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 2011.

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 2011 amounted to \$5,190, which includes \$3,131 assigned from other City funds.

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2011

Note 2: Summary of Significant Accounting Policies (continued)

E. Cash and Cash Equivalents (continued)

The City serves as fiscal agent for the Rocky River Wastewater Treatment Plant. A related 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. During 2011, investments purchased through this account were limited to nonnegotiable certificates of deposit and are reported at cost.

F. Inventory

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

G. Deferred Charges

Bond issuance costs and any premium or discount 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 Rocky River Wastewater Treatment Plant 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, 2011 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 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.

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2011

Note 2: Summary of Significant Accounting Policies (continued)

J. Capital Assets (continued)

All capital assets are depreciated except for land; certain land improvements; rights of way and construction in progress. Improvements are depreciated over the estimated remaining useful lives of the related capital assets. For 2011, 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 and sewer projects initiated in 2011. 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 estimated useful lives:

Buildings	50 Years
Equipment	5 - 10 Years
Vehicles	5 Years
Infrastructure	18 - 75 Years

K. Interfund Balances

On the fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as "Interfund Receivable/Payable." 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. See Note 21 for interfund receivables/payables as of December 31, 2011.

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 City will compensate the employees for the benefits through paid-time-off or some other means. The City records a liability for all accumulated unused vacation time when earned for all employees with more than one 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 20 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, 2011

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 and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds and long-term loans are recognized as a liability on the governmental fund financial statements when due.

N. Fund Balance

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

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

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

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

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

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2011

Note 2: Summary of Significant Accounting Policies (continued)

L. Fund Balance (continued)

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

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

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

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 government-wide Statement of Net Assets reports \$7,267,736 of Restricted Net Assets, none of which are restricted by enabling legislation. Net assets restricted for other purposes include resources for police and fire programs, refuse and recycling programs, and streets and highways. 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 non-operating.

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2011

Note 2: Summary of Significant Accounting Policies (continued)

Q. Interfund Activity

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

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating 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 and that are either unusual in nature or infrequent in occurrence. Neither occurred in 2011.

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 Alternative Tax Budget Information, the Certificate of Estimated Resources, and the Appropriations Ordinance, all of which are prepared on the budgetary basis of accounting. The Alternative Tax Budget Information 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 through the Appropriation Ordinance 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 ordinance 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 Director of Finance. 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.

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2011

Note 2: Summary of Significant Accounting Policies (continued)

T. Budgetary Data (continued)

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 Ordinance for that fund that covered the entire year, including encumbered amounts carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Council during the year.

U. Subsequent Events

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through June 29, 2012, the date the financial statements were issued.

Note 3: Change in Accounting Principles

For fiscal year 2011, the City implemented Governmental Accounting Standards Board (“GASB”) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* and GASB Statement No. 59, *Financial Instruments Omnibus*.

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

GASB Statement No. 59 updates and improves existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. The City has no such investments and thus, the implementation of this Statement has no impact on the City’s financial statements or disclosures.

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2011

Note 4: Budgetary Basis of Accounting

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by 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 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).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund and the Recreation Fund.

	<u>Net Change in Fund Balance</u>	
	<u>General</u>	<u>Recreation Center</u>
GAAP Basis	\$ 42,235	\$ (38,206)
Net Adjustment for Revenue Accruals	(44,853)	7,382
Net Adjustment for Expenditure Accruals	(51,997)	(70,975)
Encumbrances	<u>(113,420)</u>	<u>(65,079)</u>
Budget Basis	\$ <u>(168,035)</u>	\$ <u>(166,878)</u>

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2011

Note 5: Fund Balances

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

	General Fund	Recreation Center	General Obligation Bond	Sewer Rehabilitation	Capital Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:							
Inventory	\$ 15,094	\$ 6,355	\$ 0	\$ 0	\$ 0	\$ 111,049	\$ 132,498
Unclaimed Funds	<u>4,988</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,988</u>
Total Nonspendable	<u>20,082</u>	<u>6,355</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>111,049</u>	<u>137,486</u>
Restricted for:							
Capital Improvements	0	0	0	1,867,808	1,600,299	1,600,067	5,068,174
Community Impacts	0	0	0	0	0	3,312	3,312
Debt Service	0	0	20,397	0	0	3,912	24,309
Law Enforcement and Education	0	0	0	0	0	116,429	116,429
Marine Patrol	0	0	0	0	0	5,364	5,364
Security of Persons and Property	0	0	0	0	0	636,152	636,152
Streets and Highways	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>200,495</u>	<u>200,495</u>
Total Restricted	<u>0</u>	<u>0</u>	<u>20,397</u>	<u>1,867,808</u>	<u>1,600,299</u>	<u>2,565,731</u>	<u>6,054,235</u>
Assigned to:							
Other Purposes	<u>73,625</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>73,625</u>
Unassigned (Deficit)	<u>3,503,175</u>	<u>(392,526)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(235,049)</u>	<u>2,875,600</u>
Total Fund Balance \$	<u>3,596,882</u>	<u>\$ (386,171)</u>	<u>\$ 20,397</u>	<u>\$ 1,867,808</u>	<u>\$ 1,600,299</u>	<u>\$ 2,441,731</u>	<u>\$ 9,140,946</u>

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2011

Note 6: Deposits and Investments

The City follows the guidelines for deposit of funds set forth by the City Charter as well as certain provisions of Ohio Rev. Code Chapter 135: Uniform Depository Act.

City of Rocky River, Charter, Article VII, Section 3. provides “[T]he Director of Finance may invest moneys of the City in any or all of the following: Investments consistent with the general laws of the State of Ohio in accordance with the Ohio Uniform Depository Act and any amendments thereto, bonds or notes of this City, bonds or other obligations of the United States or other obligations of any political subdivision or taxing district of the State as to which there is no default of principal or interest, in such manner as is now or hereafter provided by ordinance of Council or by the laws of the State of Ohio, and the State Treasury Asset Reserve (STAR), an investment pool managed by the Ohio Treasurer of State, as defined in Section 135.45(F)(2)(a) of the Ohio Revised Code.”

Ohio Revised Code Section 135.01 classifies public money of the City into three categories: 1) active deposits; 2) inactive deposits, and 3) interim deposits. The City maintains active and interim deposits only.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the City’s deposits may not be returned from the depository. Protection of the City’s deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited either within the City or a qualified trustee by the financial institution as security for repayment, or by a single collateral pool established by the financial institution. In accordance with Chapter 135 of the Ohio Revised Code, any public depository receiving deposits pursuant to an award of City funds shall be required to pledge security for repayment of all public moneys deposited with the institution.

At year-end, the carrying amount of the City’s deposits was \$14,378,247 and the bank balance was \$14,687,748. Of the bank balance \$11,756,684 was covered by the FDIC and \$2,931,064 was uninsured. The entire uninsured bank balance was collateralized with securities held by pledging institutions’ agents in its collateral pool.

Investments

Investments are reported at fair value. As of December 31, 2011, the City has \$950,028 in STAROhio which has a Standard and Poor’s rating of AAAM.

Interest Rate Risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The City Charter addresses interest rate risk requiring that the City’s investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity and by investing operating funds primarily in short-term investments. The Ohio Revised Code Chapter 135 also limits security purchases to those that mature within five years unless specifically matched to a specific cash flow.

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2011

Note 6: Deposits and Investments (continued)

Investments (continued)

Custodial Risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. All financial institutions and broker/dealers who desire to become qualified for investment transactions with the City must meet a set of standards prescribed by Ohio Revised Code Chapter 135 and be periodically reviewed.

Credit Risk is addressed by the City's Charter by the requirements that all investments are authorized by Ohio Revised Code and that the portfolio be diversified both by types of investment and issuer.

Concentration of Credit Risk is defined by GASB as five percent or more in the securities of a single issuer. The City's Charter provides for diversification of the portfolio but does not indicate specific percentage allocations.

Note 7: Property Taxes

Property taxes include amounts levied against real and public utility properties located in the City. Property tax revenue received during 2011 represents collections of the 2010 taxes.

2011 real property taxes were levied after October 1, 2011, on the assessed value as of January 1, 2011, the lien date. Assessed values are established by Ohio Revised Code at 35 percent of appraised value. 2011 real property taxes are collected in and intended to finance 2012.

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

In June 2005, House Bill No. 66 (HB 66), a budget bill that included major changes to the State of Ohio tax code, was enacted. One provision of HB 66 was the elimination of the tangible personal property tax; machinery and equipment installed or first used in business after December 31, 2004 was immediately exempt from personal property taxation and the tax on existing machinery and equipment was phased out by January 1, 2009.

HB 66 also provided local governments, including the City, to receive reimbursements for the lost tax revenue. The reimbursements began in 2006 and will continue through 2018. During a hold-harmless period of 2006 through 2010, the City was fully compensated by the State of Ohio for the reduced tax revenue resulting from the elimination of the tangible personal property tax; from 2011 through 2018, with certain exceptions, the reimbursements will be phased-out. The reimbursed amounts only are reported as Intergovernmental Revenue.

In a subsequent budget bill passed in June 2011, the phased-out reimbursement payment that were to continue to 2018 were discontinued as of July 1, 2011.

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2011

Note 7: Property Taxes (continued)

The full tax rate for all City operations for the year ended December 31, 2011, was \$10.90 per \$1,000 of assessed value. The full rate for the City is the same as the effective rate. The assessed values of real and public utility properties upon which 2011 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Property	\$ 682,758,970
Public Utility	<u>6,534,340</u>
Total	\$ <u>689,293,310</u>

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

The Cuyahoga County Fiscal Officer collects property taxes on behalf of all taxing districts in the county, including the City. The County Fiscal Officers periodically remits to the City its portion of the taxes. Property taxes receivable represents real property taxes, public utility taxes, and outstanding delinquencies which are measurable as of December 31, 2011 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 2011 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 8: 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. Corporations and other individual taxpayers must pay their estimated tax quarterly and file a declaration annually. All income tax monies are credited to the General Fund.

By contractual agreement, the Central Collection Agency, a division of the City of Cleveland, administers and collects income taxes for the City. Amounts collected are remitted monthly to the City. Collection fees for 2011 were \$360,997.

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2011

Note 9: Receivables

Receivables at December 31, 2011, consisted of taxes, accounts (billings for user charged services), special assessments, interest, and intergovernmental receivables. Receivables are recorded net of an allowance for estimated uncollectible amounts. The allowance is based on a percentage of aged accounts receivable and current year revenues. The City has estimated \$12,056 in uncollectible billings for user charged services.

A summary of Intergovernmental Receivables follows:

Governmental Activities:

Homestead and Rollback	\$	471,063
Public Utility and CAT Tax Reimbursements		12,380
Local Government		256,824
Auto Registration and Gasoline Tax		360,957
Permissive Tax		3,503
Estate Tax		148,505
OPWC Loan Proceeds		224,072
Liquor Tax		9,566
Other Local Tax		<u>55,830</u>
Total Governmental Activities		<u>1,542,700</u>

Business-Type Activities:

OWDA Loan Proceeds		<u>142,320</u>
Total Intergovernmental Receivable	\$	<u><u>1,685,020</u></u>

Special assessments expected to be collected beyond one year amount to \$470,000 in the Special Assessment Bond Retirement Fund. The amount of delinquent special assessments outstanding is \$51,062 at December 31, 2011.

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2011

Note 10: Capital Assets

A summary of changes in capital assets during 2011 follows:

	Balance 12/31/10	Additions	Deletions	Balance 12/31/11
Governmental Activities				
<i>Non-depreciable Capital Assets</i>				
Land	\$ 2,017,826	\$ 0	\$ 0	\$ 2,017,826
Land Improvements	203,158	0	0	203,158
Construction in Progress	<u>2,951,171</u>	<u>495,421</u>	<u>(702,112)</u>	<u>2,744,480</u>
<i>Total Non-depreciable Capital Assets</i>	<u>5,172,155</u>	<u>495,421</u>	<u>(702,112)</u>	<u>4,965,464</u>
<i>Depreciable Capital Assets</i>				
Land Improvements	4,531,317	186,436	0	4,717,753
Buildings	33,730,576	0	0	33,730,576
Furniture, Fixtures and Equipment	4,386,653	454,961	0	4,841,614
Vehicles	7,556,488	69,472	(29,834)	7,596,126
Infrastructure:				
Roads	23,473,557	215,691	(88,874)	23,600,374
Sidewalks	862,946	247,444	0	1,110,390
Traffic Signals	2,670,690	0	0	2,670,690
Storm Sewers	4,705,161	25,177	0	4,730,338
Water Mains	<u>6,805,558</u>	<u>40,492</u>	<u>0</u>	<u>6,846,050</u>
<i>Total Depreciable Capital Assets</i>	<u>88,722,946</u>	<u>1,239,673</u>	<u>(118,708)</u>	<u>89,843,911</u>
Less Accumulated Depreciation:				
Land Improvements	(1,120,757)	(120,834)	0	(1,241,591)
Building	(10,478,313)	(586,827)	0	(11,065,140)
Furniture, Fixtures and Equipment	(4,085,619)	(37,835)	0	(4,123,454)
Vehicles	(6,651,131)	(480,006)	23,867	(7,107,270)
Infrastructure:				
Roads	(15,862,559)	(572,072)	88,874	(16,345,757)
Sidewalks	(77,554)	(24,797)	0	(102,351)
Traffic Signals	(2,020,175)	(133,554)	0	(2,153,729)
Storm Sewers	(1,446,671)	(57,379)	0	(1,504,050)
Water Mains	<u>(2,161,341)</u>	<u>(86,574)</u>	<u>0</u>	<u>(2,247,915)</u>
<i>Total Accumulated Depreciation</i>	<u>(43,904,120)</u>	<u>(2,099,878)</u>	<u>112,741</u>	<u>(45,891,257)</u>
Total Depreciable Capital Assets, Net	<u>44,818,826</u>	<u>(860,205)</u>	<u>(5,967)</u>	<u>43,952,654</u>
Governmental Activities Capital Assets, Net	\$ <u>49,990,981</u>	\$ <u>(364,784)</u>	\$ <u>(708,079)</u>	\$ <u>48,918,118</u>

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2011

Note 10: Capital Assets (continued)

	Balance 12/31/10	Additions	Deletions	Balance 12/31/11
Business-Type Activities				
<i>Non-depreciable Capital Assets</i>				
Land	\$ 39,516	\$ 0	\$ 0	\$ 39,516
Right of Way	250,000	0	0	250,000
Construction in Progress	1,896,782	3,300,579	0	5,197,361
<i>Total Non-depreciable Capital Assets</i>	<u>2,186,298</u>	<u>3,300,579</u>	<u>0</u>	<u>5,486,877</u>
<i>Depreciable Capital Assets</i>				
Furniture, Fixtures and Equipment	113,243	0	0	113,243
Vehicles	540,859	0	0	540,859
Sewer Lines	22,288,808	0	0	22,288,808
<i>Total Depreciable Capital Assets</i>	<u>22,942,910</u>	<u>0</u>	<u>0</u>	<u>22,942,910</u>
Less Accumulated Depreciation				
Furniture, Fixtures and Equipment	(50,836)	(19,620)	0	(70,456)
Vehicles	(534,469)	(3,195)	0	(537,664)
Sewer Lines	(5,383,393)	(291,914)	0	(5,675,307)
<i>Total Accumulated Depreciation</i>	<u>(5,968,698)</u>	<u>(314,729)</u>	<u>0</u>	<u>(6,283,427)</u>
Total Depreciable Capital Assets, Net	<u>16,974,212</u>	<u>(314,729)</u>	<u>0</u>	<u>16,659,483</u>
Total Business-Type Activities Capital Assets, Net	\$ <u>19,160,510</u>	\$ <u>2,985,850</u>	\$ <u>0</u>	\$ <u>22,146,360</u>

*Depreciation expense was charged to governmental functions as follows:

General Government	\$ 142,775
Security of Persons and Property	347,156
Public Health	40,116
Transportation	691,506
Community Development	21,031
Basic Utility Service	395,695
Leisure Time Activities	<u>461,599</u>
Total	\$ <u>2,099,878</u>

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2011

Note 11: Joint Venture - Rocky River Wastewater Treatment Plant

The Rocky River Wastewater Treatment Plant (Plant) is a joint venture among the cities of Rocky River, Bay Village, Fairview Park, and Westlake. The Plant is governed by a management committee consisting of the elected mayors of the four member cities and a fifth person nominated and elected by the mayors. The committee has authority over all aspects of the Plant's operation. The Plant supplies all participating residents of the member cities with wastewater treatment 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 \$5,594,776 which represents 25.43 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 12: Related Party Transactions

Since the continued existence of the Plant is dependent upon the participation of each member city, all transactions between the Plant and each member city are considered related party transactions. The Plant's transactions during 2011 involving the City of Rocky River are summarized as follows:

A. Charges for Services and Contributions for Capital Assets Replacement Fund

Charges for services revenue for 2011 consists of amounts charged to the member cities for wastewater treatment services provided to the member cities' residents and contributions to the Plant for plant and equipment replacement, as follows:

	Charges for Services	Contributions
Rocky River	\$ 1,064,653	\$ 161,735

As of December 31, 2011, the City of Rocky River owed the Plant \$319,395 for the charges discussed above which is recorded as Accounts Payable.

B. Lease of Land

The Plant is located on property owned by the City. The organizing agreement (as amended) provides for an annual lease payment of \$57,000 from the Plant for use of the land.

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2011

Note 13: Risk Management

The City is exposed to various risks related to damage to, theft of and destruction of assets; torts; errors and omissions; natural disasters; and injuries to employees. During 2011, the City obtained insurance coverage with private insurance carriers to address exposure to certain of these risks.

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

Protection for employees injured while at work is provided through the two agencies of the State of Ohio: the Bureau of Workers' Compensation (BWC) and the Industrial Commission of Ohio (IC). The BWC has the administrative and insurance function, collecting workers' compensation insurance premiums from employers, and overseeing compensable claims of injured workers. The IC is the claims adjudicative branch that resolves disputes arising from a workers' compensation claim. Also, the City has contracted with a third-party administrator and a managed care organization to provide case management, consulting, and administrative services.

Since May 2002, the City has provided employees (and eligible dependents) medical and prescription drug benefits on a partially self-insured basis; dental benefits are provided on a fully-insured basis.

The City contracts with a third-party administrator to process and pay claims and has obtained stop-loss coverage for claims individual and aggregate per year claims. The City pays a monthly premium into the Self-Insurance Fund for each employee that varies according to employee group. These rates are paid by the fund from which the employees' salary is paid. Incurred but not reported claims of \$124,404 have been accrued as a liability at December 31, 2011 based on an estimate by the third-party administrator.

Changes in the fund's claims liability amount 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>
2007	\$ 125,103	\$ 1,566,834	\$ 1,531,017	\$ 160,920
2008	160,920	2,226,471	2,100,829	286,562
2009	286,562	1,494,393	1,690,471	90,484
2010	90,484	1,800,064	1,783,075	107,473
2011	107,473	1,657,326	1,640,395	124,404

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2011

Note 14: 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, the member-directed plan and the combined plan. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the traditional plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the member-directed plan.

OPERS provides retirement, disability, survivor, and death benefits and annual cost-of-living adjustments to members of the traditional 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) 222-5601 or 800-222-7377.

For 2011, the members and employer contribution rates were consistent across all three plans. For the year ended, December 31 2011, the members of all three plans were required to contribute 10 percent of their annual covered salary to fund pension obligations. The City contributed 14 percent of covered payroll, of which 4 percent for the traditional plan and 6.05 percent for the combined plan was used to fund health care coverage for retirees. The contribution rate is determined actuarially. The Ohio Revised Code provides statutory authority for member and employer contributions.

The City's required contributions for pension obligations, excluding the health care portion, to the traditional and combined plans for the years ended December 31, 2011, 2010, and 2009 were \$927,763, \$867,293, and \$752,579, respectively; 99.35 percent has been contributed for 2011, and 100 percent for 2010 and 2009. Contributions to the member-directed plan for 2011 were \$28,788 made by the City and \$20,563 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. The 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. The OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2011

Note 14: 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, while employers are required to contribute 19.5 percent for police officers and 24 percent for firefighters. Contributions are authorized by state statute. The City's contributions, excluding the health care portion, for the years ended December 31, 2011, 2010, and 2009 for police officers were \$327,180, \$357,644, and \$335,592 and for firefighters were \$406,704, \$414,062, and \$391,185, respectively, equal to the required contributions for each year. The full amount has been contributed for years 2009 and 2010, and 73.35 percent and 72.93 percent has been contributed for 2011 for police and firefighters, respectively.

Note 15: Post-employment Benefits

A. Ohio Public Employees Retirement System

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

In order to qualify for post-retirement health care coverage, age and service retirees under the traditional pension and combined plans must have 10 or more years of qualifying service credit. Health care coverage for disability recipients and qualified survivor recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained in writing to OPERS, 227 E. Town St., Columbus, OH, 43215-4642, or by calling (614)222-5601 or 800-222-7377.

The Ohio Revised Code provides statutory authority requiring employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011, the City contributed at a rate of 14 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units. Active members do not make contributions to the OPEB plan.

OPERS' Post-Employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of the post-employment health care benefits. For 2011, the employer contribution allocated to the health care plan for members in the traditional plan was 4.0 percent of covered payroll and 6.05 percent of covered payroll for members of the combined plan.

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2011

Note 15: Post-employment Benefits (continued)

A. Ohio Public Employees Retirement System (continued)

The employer contribution allocated to the health care plan for members in the combined plan was 4.73 percent from January 1 through February 28 and 4.23 percent from March 1 through December 31 of covered payroll. The OPERS Board of Trustees is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2011, 2010, and 2009 were \$372,454, \$495,719, and \$550,501, respectively; 99.35 percent has been contributed for 2011, 100 percent has been contributed for 2010 and 2009.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1 of each year from 2006 to 2008. These rate increases allowed additional funds to be allocated to the health care plan.

B. Ohio Police and Fire Pension Fund

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

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement 45.

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

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to the Pension Fund, Attention: Chief Financial Officer, 140 E. Town St., Columbus, Ohio 43215-5164.

The Ohio Revised Code provides for contribution requirements of the participating employers and of the plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5 percent and 24 percent of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of the covered payroll for police employer units and 24 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2011

Note 15: Post-employment Benefits (continued)

B. Ohio Police and Fire Pension Fund (continued)

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2011, the employer contribution allocated to health care plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 1150 and 401(h).

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

The City's total contributions to OP&F for police and fire for the years ending December 31, 2011, 2010, and 2009 were \$500,392, \$546,985, and \$513,258, and \$565,849, \$576,086, and \$544,258, respectively, of which \$173,213, \$189,341, and \$177,666 and \$159,145, \$162,024, and \$153,073, respectively, was allocated to the health care plan. The full amount has been contributed for 2010 and 2009. For 2011, 73.35 percent for police and 72.93 percent for firefighters has been contributed, with the remainder being reported as a liability.

Note 16: 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 40 hours worked, except for the fire division where employees earn 9.69 hours for every 168 hours worked. Sick leave accumulation is limited to 960 hours, except for the fire division where a maximum of 1,341 hours may be accumulated. City employees with two or more years of service are paid for their accumulated sick leave upon termination or retirement.

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2011

Note 17: Conduit Debt

West Shore Unitarian Universalist Church

In October 2005, the City issued \$1,350,000 Economic Development Revenue Bonds, Series 2005 (Bonds) pursuant to a Loan Agreement dated October 3, 2005 between the City and the West Shore Unitarian Universalist Church (the Borrower). The Bonds were issued for the purpose of making a loan to the Borrower, an Ohio nonprofit corporation to acquire, construct, renovate, furnish, and equip an approximately 12,000 square foot area of the Borrower's facility at 20401 Hilliard Boulevard, Rocky River, which will be used by the Borrower, acting as the "West Shore Child Care Center" in its operation of day care and pre-school facilities.

The Bond Service Charges are payable from revenue assigned to secure such payment 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. The Bonds are payable in 240 monthly payments from November 1, 2005 through October 1, 2025 inclusive.

<u>Description</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Outstanding 12/31/11</u>	<u>Date of Maturity</u>
Economic Development Revenue Bonds, Series 2005	\$ 1,350,000	Variable	\$ 1,068,609	October 1, 2025

Note 18: 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			
2005 Civic Facility Improvements	2.50-4.00%	\$ 8,400,000	December 1, 2024
2002 Municipal Court Facility	3.00-4.75	3,700,000	December 1, 2026
2004 General Purpose	2.00-5.00	10,840,000	December 1, 2024
2011 Municipal Court Facility Refunded	2.00-3.125	2,835,000	December 1, 2022
Special Assessment Bonds			
2000 Erosion Control (B)	5.00-5.50	360,000	December 1, 2025
1998 Erosion Control (A)	4.75-5.10	605,000	December 1, 2023
OPWC Loans			
Valley View Storm and Sanitary Sewer	0.00	NA	January 1, 2041
Hampton Road Storm and Sanitary Sewer	0.00	NA	January 1, 2043
OWDA Loan			
2000 Pump Station and Sewer Repair	4.64	328,239	July 1, 2020
Avalon Drive Storm and Sanitary Sewer	3.03	NA	July 1, 2017

NA – Final amount of loan has not been finalized.

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2011

Note 18: Long-Term Obligations (continued)

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

	Outstanding 12/31/10	Additions	Reductions	Outstanding 12/31/11	Amount Due in One Year
Governmental Activities					
General Obligation Bonds					
2005 Civic Facility Improvements	\$ 6,530,000	\$ 0	\$ 355,000	\$ 6,175,000	\$ 365,000
2002 Municipal Court Facility	2,875,000	0	2,750,000	125,000	125,000
2004 General Purpose	7,060,000	0	615,000	6,445,000	615,000
2011 Refunded Municipal Court Facility	0	2,835,000	750,000	2,085,000	60,000
Loss on Refunding	0	(182,830)	0	(182,830)	0
Unamortized Premium	319,498	52,694	22,821	349,371	0
Total General Obligation Bonds	<u>16,784,498</u>	<u>2,704,864</u>	<u>4,492,821</u>	<u>14,996,541</u>	<u>1,165,000</u>
Special Assessment Bonds					
2000 Erosion Control (B)	225,000	0	15,000	210,000	15,000
1998 Erosion Control (A)	325,000	0	25,000	300,000	25,000
Total Special Assessment Bonds	<u>550,000</u>	<u>0</u>	<u>40,000</u>	<u>510,000</u>	<u>40,000</u>
Ohio Public Works Commission (OPWC) Loans					
Valley View Storm and Sanitary Sewer Improvement	697,795	1,787,208	0	2,485,003	0
Hampton Road Storm and Sanitary Sewer Improvement	176,975	69,332	0	246,307	0
Total OPWC Loans	<u>874,770</u>	<u>1,856,540</u>	<u>0</u>	<u>2,731,310</u>	<u>0</u>
Compensated Absences Payable	4,187,161	1,792,755	1,724,284	4,255,632	707,680
Police and Fire Pension Liability	521,605	0	29,286	492,319	30,544
Total Governmental Activities	<u>\$ 22,918,034</u>	<u>\$ 6,354,159</u>	<u>\$ 6,286,391</u>	<u>\$ 22,985,802</u>	<u>\$ 1,943,224</u>
Business-Type Activities					
OWDA Loan – Pump Station	\$ 214,850	\$ 0	\$ 17,327	\$ 197,523	\$ 18,140
OWDA Loan – Avalon Drive	0	142,320	0	142,320	0
Compensated Absences Payable	127,525	52,468	76,257	103,736	16,684
Total Business-Type Activities	<u>\$ 342,375</u>	<u>\$ 194,788</u>	<u>\$ 93,584</u>	<u>\$ 443,579</u>	<u>\$ 34,824</u>

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2011

Note 18: Long-Term Obligations (continued)

General purpose general obligation bonds will be paid from property taxes and money transferred to the Debt Service Fund.

Municipal Court Facility and the Refunded Municipal Court Facility general obligation bonds will be paid from the Municipal Court Capital Improvement Fund.

The special assessment bonds will be paid from the proceeds of special assessments levied against benefited property owners. In the event that property owners fail to make their special assessment payments, the City is responsible for providing the resources to meet the annual principal and interest payments.

The police and fire pension liability will be paid from levied taxes in the Police and Fire Pension 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 Sanitary Sewer Enterprise Fund will be paid from revenues derived by the City from sanitary sewer charges.

During 2009, the City obtained an OPWC loan for the Valley View Storm and Sanitary Sewer Improvements to be repaid in semi-annual principal payments of approximately \$49,795 beginning in July 2011 for an estimated 30 years. OPWC has authorized this loan up to \$2,987,712. The above represents the monies drawn against this loan and as a result, the debt maturity schedule below does not reflect any amount for principal. When the loan is finalized, the principal will be included below.

Also during 2009, the City obtained a second OPWC loan for the Hampton Road Storm and Sanitary Sewer Improvements to be repaid in semi-annual principal payments of approximately \$63,112 beginning in July 2013 for an estimated 30 years. OPWC has authorized this loan up to \$3,786,720. The above represents the monies drawn against this loan and as a result, the debt maturity schedule below does not reflect any amount for principal. When the loan is finalized, the principal will be included below.

During 2010, the City obtained an OPWC loan for the Frazier Drive Improvements to be repaid in semi-annual principal payments of approximately \$54,619 beginning in July 2014 for an estimated 30 years. OPWC has authorized this loan up to \$3,277,120. No draws have been made against this loan and as a result, the debt maturity schedule below does not reflect any amount for principal. When the loan is finalized, the principal will be included below.

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2011

Note 18: Long-Term Obligations (continued)

The City's overall legal debt margin was \$54,270,369 at December 31, 2011. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2011, are as follows:

	<u>General Obligation Bonds</u>		<u>Special Assessment Bonds</u>		<u>Police and Fire Pension</u>		<u>Total Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 1,165,000	\$ 630,388	\$ 40,000	\$ 26,463	\$ 30,544	\$ 20,603	\$ 1,235,544	\$ 677,453
2013	1,200,000	579,906	40,000	24,475	31,855	19,291	1,271,855	623,672
2014	1,230,000	537,831	40,000	22,475	33,224	17,922	1,303,224	578,229
2015	1,000,000	495,981	40,000	20,463	34,651	16,495	1,074,651	532,939
2016	1,040,000	456,331	40,000	18,400	36,139	15,007	1,116,139	489,738
2017-2021	5,835,000	1,548,969	200,000	60,713	147,709	51,990	6,182,709	1,661,671
2022-2026	3,360,000	305,725	110,000	12,075	69,189	31,506	3,539,189	349,306
2027-2031	0	0	0	0	85,380	15,315	85,380	15,315
2032-2036	0	0	0	0	23,628	892	23,628	892
Total	\$ <u>14,830,000</u>	\$ <u>4,555,132</u>	\$ <u>510,000</u>	\$ <u>185,063</u>	\$ <u>492,319</u>	\$ <u>189,021</u>	\$ <u>15,832,319</u>	\$ <u>4,929,215</u>

<u>Business Type Activity</u>		
<u>OWDA Loan</u>		
	<u>Principal</u>	<u>Interest</u>
2012	\$ 18,140	\$ 8,956
2013	18,992	8,106
2014	19,884	7,214
2015	20,817	6,281
2016	21,794	5,304
2017-2021	97,896	10,494
Total	\$ <u>197,523</u>	\$ <u>46,355</u>

On September 1, 2011, the City issued \$2,835,000 in general obligation bonds for the purpose of refunding the 2002 Municipal Court Facility general obligation bond in order to take advantage of lower interest rates. An analysis of the information follows:

2002 Municipal Court Facility

Outstanding at December 31, 2010	\$ 2,875,000
Amount refunded	(2,630,000)
Principal payment on non-refunded portion	<u>(120,000)</u>
Outstanding at December 31, 2011	\$ <u>125,000</u>

The bonds were sold at a premium of \$52,694. Proceeds of \$2,812,830 were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded portion of the various general obligation bonds. As a result, \$2,630,000 of these bonds are considered defeased and the liability for the refunded portion of these bonds has been removed from the City's financial statements.

The City decreased its total debt service payments by \$1,497,961 as a result of the refunding. The City also incurred an economic gain (difference between the present value of the old and new debt service payments) of \$1,147,715.

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2011

Note 19: Litigation

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

Note 20: 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 Olmsted, 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 exercises 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 2011, the City contributed \$31,750 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 Council of Governments

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 operate a public park to which residents of all member cities 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 2011, the City contributed \$2,000 to the 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.

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2011

Note 20: Jointly Governed Organizations

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

The Safe Air for the Environment Council of Governments (S.A.F.E. 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 S.A.F.E. Council was formed to oppose and to monitor changes to air traffic patterns of flights from nearby Cleveland Hopkins International Airport.

The S.A.F.E. Council is governed by a board comprised of one member from each member city. The board exercises control over the operation of the S.A.F.E. Council including budgeting, appropriating, contracting, and administration. The S.A.F.E. 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 S.A.F.E. Council in 2011.

Financial information for the S.A.F.E. 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. Suburban Water Regional Council of Governments

The Suburban Water Regional Council of Governments (Water Council) was organized in 2003 pursuant to Ohio Revised Code Section 167.01 by the political subdivisions to which the City of Cleveland, Ohio sells water, either by direct service to residents or on a bulk basis. The Water Council was formed to represent such political subdivisions in communications, understandings, uniform approaches, and exchange of information between the members of the Water Council and the City of Cleveland, Ohio.

The Water Council is governed by a Board of Trustees elected from each of nine member groups defined in the organizing agreement. The Mayor represents the City and is eligible to be elected to the Board of Trustees of the Water Council.

The City made no contributions to the Water Council in 2011. The organizing agreement provides for the assessment of dues to members; however, no dues have been assessed since the inception of the Water Council.

The fiscal information of the Water Council may be obtained through the office of the Executive Secretary of the Cuyahoga County Mayors and Managers Association located at 10107 Brecksville Road, Brecksville, Ohio 44141, who serves as the fiscal agent.

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2011

Note 21: Interfund Activity

A. Transfers

The transfers among City funds were made to provide additional resources for current operations and for the payment of debt. The General Fund made the following transfers during the year ended December 31, 2011:

<u>Transfer to</u>	
Recreation Center	\$ 350,000
General Obligation Bond Retirement	775,000
Other Governmental Funds	<u>2,555,000</u>
Fund Transfers	\$ <u>3,680,000</u>

B. Receivable/Payable

During the year ended December 31, 2008, the General Fund advanced the Recreation Center Special Revenue Fund \$500,000, which created an Interfund Receivable/Payable. The advance was for monies that were expected to be repaid by December 31, 2011. A \$50,000 payment was made in 2011. The remaining balance is \$450,000.

Note 22: Accountability and Compliance

A. Accountability

Fund Equity Deficit – Special Revenue Funds

There are deficits in the Recreation Center, Refuse and Recycling, Fire Levy, and Policy Levy Special Revenue Funds of \$386,171, \$26,399, \$107,836, and \$86,218, respectively, caused by the application of accounting principles generally accepted in the United State of America to the funds. The General Fund is liable for any deficit in the funds and provides operating transfers when cash is required, not when accruals occur.

B. Compliance

The following had appropriations in excess of the estimated resources plus available balances for 2011, contrary to Ohio Revised Code, Section 5705.39:

	<u>Original</u>			<u>Final</u>		
	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Excess</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Excess</u>
General Fund	\$ 19,840,924	\$ 20,452,063	\$ 611,139	\$ 19,906,924	\$ 20,517,768	\$ 610,844
Special Revenue Funds:						
Recreation Fund	3,105,824	3,139,702	33,878	3,105,824	3,139,702	33,878
Refuse and Recycling Fund	1,709,763	1,728,179	18,416	1,709,763	1,728,179	18,416
Street Repair and Maintenance Fund	1,172,027	1,184,417	12,390	1,172,027	1,184,417	12,390
Self-Insurance Fund	3,090,705	3,304,671	213,966			

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2011

Note 23: Contractual Commitments

At December 31, 2011, the City's significant contractual commitments consisted of:

<u>Project</u>	<u>Contract Amount</u>	<u>Amount Paid</u>	<u>Remaining on Contract</u>
Emergency Sewer Repairs	\$ 175,000	\$ 130,311	\$ 44,689
Old Detroit Streetscape	454,611	435,219	19,392
Schlather Lane Slope Repair	70,000	0	70,000
Sewer Rehabilitation, Engineering	286,015	71,613	214,402
Sewer Televising	50,000	4,779	45,221
Street, Sidewalk, and Curb Repair	50,000	2,290	47,710
Valley View Sewer Rehabilitation	<u>3,854,762</u>	<u>3,241,869</u>	<u>612,893</u>
Total	\$ <u>4,940,388</u>	\$ <u>3,886,081</u>	\$ <u>1,054,307</u>

The amounts captioned "Remaining on Contract" are encumbered as of the end of the year.

Note 24: Operating Leases

A. Lessor

In July 2007, the City entered into a five year lease agreement with Fairview Hospital (the Hospital) whereby the Hospital will operate an Outpatient Physical Therapy Center at the Don Umerley Civic Center. Total revenue from this lease in 2011 was \$20,000. In September 2011, as provided in the lease agreement, the Hospital terminated the lease arrangement with no further obligation.

B. Lessee

In August 2006, the City entered into a 15 year lease agreement with Beachcliff Properties L.P. to lease a parking structure at the Beachcliff Market Square to provide free public parking in the downtown retail district. The total rental expense for year ended December 31, 2011 was \$40,000.

In March 2009, the City entered into a two year lease agreement for police motorcycles. The total rental expense for year ended December 31, 2011 was \$301.

Future minimum rental payments for these leases are as follows:

2012	\$ 30,000
2013	20,000
2014	20,000
2015	20,000
2016	20,000
2017-2020	<u>80,000</u>
	\$ <u>190,000</u>

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2011

Note 25: Related Organization

The Rocky River Community Improvement Corporation (CIC) was organized pursuant to Ohio Revised Code Chapter 1724 in October 2002 as an Ohio nonprofit corporation. The CIC was formed to advance, encourage and promote development of the City by acting as the designated agency of the City for such purposes in accordance with Ohio Revised Code Section 1724.10.

The CIC is a body politic, separate from the City, which may act as an individual entity to carry out the powers conferred upon it by the general laws of the State of Ohio. The corporate code of regulations provides for a board of directors comprised of the Mayor; the members of City Council and the Directors of Community and Economic Development and Finance of the City. The Director of Finance serves as CIC Treasurer. The CIC has neither applied nor qualified for a tax-exemption pursuant to any section of the Internal Revenue Code.

At December 31, 2011, the CIC has no assets or liabilities. The CIC has had no financial activity since 2005.

Note 26: Joint Economic Development Zone

In 2008, pursuant to Ohio Rev. Code Section 715.69, the City entered into a 30 year agreement with 13 other cities in Cuyahoga and Lorain Counties to create and provide for the operation of a joint economic development zone (JEDZ) for the purpose of facilitating new or expanded growth for commercial or economic development. The JEDZ is known as the Nagel-Interstate 90 Joint Economic Development Zone and consists of about 791 acres in the City of Avon, Lorain County, Ohio.

The agreement provides that for any business relocating to the JEDZ from the City, the City of Avon will 1) limit real estate tax abatements; 2) not provide any income tax abatements; and 3) with certain limitations, share income taxes.

The agreement does not provide for a financial contribution by the City.

Note 27: Solid Waste Transfer Station

The City operates a solid waste transfer station at 22401 Lake Road. The transfer station has been in operation since 1995 and is used by residents and businesses to dispose of solid waste which is then transported to a commercial landfill outside the City.

In accordance Ohio Environmental Protection Agency regulations promulgated in the Ohio Administrative Code, the City annually provides the required financial assurance through the local government financial test for final closure of the transfer station. Since the initiation of said regulations, the City completed the local government financial test and met the required financial assurances.

When using the local government financial test mechanism, the Ohio Environmental Protection Agency does not require a liability to be recognized provided the City meets the requirements of the financial test. Further, the City has no plans to close or move the facility. Therefore, no liability is recognized (actual or contingent) in the accompanying financial statements, for the cost to perform and complete transfer station closure activities.

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.

Mediation Services Fund – To account for the collection of fees for all civil cases except cognovit 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.

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.

(continued)

City of Rocky River, Ohio

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

Non-major Special Revenue Funds (continued)

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.

Indigent Driver Alcohol Monitoring (IDAM) Fund – To account for mandatory minimum fine amounts established pursuant to Ohio Rev. Code Section 4511.19(G)(5)(e) for operating a vehicle under the influence of alcohol or drugs.

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, 2011

	Non-major Special Revenue Funds	Non-major Debt Service Fund	Non-major Capital Projects Funds	Total Non-major Governmental Funds
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ 1,223,370	\$ 3,912	\$ 1,552,251	\$ 2,779,533
Accrued Interest Receivable	49	0	57	106
Accounts Receivable	17,098	0	52,389	69,487
Intergovernmental Receivable	457,843	0	9,563	467,406
Materials and Supplies Inventory	111,049	0	0	111,049
Taxes Receivable	1,266,125	0	0	1,266,125
Special Assessments Receivable	<u>0</u>	<u>733,993</u>	<u>0</u>	<u>733,993</u>
 Total Assets	 \$ <u>3,075,534</u>	 \$ <u>737,905</u>	 \$ <u>1,614,260</u>	 \$ <u>5,427,699</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	\$ 184,158	\$ 0	\$ 7,618	\$ 191,776
Accrued Wages and Benefits	28,704	0	446	29,150
Intergovernmental Payable	357,689	0	6,129	363,818
Matured Compensates Absences	56,578	0	0	56,578
Deferred Revenue	<u>1,610,653</u>	<u>733,993</u>	<u>0</u>	<u>2,344,646</u>
 Total Liabilities	 <u>2,237,782</u>	 <u>733,993</u>	 <u>14,193</u>	 <u>2,985,968</u>
Fund Balances:				
Nonspendable	111,049	0	0	111,049
Restricted	961,752	3,912	1,600,067	2,565,731
Unassigned (Deficit)	<u>(235,049)</u>	<u>0</u>	<u>0</u>	<u>(235,049)</u>
 Total Fund Balances	 <u>837,752</u>	 <u>3,912</u>	 <u>1,600,067</u>	 <u>2,441,731</u>
 Total Liabilities and Fund Balances	 \$ <u>3,075,534</u>	 \$ <u>737,905</u>	 \$ <u>1,614,260</u>	 \$ <u>5,427,699</u>

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, 2011

	Non-major Special Revenue Funds	Non-major Debt Service Fund	Non-major Capital Projects Funds	Total Non-major Governmental Funds
Revenues:				
Property Taxes	\$ 1,248,833	\$ 0	\$ 0	\$ 1,248,833
Intergovernmental	1,129,622	0	864,849	1,994,471
Charges for Services	530,614	0	0	530,614
Fees, Fines and Permits	312,734	0	11,640	324,374
Special Assessments	0	60,120	0	60,120
Investment Income	331	0	1,712	2,043
Other	<u>4,296</u>	<u>0</u>	<u>0</u>	<u>4,296</u>
Total Revenues	<u>3,226,430</u>	<u>60,120</u>	<u>878,201</u>	<u>4,164,751</u>
Expenditures:				
Current:				
General Government	21,303	0	0	21,303
Security of Persons and Property	1,444,852	0	0	1,444,852
Public Health	1,281,566	0	0	1,281,566
Transportation	1,477,838	0	0	1,477,838
Basic Utility Service	1,610,544	0	0	1,610,544
Capital Outlay	153,133	0	624,280	777,413
Debt Service:				
Principal Retirement	29,286	40,000	870,000	939,286
Interest and Fiscal Charges	23,887	28,694	72,100	124,681
Issuance Costs	<u>0</u>	<u>0</u>	<u>74,864</u>	<u>74,864</u>
Total Expenditures	<u>6,042,409</u>	<u>68,694</u>	<u>1,641,244</u>	<u>7,752,347</u>
Excess of Revenues Over (Under)				
Expenditures	(2,815,979)	(8,574)	(763,043)	(3,587,596)
Other Financing Sources (Uses):				
Issuance of Debt	0	0	2,835,000	2,835,000
Premium on Debt	0	0	52,694	52,694
Payment to Escrow	0	0	(2,812,830)	(2,812,830)
Transfers - In	<u>2,545,000</u>	<u>10,000</u>	<u>0</u>	<u>2,555,000</u>
Total Other Financing Sources (Uses)	<u>2,545,000</u>	<u>10,000</u>	<u>74,864</u>	<u>2,629,864</u>
Net Change In Fund Balances	(270,979)	1,426	(688,179)	(957,732)
Fund Balances (Deficit) at				
Beginning of Year	<u>1,108,731</u>	<u>2,486</u>	<u>2,288,246</u>	<u>3,399,463</u>
Fund Balances at End of Year	\$ <u>837,752</u>	\$ <u>3,912</u>	\$ <u>1,600,067</u>	\$ <u>2,441,731</u>

City of Rocky River, Ohio

Combining Balance Sheet Non-Major Special Revenue Funds

December 31, 2011

	<u>Law Enforcement Trust</u>	<u>Community Diversion Program</u>	<u>Indigent Driver Alcohol Treatment</u>	<u>Enforcement and Education</u>
Assets:				
Equity in Pooled Cash and Cash				
Equivalents	\$ 104,718	\$ 6,423	\$ 148,767	\$ 12,124
Accrued Interest Receivable	0	0	0	0
Accounts Receivable	94	0	2,459	171
Intergovernmental Receivable	0	0	0	0
Materials and Supplies Inventory	0	0	0	0
Taxes Receivable	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets	\$ <u>104,812</u>	\$ <u>6,423</u>	\$ <u>151,226</u>	\$ <u>12,295</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	\$ 678	\$ 0	\$ 21,092	\$ 0
Accrued Wages and Benefits	0	0	0	0
Intergovernmental Payable	0	123	0	0
Matured Compensated Absences	0	0	0	0
Deferred Revenue	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>678</u>	<u>123</u>	<u>21,092</u>	<u>0</u>
Fund Balances:				
Nonspendable	0	0	0	0
Restricted	104,134	6,300	130,134	12,295
Unassigned (Deficit)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Fund Balances (Deficit)	<u>104,134</u>	<u>6,300</u>	<u>130,134</u>	<u>12,295</u>
Total Liabilities and Fund Balances	\$ <u>104,812</u>	\$ <u>6,423</u>	\$ <u>151,226</u>	\$ <u>12,295</u>

<u>Municipal Probation Services</u>	<u>Mediation Services</u>	<u>Federal Emergency Management Agency</u>	<u>Office on Aging</u>	<u>Marine Patrol</u>
\$ 361,946	\$ 63,935	\$ 47	\$ 53,697	\$ 5,824
49	0	0	0	0
12,128	1,045	0	0	0
0	0	0	22,234	0
0	0	0	46,826	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>301,459</u>	<u>0</u>
\$ <u>374,123</u>	\$ <u>64,980</u>	\$ <u>47</u>	\$ <u>424,216</u>	\$ <u>5,824</u>
\$ 16,575	\$ 0	\$ 0	\$ 20,939	\$ 11
505	174	0	3,170	0
3,599	416	0	15,280	449
0	0	0	27,039	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>323,693</u>	<u>0</u>
<u>20,679</u>	<u>590</u>	<u>0</u>	<u>390,121</u>	<u>460</u>
0	0	0	46,826	0
353,444	64,390	47	0	5,364
<u>0</u>	<u>0</u>	<u>0</u>	<u>(12,731)</u>	<u>0</u>
<u>353,444</u>	<u>64,390</u>	<u>47</u>	<u>34,095</u>	<u>5,364</u>
\$ <u>374,123</u>	\$ <u>64,980</u>	\$ <u>47</u>	\$ <u>424,216</u>	\$ <u>5,824</u>

(continued)

City of Rocky River, Ohio

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

December 31, 2011

	<u>Community Impacts</u>	<u>Refuse and Recycling</u>	<u>Motor Vehicle License Tax</u>	<u>Street Repair and Maintenance</u>
Assets:				
Equity in Pooled Cash and Cash				
Equivalents	\$ 3,312	\$ 69,694	\$ 26,506	\$ 133,114
Accrued Interest Receivable	0	0	0	0
Accounts Receivable	0	0	0	0
Intergovernmental Receivable	0	44,468	3,503	333,885
Materials and Supplies Inventory	0	1,865	0	62,358
Taxes Receivable	<u>0</u>	<u>602,916</u>	<u>0</u>	<u>0</u>
 Total Assets	 \$ <u>3,312</u>	 \$ <u>718,943</u>	 \$ <u>30,009</u>	 \$ <u>529,357</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	\$ 0	\$ 55,945	\$ 1,932	\$ 59,556
Accrued Wages and Benefits	0	12,470	2,385	10,000
Intergovernmental Payable	0	29,543	5,454	16,296
Matured Compensated	0	0	0	29,539
Deferred Revenue	<u>0</u>	<u>647,384</u>	<u>0</u>	<u>232,309</u>
 Total Liabilities	 <u>0</u>	 <u>745,342</u>	 <u>9,771</u>	 <u>347,700</u>
Fund Balances:				
Nonspendable	0	1,865	0	62,358
Restricted	3,312	0	20,238	119,299
Unassigned (Deficit)	<u>0</u>	<u>(28,264)</u>	<u>0</u>	<u>0</u>
 Total Fund Balances (Deficit)	 <u>3,312</u>	 <u>(26,399)</u>	 <u>20,238</u>	 <u>181,657</u>
 Total Liabilities and Fund Balances	 \$ <u>3,312</u>	 \$ <u>718,943</u>	 \$ <u>30,009</u>	 \$ <u>529,357</u>

<u>State Highway</u>	<u>Indigent Driver Alcohol Monitoring</u>	<u>Fire Levy</u>	<u>Police Levy</u>	<u>Total Non-major Special Revenue Funds</u>
\$ 52,722	\$ 88,066	\$ 45,334	\$ 47,141	\$ 1,223,370
0	0	0	0	49
0	1,201	0	0	17,098
27,072	0	13,341	13,340	457,843
0	0	0	0	111,049
<u>0</u>	<u>0</u>	<u>180,875</u>	<u>180,875</u>	<u>1,266,125</u>
\$ <u>79,794</u>	\$ <u>89,267</u>	\$ <u>239,550</u>	\$ <u>241,356</u>	\$ <u>3,075,534</u>
\$ 0	\$ 7,430	\$ 0	\$ 0	\$ 184,158
0	0	0	0	28,704
0	0	153,170	133,359	357,689
0	0	0	0	56,578
<u>18,836</u>	<u>0</u>	<u>194,216</u>	<u>194,215</u>	<u>1,610,653</u>
<u>18,836</u>	<u>7,430</u>	<u>347,386</u>	<u>327,574</u>	<u>2,237,782</u>
0	0	0	0	111,049
60,958	81,837	0	0	961,752
<u>0</u>	<u>0</u>	<u>(107,836)</u>	<u>(86,218)</u>	<u>(235,049)</u>
<u>60,958</u>	<u>81,837</u>	<u>(107,836)</u>	<u>(86,218)</u>	<u>837,752</u>
\$ <u>79,794</u>	\$ <u>89,267</u>	\$ <u>239,550</u>	\$ <u>241,356</u>	\$ <u>3,075,534</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, 2011

	Law Enforcement Trust	Community Diversion Program	Indigent Driver Alcohol Treatment	Enforcement and Education
Revenues:				
Property Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental	20,210	0	0	0
Charges for Services	0	0	0	0
Fees, Fines and Permits	9,998	4,951	67,697	2,787
Investment Income	0	0	0	0
Other	0	0	0	0
Total Revenues	<u>30,208</u>	<u>4,951</u>	<u>67,697</u>	<u>2,787</u>
Expenditures:				
Current:				
General Government	0	0	0	0
Security of Persons and Property	11,314	4,887	59,555	4,275
Public Health	0	0	0	0
Transportation	0	0	0	0
Basic Utility Service	0	0	0	0
Capital Outlay	22,752	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
Total Expenditures	<u>34,066</u>	<u>4,887</u>	<u>59,555</u>	<u>4,275</u>
Excess of Revenues Over (Under) Expenditures	(3,858)	64	8,142	(1,488)
Other Financing Sources (Uses):				
Transfers – In	0	0	0	0
Net Change in Fund Balances	(3,858)	64	8,142	(1,488)
Fund Balances (Deficit) at Beginning of Year				
	<u>107,992</u>	<u>6,236</u>	<u>121,992</u>	<u>13,783</u>
Fund Balances (Deficit) at End of Year	<u>\$ 104,134</u>	<u>\$ 6,300</u>	<u>\$ 130,134</u>	<u>\$ 12,295</u>

<u>Municipal Probation Services</u>	<u>Mediation Services</u>	<u>Federal Emergency Management Agency</u>	<u>Office on Aging</u>	<u>Marine Patrol</u>
\$ 0	\$ 0	\$ 0	\$ 296,971	\$ 0
0	0	81,000	43,110	25,707
0	0	0	521,632	0
212,420	13,680	0	0	0
331	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>2,425</u>	<u>0</u>
<u>212,751</u>	<u>13,680</u>	<u>81,000</u>	<u>864,138</u>	<u>25,707</u>
3,297	18,006	0	0	0
243,257	0	400	0	48,386
0	0	0	1,281,566	0
0	0	0	0	0
0	0	0	0	0
0	0	81,000	0	0
0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>246,554</u>	<u>18,006</u>	<u>81,400</u>	<u>1,281,566</u>	<u>48,386</u>
(33,803)	(4,326)	(400)	(417,428)	(22,679)
<u>0</u>	<u>0</u>	<u>0</u>	<u>400,000</u>	<u>25,000</u>
(33,803)	(4,326)	(400)	(17,428)	2,321
<u>387,247</u>	<u>68,716</u>	<u>447</u>	<u>51,523</u>	<u>3,043</u>
\$ <u><u>353,444</u></u>	\$ <u><u>64,390</u></u>	\$ <u><u>47</u></u>	\$ <u><u>34,095</u></u>	\$ <u><u>5,364</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, 2011

	Community Impacts	Refuse and Recycling	Motor Vehicle License Tax	Street Repair and Maintenance
Revenues:				
Property Taxes	\$ 0	\$ 593,942	\$ 0	\$ 0
Intergovernmental	0	86,220	35,897	685,559
Charges for Services	0	8,982	0	0
Fees, Fines and Permits	0	0	0	0
Investment Income	0	0	0	0
Other	0	1,871	0	0
Total Revenues	<u>0</u>	<u>691,015</u>	<u>35,897</u>	<u>685,559</u>
Expenditures:				
Current:				
General Government	0	0	0	0
Security of Persons and Property	0	0	7,839	0
Public Health	0	0	0	0
Transportation	0	0	311,348	1,094,148
Basic Utility Service	0	1,610,544	0	0
Capital Outlay	0	0	121	14,747
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
Total Expenditures	<u>0</u>	<u>1,610,544</u>	<u>319,308</u>	<u>1,108,895</u>
Excess of Revenues Over (Under) Expenditures	0	(919,529)	(283,411)	(423,336)
Other Financing Sources (Uses):				
Transfers – In	0	900,000	280,000	190,000
Net Change in Fund Balances	0	(19,529)	(3,411)	(233,336)
Fund Balances (Deficit) at				
Beginning of Year	3,312	(6,870)	23,649	414,993
Fund Balances (Deficit) at End of Year	<u>\$ 3,312</u>	<u>\$ (26,399)</u>	<u>\$ 20,238</u>	<u>\$ 181,657</u>

State Highway	Indigent Driver Alcohol Monitoring	Fire Levy	Police Levy	Total Non-major Special Revenue Funds
\$ 0	\$ 0	\$ 178,456	\$ 179,464	\$ 1,248,833
55,856	44,331	25,866	25,866	1,129,622
0	0	0	0	530,614
0	1,201	0	0	312,734
0	0	0	0	331
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,296</u>
<u>55,856</u>	<u>45,532</u>	<u>204,322</u>	<u>205,330</u>	<u>3,226,430</u>
0	0	0	0	21,303
0	0	565,848	499,091	1,444,852
0	0	0	0	1,281,566
72,342	0	0	0	1,477,838
0	0	0	0	1,610,544
0	34,513	0	0	153,133
0	0	7,996	21,290	29,286
<u>0</u>	<u>0</u>	<u>12,143</u>	<u>11,744</u>	<u>23,887</u>
<u>72,342</u>	<u>34,513</u>	<u>585,987</u>	<u>532,125</u>	<u>6,042,409</u>
(16,486)	11,019	(381,665)	(326,795)	(2,815,979)
<u>0</u>	<u>0</u>	<u>400,000</u>	<u>350,000</u>	<u>2,545,000</u>
(16,486)	11,019	18,335	23,205	(270,979)
<u>77,444</u>	<u>70,818</u>	<u>(126,171)</u>	<u>(109,423)</u>	<u>1,108,731</u>
\$ <u>60,958</u>	\$ <u>81,837</u>	\$ <u>(107,836)</u>	\$ <u>(86,218)</u>	\$ <u>837,752</u>

City of Rocky River, Ohio

Combining Balance Sheet Non-Major Capital Projects Funds

December 31, 2011

	<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	\$ 26,413	\$ 1,525,838	\$ 1,552,251
Accrued Interest Receivable	0	57	57
Accounts Receivable	0	52,389	52,389
Intergovernmental Receivable	<u>9,563</u>	<u>0</u>	<u>9,563</u>
Total Assets	\$ <u>35,976</u>	\$ <u>1,578,284</u>	\$ <u>1,614,260</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	\$ 3,740	\$ 3,878	\$ 7,618
Accrued Wages and Benefits	0	446	446
Intergovernmental Payable	<u>0</u>	<u>6,129</u>	<u>6,129</u>
Total Liabilities	<u>3,740</u>	<u>10,453</u>	<u>14,193</u>
Fund Balances:			
Restricted	<u>32,236</u>	<u>1,567,831</u>	<u>1,600,067</u>
Total Fund Balances	<u>32,236</u>	<u>1,567,831</u>	<u>1,600,067</u>
Total Liabilities and Fund Balances	\$ <u>35,976</u>	\$ <u>1,578,284</u>	\$ <u>1,614,260</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, 2011

	<u>Equipment Replacement</u>	<u>Municipal Court Capital Improvement</u>	<u>Total Non-major Capital Project Funds</u>
Revenues:			
Intergovernmental	\$ 32,481	\$ 832,368	\$ 864,849
Fees, Fines, and Permits	0	11,640	11,640
Investment Income	<u>0</u>	<u>1,712</u>	<u>1,712</u>
Total Revenues	<u>32,481</u>	<u>845,720</u>	<u>878,201</u>
Expenditures:			
Capital Outlay	72,261	552,019	624,280
Debt Service:			
Principal Retirement	0	870,000	870,000
Interest and Fiscal Charges	0	72,100	72,100
Bond Issuance Costs	<u>0</u>	<u>74,864</u>	<u>74,864</u>
Total Expenditures	<u>72,261</u>	<u>1,568,983</u>	<u>1,641,244</u>
Excess of Revenues Over (Under) Expenditures	(39,780)	(723,263)	(763,043)
Other Financing Sources (Uses):			
Proceeds from Issuance of Debt	0	2,835,000	2,835,000
Premium on Issuance of Debt	0	52,694	52,694
Payment to Escrow	<u>0</u>	<u>(2,812,830)</u>	<u>(2,812,830)</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>74,864</u>	<u>74,864</u>
Net Change in Fund Balances	(39,780)	(648,399)	(688,179)
Fund Balances at Beginning of Year	<u>72,016</u>	<u>2,216,230</u>	<u>2,288,246</u>
Fund Balances at End of Year	\$ <u><u>32,236</u></u>	\$ <u><u>1,567,831</u></u>	\$ <u><u>1,600,067</u></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, 2011

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 4,208,362	\$ 4,208,362	\$ 3,741,837	\$ (466,525)
Municipal Income Taxes	8,000,000	8,000,000	8,458,567	458,567
Other Local Taxes	40,000	40,000	32,638	(7,362)
Intergovernmental	2,141,463	2,141,463	2,411,407	269,944
Charges for Services	22,700	22,700	21,422	(1,278)
Rentals	80,000	80,000	70,606	(9,394)
Fines, Fees, and Permits	3,418,100	3,418,100	3,166,223	(251,877)
Investment Income	100,000	100,000	6,543	(93,457)
Miscellaneous Income	<u>115,600</u>	<u>131,600</u>	<u>109,369</u>	<u>(22,231)</u>
Total Revenues	<u>18,126,225</u>	<u>18,142,225</u>	<u>18,018,612</u>	<u>(123,613)</u>
Expenditures:				
Current:				
General Government:				
Council:				
Personal Service	125,570	125,570	124,067	1,503
Other	<u>8,241</u>	<u>8,241</u>	<u>1,347</u>	<u>6,894</u>
Total Council	<u>133,811</u>	<u>133,811</u>	<u>125,414</u>	<u>8,397</u>
Mayor:				
Personal Service	181,664	181,664	176,250	5,414
Other	<u>4,762</u>	<u>4,762</u>	<u>4,426</u>	<u>336</u>
Total Mayor	<u>186,426</u>	<u>186,426</u>	<u>180,676</u>	<u>5,750</u>
Finance Department:				
Personal Service	296,935	314,135	279,844	34,291
Other	<u>94,613</u>	<u>94,613</u>	<u>66,991</u>	<u>27,622</u>
Total Finance Department	<u>391,548</u>	<u>408,748</u>	<u>346,835</u>	<u>61,913</u>
Law Director:				
Personal Service	119,262	119,262	114,996	4,266
Other	<u>100,913</u>	<u>100,913</u>	<u>43,111</u>	<u>57,802</u>
Total Law Director	<u>220,175</u>	<u>220,175</u>	<u>158,107</u>	<u>62,068</u>
Other Executive Administration:				
Personal Service	194,429	194,429	191,148	3,281
Other	<u>16,325</u>	<u>16,325</u>	<u>15,514</u>	<u>811</u>
Total Other Executive Administration	<u>210,754</u>	<u>210,754</u>	<u>206,662</u>	<u>4,092</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, 2011

	<u>Budget</u>		<u>Actual</u>	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Boards and Commissions:				
Personal Service	32,175	32,175	25,174	7,001
Other	<u>13,450</u>	<u>13,450</u>	<u>8,488</u>	<u>4,962</u>
Total Boards and Commissions	<u>45,625</u>	<u>45,625</u>	<u>33,662</u>	<u>11,963</u>
Building Maintenance:				
Personal Service	401,506	401,506	384,020	17,486
Other	<u>358,174</u>	<u>358,174</u>	<u>316,943</u>	<u>41,231</u>
Total Building Maintenance	<u>759,680</u>	<u>759,680</u>	<u>700,963</u>	<u>58,717</u>
Human Resources:				
Personal Service	102,838	102,838	97,792	5,046
Other	<u>34,800</u>	<u>34,800</u>	<u>26,800</u>	<u>8,000</u>
Total Human Resources	<u>137,638</u>	<u>137,638</u>	<u>124,592</u>	<u>13,046</u>
Municipal Courts:				
Personal Service	2,159,462	2,159,462	1,825,844	333,618
Other	<u>283,682</u>	<u>283,682</u>	<u>222,248</u>	<u>61,434</u>
Total Municipal Courts	<u>2,443,144</u>	<u>2,443,144</u>	<u>2,048,092</u>	<u>395,052</u>
Miscellaneous:				
Other	<u>1,102,554</u>	<u>1,082,354</u>	<u>1,015,392</u>	<u>66,962</u>
Total General Government	<u>5,631,355</u>	<u>5,628,355</u>	<u>4,940,395</u>	<u>687,960</u>
Security of Persons And Property:				
Police Department:				
Personal Service	3,964,871	3,943,371	3,529,664	413,707
Other	<u>346,814</u>	<u>368,314</u>	<u>329,996</u>	<u>38,318</u>
Total Police Department	<u>4,311,685</u>	<u>4,311,685</u>	<u>3,859,660</u>	<u>452,025</u>
Fire Department:				
Personal Service	3,004,639	3,004,639	2,882,648	121,991
Other	<u>294,471</u>	<u>304,471</u>	<u>284,352</u>	<u>20,119</u>
Total Fire Department	<u>3,299,110</u>	<u>3,309,110</u>	<u>3,167,000</u>	<u>142,110</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, 2011

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Police on Patrol Arresting Speeders:				
Personal Service	94,286	94,286	75,194	19,092
Other	<u>121,950</u>	<u>121,950</u>	<u>88,709</u>	<u>33,241</u>
Total Police on Patrol Arresting Speeders	<u>216,236</u>	<u>216,236</u>	<u>163,903</u>	<u>52,333</u>
Street Lighting:				
Other	<u>315,000</u>	<u>318,000</u>	<u>317,826</u>	<u>174</u>
Administrative Support:				
Personal Service	<u>180,475</u>	<u>180,475</u>	<u>172,426</u>	<u>8,049</u>
Total Security of Persons and Property	<u>8,322,506</u>	<u>8,335,506</u>	<u>7,680,815</u>	<u>654,691</u>
Transportation:				
Equipment Repair and Garage:				
Personal Service	576,627	576,627	569,328	7,299
Other	<u>110,736</u>	<u>110,736</u>	<u>103,189</u>	<u>7,547</u>
Total Transportation	<u>687,363</u>	<u>687,363</u>	<u>672,517</u>	<u>14,846</u>
Community Development:				
Community Center:				
Personal Service	559,764	559,764	544,887	14,877
Other	<u>57,369</u>	<u>57,369</u>	<u>45,350</u>	<u>12,019</u>
Total Community Center	<u>617,133</u>	<u>617,133</u>	<u>590,237</u>	<u>26,896</u>
Economic Development:				
Personal Service	149,099	149,099	135,587	13,512
Other	<u>95,402</u>	<u>161,107</u>	<u>149,368</u>	<u>11,739</u>
Total Economic Development	<u>244,501</u>	<u>310,206</u>	<u>284,955</u>	<u>25,251</u>
Total Community Development	<u>861,634</u>	<u>927,339</u>	<u>875,192</u>	<u>52,147</u>
Leisure Time Activities:				
Parks Department:				
Personal Service	325,808	325,808	289,679	36,129
Other	<u>66,065</u>	<u>106,065</u>	<u>96,451</u>	<u>9,614</u>
Total Leisure Time Activities	<u>391,873</u>	<u>431,873</u>	<u>386,130</u>	<u>45,743</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, 2011

	<u>Budget</u>		<u>Actual</u>	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Capital Outlay	<u>89,605</u>	<u>39,605</u>	<u>13,025</u>	<u>26,580</u>
Total Expenditures	<u>15,984,336</u>	<u>16,050,041</u>	<u>14,568,074</u>	<u>1,481,967</u>
Excess of Revenues Over (Under) Expenditures	<u>2,141,889</u>	<u>2,092,184</u>	<u>3,450,538</u>	<u>1,358,354</u>
Other Financing Sources (Uses):				
Sale of Capital Assets	15,000	15,000	11,427	(3,573)
Advance – In	0	50,000	50,000	0
Transfers – Out	<u>(4,916,000)</u>	<u>(4,916,000)</u>	<u>(3,680,000)</u>	<u>1,236,000</u>
Total Other Financing Sources (Uses)	<u>(4,901,000)</u>	<u>(4,851,000)</u>	<u>(3,618,573)</u>	<u>1,232,427</u>
Net Change in Fund Balance	(2,759,111)	(2,758,816)	(168,035)	2,590,781
Fund Balance at Beginning of Year	1,699,699	1,699,699	1,699,699	0
Prior Year Encumbrances Appropriated	<u>448,273</u>	<u>448,273</u>	<u>448,273</u>	<u>0</u>
Fund Balance at End of Year	\$ <u>(611,139)</u>	\$ <u>(610,844)</u>	\$ <u>1,979,937</u>	\$ <u>2,590,781</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, 2011

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 333,997	\$ 333,997	\$ 296,971	\$ (37,026)
Charges for Services	2,127,400	2,177,400	2,059,333	(118,067)
Intergovernmental	0	0	43,110	43,110
Rentals	<u>24,000</u>	<u>24,000</u>	<u>15,624</u>	<u>(8,376)</u>
Total Revenues	<u>2,485,397</u>	<u>2,535,397</u>	<u>2,415,038</u>	<u>(120,359)</u>
Expenditures:				
Current:				
Leisure Time Activities:				
Recreation Center:				
Personal Service	2,163,127	2,111,327	1,979,009	132,318
Other	992,855	1,044,655	900,825	143,830
Capital Outlay	<u>3,071</u>	<u>3,071</u>	<u>2,082</u>	<u>989</u>
Total Expenditures	<u>3,159,053</u>	<u>3,159,053</u>	<u>2,881,916</u>	<u>277,137</u>
Excess of Revenues Over (Under) Expenditures	(673,656)	(623,656)	(466,878)	156,778
Other Financing Sources (Uses):				
Transfers-In	350,000	350,000	350,000	0
Advances – Out	<u>0</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>0</u>
Total Other Financial Sources (Uses)	<u>350,000</u>	<u>300,000</u>	<u>300,000</u>	<u>0</u>
Net Change in Fund Balances	(323,656)	(323,656)	(166,878)	156,778
Fund Balance at Beginning of Year	220,427	220,427	220,427	0
Prior Year Encumbrances Appropriated	<u>69,351</u>	<u>69,351</u>	<u>69,351</u>	<u>0</u>
Fund Balance at End of Year	\$ <u>(33,878)</u>	\$ <u>(33,878)</u>	\$ <u>122,900</u>	\$ <u>156,778</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, 2011

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 667,993	\$ 667,993	\$ 590,476	\$ (77,517)
Intergovernmental	<u>0</u>	<u>0</u>	<u>89,113</u>	<u>89,113</u>
Total Revenues	<u>667,993</u>	<u>667,993</u>	<u>679,589</u>	<u>11,596</u>
Expenditures:				
Debt Service:				
Principal Retirement	970,000	970,000	970,000	0
Interest and Fiscal Charges	<u>591,500</u>	<u>591,500</u>	<u>591,417</u>	<u>83</u>
Total Expenditures	<u>1,561,500</u>	<u>1,561,500</u>	<u>1,561,417</u>	<u>83</u>
Excess of Revenues Over (Under) Expenditures	(893,507)	(893,507)	(881,828)	11,679
Other Financing Sources (Uses):				
Proceeds from Issuance	0	0	0	0
Transfers – In	<u>775,000</u>	<u>775,000</u>	<u>775,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>775,000</u>	<u>775,000</u>	<u>775,000</u>	<u>0</u>
Net Change in Fund Balances	(118,507)	(118,507)	(106,828)	11,679
Fund Balance at Beginning of Year	<u>127,225</u>	<u>127,225</u>	<u>127,225</u>	<u>0</u>
Fund Balance at End of Year	\$ <u>8,718</u>	\$ <u>8,718</u>	\$ <u>20,397</u>	\$ <u>11,679</u>

City of Rocky River, Ohio

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

Sewer Rehabilitation Fund

For the Year Ended December 31, 2011

	Budget		Actual	Variance With
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 980,000	\$ 980,000	\$ 1,094,960	\$ 114,960
Intergovernmental	<u>3,127,095</u>	<u>3,227,095</u>	<u>406,559</u>	<u>(2,820,536)</u>
Total Revenue	4,107,095	4,207,095	1,501,519	(2,705,576)
Expenditures:				
Current:				
Basic Utility Services:				
Sewer Rehabilitation:				
Other	<u>4,425,477</u>	<u>4,525,477</u>	<u>4,235,466</u>	<u>290,011</u>
Excess of Revenues Over (Under) Expenditures	(318,382)	(318,382)	(2,733,947)	(2,415,565)
Other Financing Sources (Uses):				
Issuance of Debt	0	0	1,632,468	1,632,468
Transfers - In	<u>500,000</u>	<u>500,000</u>	<u>0</u>	<u>(500,000)</u>
Total Other Financing Sources (Uses)	<u>500,000</u>	<u>500,000</u>	<u>1,632,468</u>	<u>1,132,468</u>
Net Change in Fund Balance	181,618	181,618	(1,101,479)	(1,283,097)
Fund Balance at Beginning of Year	(1,217,154)	(1,217,154)	(1,217,154)	0
Prior Year Encumbrances Appropriated	<u>3,648,230</u>	<u>3,648,230</u>	<u>3,648,230</u>	<u>0</u>
Fund Balance at End of Year	\$ <u>2,612,694</u>	\$ <u>2,612,694</u>	\$ <u>1,329,597</u>	\$ <u>(1,283,097)</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, 2011

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 667,993	\$ 667,993	\$ 593,942	\$ (74,051)
Fees, Fines, And Permits	700	700	330	(370)
Charges For Services	2,000	2,000	2,460	460
Intergovernmental	0	0	86,220	86,220
Investment Income	100	100	1,026	926
Other Local Taxes	190,000	190,000	200,881	10,881
Other	<u>481,450</u>	<u>981,450</u>	<u>679,100</u>	<u>(302,350)</u>
Total Revenues	1,342,243	1,842,243	1,563,959	(278,284)
Expenditures:				
Capital Outlay	<u>2,720,745</u>	<u>3,232,745</u>	<u>2,205,146</u>	<u>1,027,599</u>
Net Change in Fund Balance	(1,378,502)	(1,390,502)	(641,187)	749,315
Fund Balance at Beginning of Year	504,394	504,394	504,394	0
Prior Year Encumbrances Appropriated	<u>1,410,295</u>	<u>1,410,295</u>	<u>1,410,295</u>	<u>0</u>
Fund Balance at End of Year	\$ <u>536,187</u>	\$ <u>524,187</u>	\$ <u>1,273,502</u>	\$ <u>749,315</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, 2011

	<u>Budget</u>		<u>Actual</u>	Variance With Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines, Fees, and Permits	\$ 10,000	\$ 10,000	\$ 12,977	\$ 2,977
Intergovernmental	<u>20,000</u>	<u>20,000</u>	<u>28,597</u>	<u>8,597</u>
Total Revenues	<u>30,000</u>	<u>30,000</u>	<u>41,574</u>	<u>11,574</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Law Enforcement Trust:				
Personal Service	15,000	15,000	0	15,000
Other	32,500	32,500	12,228	20,272
Capital Outlay	<u>50,000</u>	<u>50,000</u>	<u>24,992</u>	<u>25,008</u>
Total Expenditures	<u>97,500</u>	<u>97,500</u>	<u>37,220</u>	<u>60,280</u>
Net Change in Fund Balance	(67,500)	(67,500)	4,354	71,854
Fund Balance at Beginning of Year	<u>98,772</u>	<u>98,772</u>	<u>98,772</u>	<u>0</u>
Fund Balance at End of Year	\$ <u><u>31,272</u></u>	\$ <u><u>31,272</u></u>	\$ <u><u>103,126</u></u>	\$ <u><u>71,854</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, 2011

	<u>Budget</u>		<u>Actual</u>	Variance With Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines, Fees and Permits	\$ 5,100	\$ 5,100	\$ 4,951	\$ (149)
Expenditures:				
Current:				
Security of Persons and Property:				
Commercial Driver Program:				
Personal Service	<u>5,500</u>	<u>5,500</u>	<u>4,860</u>	<u>640</u>
Net Change in Fund Balance	(400)	(400)	91	491
Fund Balance at Beginning of Year	<u>6,332</u>	<u>6,332</u>	<u>6,332</u>	<u>0</u>
Fund Balance at End of Year	\$ <u><u>5,932</u></u>	\$ <u><u>5,932</u></u>	\$ <u><u>6,423</u></u>	\$ <u><u>491</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, 2011

	<u>Budget</u>		<u>Actual</u>	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines, Fees, and Permits	\$ 45,000	\$ 60,750	\$ 67,905	\$ 7,155
Expenditures:				
Current:				
Security of Persons and Property:				
Indigent Driver Alcohol Treatment:				
Other	<u>35,671</u>	<u>56,821</u>	<u>56,821</u>	<u>0</u>
Net Change in Fund Balance	9,329	3,929	11,084	7,155
Fund Balance at Beginning of Year	132,012	132,012	132,012	0
Prior Year Encumbrances Appropriated	<u>5,671</u>	<u>5,671</u>	<u>5,671</u>	<u>0</u>
Fund Balance at End of Year	\$ <u><u>147,012</u></u>	\$ <u><u>141,612</u></u>	\$ <u><u>148,767</u></u>	\$ <u><u>7,155</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, 2011

	<u>Budget</u>		<u>Actual</u>	Variance With Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines, Fees, and Permits	\$ 3,000	\$ 3,000	\$ 2,736	\$ (264)
Expenditures:				
Current:				
Security of Persons and Property:				
Enforcement and Education:				
Other	<u>10,200</u>	<u>10,200</u>	<u>4,893</u>	<u>5,307</u>
Net Change in Fund Balance	(7,200)	(7,200)	(2,157)	5,043
Fund Balance at Beginning of Year	<u>13,861</u>	<u>13,861</u>	<u>13,861</u>	<u>0</u>
Fund Balance at End of Year	\$ <u><u>6,661</u></u>	\$ <u><u>6,661</u></u>	\$ <u><u>11,704</u></u>	\$ <u><u>5,043</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, 2011

	<u>Budget</u>		<u>Actual</u>	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fees, Fines, and Permits	\$ 190,000	\$ 205,000	\$ 215,465	\$ 10,465
Investment Income	<u>300</u>	<u>300</u>	<u>336</u>	<u>36</u>
Total Revenues	<u>190,300</u>	<u>205,300</u>	<u>215,801</u>	<u>10,501</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Municipal Probation Services:				
Personal Service	158,300	158,300	157,132	1,168
Capital Outlay	7,450	6,950	3,250	3,700
Other	<u>92,300</u>	<u>92,800</u>	<u>86,705</u>	<u>6,095</u>
Total Expenditures	<u>258,050</u>	<u>258,050</u>	<u>247,087</u>	<u>10,963</u>
Net Change in Fund Balance	(67,750)	(52,750)	(31,286)	21,464
Fund Balance at Beginning of Year	388,382	388,382	388,382	0
Prior Year Encumbrances Appropriated	<u>4,650</u>	<u>4,650</u>	<u>4,650</u>	<u>0</u>
Fund Balance at End of Year	\$ <u>325,282</u>	\$ <u>340,282</u>	\$ <u>361,746</u>	\$ <u>21,464</u>

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, 2011

	<u>Budget</u>		<u>Actual</u>	Variance With Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines, Fees, and Permits	\$ 20,000	\$ 20,000	\$ 13,895	\$ (6,105)
Expenditures:				
Current:				
General Government:				
Mediation Services:				
Other	<u>25,950</u>	<u>25,950</u>	<u>18,079</u>	<u>7,871</u>
Net Change in Fund Balance	(5,950)	(5,950)	(4,184)	1,766
Fund Balance at Beginning of Year	<u>68,119</u>	<u>68,119</u>	<u>68,119</u>	<u>0</u>
Fund Balance at End of Year	\$ <u><u>62,169</u></u>	\$ <u><u>62,169</u></u>	\$ <u><u>63,935</u></u>	\$ <u><u>1,766</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, 2011

	<u>Budget</u>		<u>Actual</u>	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ <u>81,000</u>	\$ <u>81,000</u>	\$ <u>81,000</u>	\$ <u>0</u>
Expenditures:				
Current:				
Security of Persons and Property:				
FEMA:				
Other	0	1,310	1,310	0
Capital Outlay	<u>0</u>	<u>81,000</u>	<u>81,000</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>82,310</u>	<u>82,310</u>	<u>0</u>
Net Change in Fund Balance	81,000	(1,310)	(1,310)	0
Fund Balance at Beginning of Year	<u>1,357</u>	<u>1,357</u>	<u>1,357</u>	<u>0</u>
Fund Balance at End of Year	\$ <u>82,357</u>	\$ <u>47</u>	\$ <u>47</u>	\$ <u>0</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, 2011

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 333,997	\$ 333,997	\$ 296,971	\$ (37,026)
Intergovernmental	0	0	43,110	43,110
Charges for Services	441,000	495,000	521,632	26,632
Other	<u>1,000</u>	<u>1,000</u>	<u>2,425</u>	<u>1,425</u>
Total Revenues	<u>775,997</u>	<u>829,997</u>	<u>864,138</u>	<u>34,141</u>
Expenditures:				
Current:				
Public Health Services:				
Office on Aging:				
Personal Service	788,238	788,238	749,239	38,999
Other	<u>504,556</u>	<u>558,556</u>	<u>516,706</u>	<u>41,850</u>
Total Expenditures	<u>1,292,794</u>	<u>1,346,794</u>	<u>1,265,945</u>	<u>80,849</u>
Excess of Revenues Over (Under) Expenditures	(516,797)	(516,797)	(401,807)	114,990
Other Financing Sources (Uses):				
Transfers – In	<u>500,000</u>	<u>500,000</u>	<u>400,000</u>	<u>(100,000)</u>
Net Change in Fund Balance	(16,797)	(16,797)	(1,807)	14,990
Fund Balance at Beginning of Year	33,550	33,550	33,550	0
Prior Year Encumbrances Appropriated	<u>14,956</u>	<u>14,956</u>	<u>14,956</u>	<u>0</u>
Fund Balance at End of Year	\$ <u>31,709</u>	\$ <u>31,709</u>	\$ <u>46,699</u>	\$ <u>14,990</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, 2011

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 25,000	\$ 25,000	\$ 25,707	\$ 707
Expenditures:				
Current:				
Security of Persons and Property:				
Marine Patrol:				
Personal Service	60,400	35,400	20,172	15,228
Other	10,920	35,920	28,591	7,329
Total Marine Patrol	71,320	71,320	48,763	22,557
Capital Outlay	2,500	2,500	0	2,500
Total Expenditures	73,820	73,820	48,763	25,057
Excess of Revenues Over (Under) Expenditures	(48,820)	(48,820)	(23,056)	25,764
Other Financing Sources (Uses):				
Transfers – In	50,000	50,000	25,000	(25,000)
Net Change in Fund Balance	1,180	1,180	1,944	764
Fund Balance at Beginning of Year	3,866	3,866	3,866	0
Fund Balance at End of Year	\$ 5,046	\$ 5,046	\$ 5,810	\$ 764

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, 2011

	<u>Budget</u>		<u>Actual</u>	Variance With Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures:				
Current:				
General Government:				
Community Impacts:				
Other	\$ <u>3,312</u>	\$ <u>3,312</u>	\$ <u>0</u>	\$ <u>3,312</u>
Net Change in Fund Balance	(3,312)	(3,312)	0	3,312
Fund Balance at Beginning of Year	<u>3,312</u>	<u>3,312</u>	<u>3,312</u>	<u>0</u>
Fund Balance at End of Year	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>	\$ <u><u>3,312</u></u>	\$ <u><u>3,312</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, 2011

	<u>Budget</u>		<u>Actual</u>	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property Taxes	\$ 667,993	\$ 667,993	\$ 593,942	\$ (74,051)
Charges for Services	18,000	18,000	8,982	(9,018)
Intergovernmental	0	0	86,220	86,220
Other	<u>6,000</u>	<u>6,000</u>	<u>1,871</u>	<u>(4,129)</u>
Total Revenues	<u>691,993</u>	<u>691,993</u>	<u>691,015</u>	<u>(978)</u>
Expenditures:				
Current:				
Basic Utilities Service:				
Refuse and Recycling:				
Personal Service	1,138,179	1,130,179	1,068,772	61,407
Other	<u>653,111</u>	<u>661,111</u>	<u>600,009</u>	<u>61,102</u>
Total Expenditures	<u>1,791,290</u>	<u>1,791,290</u>	<u>1,668,781</u>	<u>122,509</u>
Excess of Revenues Over (Under) Expenditures	(1,099,297)	(1,099,297)	(977,766)	121,531
Other Financing Sources (Uses):				
Transfers – In	<u>1,000,000</u>	<u>1,000,000</u>	<u>900,000</u>	<u>(100,000)</u>
Net Change in Fund Balance	(99,297)	(99,297)	(77,766)	21,531
Fund Balance at Beginning of Year	17,770	17,770	17,770	0
Prior Year Encumbrances Appropriated	<u>63,111</u>	<u>63,111</u>	<u>63,111</u>	<u>0</u>
Fund Balance at End of Year	\$ <u>(18,416)</u>	\$ <u>(18,416)</u>	\$ <u>3,115</u>	\$ <u>21,531</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, 2011

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ <u>38,000</u>	\$ <u>38,000</u>	\$ <u>35,886</u>	\$ <u>(2,114)</u>
Expenditures:				
Current:				
Transportation:				
Motor Vehicle License Tax:				
Personal Service	308,129	308,129	284,229	23,900
Other	<u>70,930</u>	<u>70,930</u>	<u>44,556</u>	<u>26,374</u>
Total Motor Vehicle License Tax	379,059	379,059	328,785	50,274
Capital Outlay	<u>300</u>	<u>300</u>	<u>121</u>	<u>179</u>
Total Expenditures	<u>379,359</u>	<u>379,359</u>	<u>328,906</u>	<u>50,453</u>
Excess of Revenues Over (Under) Expenditures	(341,359)	(341,359)	(293,020)	48,339
Other Financing Sources (Uses):				
Transfers – In	<u>350,000</u>	<u>350,000</u>	<u>280,000</u>	<u>(70,000)</u>
Net Change in Fund Balance	8,641	8,641	(13,020)	(21,661)
Fund Balance at Beginning of Year	25,147	25,147	25,147	0
Prior Year Encumbrances Appropriated	<u>7,830</u>	<u>7,830</u>	<u>7,830</u>	<u>0</u>
Fund Balance at End of Year	\$ <u>41,618</u>	\$ <u>41,618</u>	\$ <u>19,957</u>	\$ <u>(21,661)</u>

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, 2011

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ <u>630,000</u>	\$ <u>630,000</u>	\$ <u>688,629</u>	\$ <u>58,629</u>
Expenditures:				
Current:				
Transportation				
Street Repair and Maintenance:				
Personal Service	797,717	797,717	760,381	37,336
Other	<u>499,450</u>	<u>496,450</u>	<u>323,401</u>	<u>173,049</u>
Total Street Repair and Maintenance	1,297,167	1,294,167	1,083,782	210,385
Capital Outlay	<u>17,000</u>	<u>20,000</u>	<u>14,747</u>	<u>5,253</u>
Total Expenditures	<u>1,314,167</u>	<u>1,314,167</u>	<u>1,098,529</u>	<u>215,638</u>
Excess of Revenues Over (Under) Expenditures	(684,167)	(684,167)	(409,900)	274,267
Other Financing Sources (Uses):				
Transfers – In	<u>400,000</u>	<u>400,000</u>	<u>190,000</u>	<u>(210,000)</u>
Net Change in Fund Balance	(284,167)	(284,167)	(219,900)	64,267
Fund Balance at Beginning of Year	142,027	142,027	142,027	0
Prior Year Encumbrances Appropriated	<u>129,750</u>	<u>129,750</u>	<u>129,750</u>	<u>0</u>
Fund Balance at End of Year	\$ <u><u>(12,390)</u></u>	\$ <u><u>(12,390)</u></u>	\$ <u><u>51,877</u></u>	\$ <u><u>64,267</u></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, 2011

	<u>Budget</u>		<u>Actual</u>	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 52,200	\$ 52,200	\$ 56,105	\$ 3,905
Expenditures:				
Current:				
Transportation:				
State Highway Patrol:				
Other	<u>125,011</u>	<u>125,011</u>	<u>124,705</u>	<u>306</u>
Net Change in Fund Balance	(72,811)	(72,811)	(68,600)	4,211
Fund Balance at Beginning of Year	45,111	45,111	45,111	0
Prior Year Encumbrances Appropriated	<u>75,011</u>	<u>75,011</u>	<u>75,011</u>	<u>0</u>
Fund Balance at End of Year	\$ <u>47,311</u>	\$ <u>47,311</u>	\$ <u>51,522</u>	\$ <u>4,211</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 Monitoring Fund

For The Year Ended December 31, 2011

	<u>Budget</u>		<u>Actual</u>	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 33,000	\$ 44,000	\$ 49,690	\$ 5,690
Expenditures:				
Current:				
Capital Outlay	<u>20,000</u>	<u>45,000</u>	<u>33,992</u>	<u>11,008</u>
Net Change in Fund Balance	13,000	(1,000)	15,698	16,698
Fund Balance at Beginning of Year	<u>70,949</u>	<u>70,949</u>	<u>70,949</u>	<u>0</u>
Fund Balance at End of Year	\$ <u><u>83,949</u></u>	\$ <u><u>69,949</u></u>	\$ <u><u>86,647</u></u>	\$ <u><u>16,698</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, 2011

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 200,398	\$ 200,398	\$ 178,456	\$ (21,942)
Intergovernmental	<u>0</u>	<u>0</u>	<u>25,866</u>	<u>25,866</u>
Total Revenues	<u>200,398</u>	<u>200,398</u>	<u>204,322</u>	<u>3,924</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Fire:				
Personal Service	614,550	614,550	611,609	2,941
Debt Service:				
Principal Retirement	7,996	7,996	7,996	0
Interest and Fiscal Charges	<u>12,143</u>	<u>12,143</u>	<u>12,143</u>	<u>0</u>
Total Expenditures	<u>634,689</u>	<u>634,689</u>	<u>631,748</u>	<u>2,941</u>
Excess of Revenues Over (Under) Expenditures	(434,291)	(434,291)	(427,426)	6,865
Other Financing Sources (Uses):				
Transfers – In	<u>430,000</u>	<u>430,000</u>	<u>400,000</u>	<u>(30,000)</u>
Net Change in Fund Balance	(4,291)	(4,291)	(27,426)	(23,135)
Fund Balance at Beginning of Year	27,379	27,379	27,379	0
Prior Year Encumbrances Appropriated	<u>550</u>	<u>550</u>	<u>550</u>	<u>0</u>
Fund Balance at End of Year	\$ <u>23,638</u>	\$ <u>23,638</u>	\$ <u>503</u>	\$ <u>(23,135)</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, 2011

	<u>Budget</u>		<u>Actual</u>	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property Taxes	\$ 200,398	\$ 200,398	\$ 179,464	\$ (20,934)
Intergovernmental	<u>0</u>	<u>0</u>	<u>25,866</u>	<u>25,866</u>
Total Revenues	<u>200,398</u>	<u>200,398</u>	<u>205,330</u>	<u>4,932</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Police:				
Personal Service	574,900	574,900	543,988	30,912
Debt Service:				
Principal Retirement	21,290	21,290	21,290	0
Interest and Fiscal Charges	<u>11,744</u>	<u>11,744</u>	<u>11,744</u>	<u>0</u>
Total Expenditures	<u>607,934</u>	<u>607,934</u>	<u>577,022</u>	<u>30,912</u>
Excess of Revenues Over (Under) Expenditures	(407,536)	(407,536)	(371,692)	35,844
Other Financing Sources (Uses):				
Transfers – In	<u>400,000</u>	<u>400,000</u>	<u>350,000</u>	<u>(50,000)</u>
Net Change in Fund Balance	(7,536)	(7,536)	(21,692)	(14,156)
Fund Balance at Beginning of Year	32,078	32,078	32,078	0
Prior Year Encumbrances Appropriated	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>0</u>
Fund Balance at End of Year	\$ <u>25,542</u>	\$ <u>25,542</u>	\$ <u>11,386</u>	\$ <u>(14,156)</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, 2011

	<u>Budget</u>		<u>Actual</u>	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Special Assessments	\$ <u>60,000</u>	\$ <u>60,000</u>	\$ <u>60,120</u>	\$ <u>120</u>
Expenditures:				
Debt Service:				
Principal Retirement	40,000	40,000	40,000	0
Interest and Fiscal Charges	<u>29,350</u>	<u>29,350</u>	<u>29,046</u>	<u>304</u>
Total Expenditures	<u>69,350</u>	<u>69,350</u>	<u>69,046</u>	<u>304</u>
Excess of Revenues Over (Under) Expenditures	(9,350)	(9,350)	(8,926)	424
Other Financing Sources (Uses):				
Transfers – In	<u>20,000</u>	<u>20,000</u>	<u>10,000</u>	<u>(10,000)</u>
Net Change in Fund Balance	10,650	10,650	1,074	(9,576)
Fund balance at Beginning of Year	<u>2,838</u>	<u>2,838</u>	<u>2,838</u>	<u>0</u>
Fund balance at End of Year	\$ <u>13,488</u>	\$ <u>13,488</u>	\$ <u>3,912</u>	\$ <u>(9,576)</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, 2011

	<u>Budget</u>		<u>Actual</u>	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 65,000	\$ 65,000	\$ 26,978	\$ (38,022)
Expenditures:				
Capital Outlay	<u>164,964</u>	<u>214,964</u>	<u>81,847</u>	<u>133,117</u>
Excess of Revenues Over (Under) Expenditures	(99,964)	(149,964)	(54,869)	95,095
Other Financing Sources (Uses):				
Transfers – In	<u>141,000</u>	<u>141,000</u>	<u>0</u>	<u>(141,000)</u>
Net Change in Fund Balance	41,036	(8,964)	(54,869)	(45,905)
Fund Balance at Beginning of Year	66,059	66,059	66,059	0
Prior Year Encumbrances Appropriated	<u>11,464</u>	<u>11,464</u>	<u>11,464</u>	<u>0</u>
Fund Balance at End of Year	\$ <u>118,559</u>	\$ <u>68,559</u>	\$ <u>22,654</u>	\$ <u>(45,905)</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, 2011

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 780,000	\$ 866,000	\$ 845,622	\$ (20,378)
Investment Income	0	0	1,820	1,820
Total Revenues	<u>780,000</u>	<u>866,000</u>	<u>847,442</u>	<u>(18,558)</u>
Expenditures:				
Current:				
General Government:				
Personal Service	377,550	383,250	317,394	65,856
Other	203,619	217,755	146,655	71,100
Capital Outlay	159,243	160,243	124,740	35,503
Debt Service:				
Principal Retirement	120,000	870,000	870,000	0
Interest and Fiscal Charges	135,000	135,000	72,100	62,900
Bond Issuance Costs	0	74,864	74,864	0
Total Expenditures	<u>995,412</u>	<u>1,841,112</u>	<u>1,605,753</u>	<u>235,359</u>
Excess of Revenues Over (Under) Expenditures	(215,412)	(975,112)	(758,311)	216,801
Other Financing Sources (Uses):				
Issuance of Debt	0	0	2,835,000	2,835,000
Premium on Debt	0	0	52,694	52,694
Payment to Escrow	0	0	(2,812,830)	(2,812,830)
Total Other Financing Source (Uses)	<u>0</u>	<u>0</u>	<u>74,864</u>	<u>74,864</u>
Net Change in Fund Balance	(215,412)	(975,112)	(683,447)	291,665
Fund Balance at Beginning of Year	2,070,914	2,070,914	2,070,914	0
Prior Year Encumbrances Appropriated	<u>103,838</u>	<u>103,838</u>	<u>103,838</u>	<u>0</u>
Fund Balance at End of Year	\$ <u>1,959,340</u>	\$ <u>1,199,640</u>	\$ <u>1,491,305</u>	\$ <u>291,665</u>

City of Rocky River, Ohio

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

Sanitary Sewer Fund

For The Year Ended December 31, 2011

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services	\$ <u>2,015,000</u>	\$ <u>2,015,000</u>	\$ <u>1,823,537</u>	\$ <u>(191,463)</u>
Expenses:				
Sewer Operations:				
Personal Service	619,347	619,347	557,192	62,155
Contractual Services	1,461,656	1,450,656	1,219,131	231,525
Heat, Light, And Power	14,500	19,500	17,844	1,656
Materials And Supplies	67,957	73,957	58,484	15,473
Other	6,527	6,527	4,696	1,831
Capital Outlay	5,000	5,000	3,350	1,650
Debt Service:				
Principal Retirement	17,327	17,327	17,327	0
Interest and Fiscal Charges	<u>9,770</u>	<u>9,770</u>	<u>9,770</u>	<u>0</u>
Total Expenses	<u>2,202,084</u>	<u>2,202,084</u>	<u>1,887,794</u>	<u>314,290</u>
Net Change in Fund Equity	(187,084)	(187,084)	(64,257)	122,827
Fund Equity at Beginning of Year	161,038	161,038	161,038	0
Prior Year Encumbrances Appropriated	<u>70,190</u>	<u>70,190</u>	<u>70,190</u>	<u>0</u>
Fund Equity at End of Year	\$ <u><u>44,144</u></u>	\$ <u><u>44,144</u></u>	\$ <u><u>166,971</u></u>	\$ <u><u>122,827</u></u>

City of Rocky River, Ohio

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

Self Insurance Fund

For The Year Ended December 31, 2011

	<u>Budget</u>		<u>Actual</u>	Variance With Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charge for Services	\$ <u>2,614,892</u>	\$ <u>2,614,892</u>	\$ <u>2,020,412</u>	\$ <u>(594,480)</u>
Expenses:				
Claims	3,039,871	2,739,871	1,624,965	1,114,906
Contractual Services	<u>266,900</u>	<u>266,900</u>	<u>266,104</u>	<u>796</u>
Total Expenses	<u>3,306,771</u>	<u>3,006,771</u>	<u>1,891,069</u>	<u>1,115,702</u>
Net Change in Fund Equity	(691,879)	(391,879)	129,343	521,222
Fund Equity at Beginning of Year	475,813	475,813	475,813	0
Prior Year Encumbrances Appropriated	<u>2,100</u>	<u>2,100</u>	<u>2,100</u>	<u>0</u>
Fund Equity at End of Year	\$ <u>(213,966)</u>	\$ <u>86,034</u>	\$ <u>607,256</u>	\$ <u>521,222</u>

City of Rocky River, Ohio

Fiduciary Funds

Fund Descriptions

Agency Funds

Deposits, Fees and Tri-City Fund – To account for refundable deposits and the Tri-City Council of Governments.

Donations and Bequests Fund – To account for donations and bequests for various City departments.

Municipal Court Fund – To account for the monies received and disbursed from the Rocky River Municipal Court.

S.A.F.E. Fund – To account for financial transactions of the S.A.F.E. Council of Governments.

City of Rocky River, Ohio

Combining Statement of Assets and Liabilities – Agency Funds

December 31, 2011

	<u>Deposits, Fees and Tri-City</u>	<u>Donations and Bequests</u>	<u>Municipal Court</u>	<u>S.A.F.E.</u>	<u>Total</u>
Assets:					
Equity in Pooled Cash and Cash Equivalents	\$ 72,151	\$ 273,426	\$ 0	\$ 3,754	\$ 349,331
Cash and Cash Equivalents in Segregated Accounts	<u>0</u>	<u>0</u>	<u>532,973</u>	<u>0</u>	<u>532,973</u>
Total Assets	\$ <u>72,151</u>	\$ <u>273,426</u>	\$ <u>532,973</u>	\$ <u>3,754</u>	\$ <u>882,304</u>
Liabilities:					
Undistributed Monies	\$ 0	\$ 273,426	\$ 0	\$ 3,754	\$ 277,180
Deposits Held and Due To Others	<u>72,151</u>	<u>0</u>	<u>532,973</u>	<u>0</u>	<u>605,124</u>
Total Liabilities	\$ <u>72,151</u>	\$ <u>273,426</u>	\$ <u>532,973</u>	\$ <u>3,754</u>	\$ <u>882,304</u>

City of Rocky River, Ohio

Combining Statement of Changes in Assets and Liabilities – Agency Funds

For The Year Ended December 31, 2011

	<u>Balance</u> <u>12/31/10</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12/31/11</u>
Deposits, Fees and Tri-City				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ <u>69,214</u>	\$ <u>9,089</u>	\$ <u>6,152</u>	\$ <u>72,151</u>
Liabilities:				
Deposits Held and Due to Others	\$ <u>69,214</u>	\$ <u>9,089</u>	\$ <u>6,152</u>	\$ <u>72,151</u>
Donations and Bequests				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ <u>263,415</u>	\$ <u>65,024</u>	\$ <u>55,013</u>	\$ <u>273,426</u>
Liabilities:				
Undistributed Monies	\$ <u>263,415</u>	\$ <u>65,024</u>	\$ <u>55,013</u>	\$ <u>273,426</u>
Municipal Court				
Assets:				
Cash and Cash Equivalents in Segregated Accounts	\$ <u>545,794</u>	\$ <u>7,084,171</u>	\$ <u>7,096,992</u>	\$ <u>532,973</u>
Liabilities:				
Deposits Held and Due to Others	\$ <u>545,794</u>	\$ <u>7,084,171</u>	\$ <u>7,096,992</u>	\$ <u>532,973</u>
S.A.F.E.				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ <u>6,890</u>	\$ <u>0</u>	\$ <u>3,136</u>	\$ <u>3,754</u>
Liabilities:				
Undistributed Monies	\$ <u>6,890</u>	\$ <u>0</u>	\$ <u>3,136</u>	\$ <u>3,754</u>
All Agency Funds				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ 339,519	\$ 74,113	\$ 64,301	\$ 349,331
Cash and Cash Equivalents in Segregated Accounts	<u>545,794</u>	<u>7,084,171</u>	<u>7,096,992</u>	<u>532,973</u>
Total Assets	\$ <u>885,313</u>	\$ <u>7,158,284</u>	\$ <u>7,161,293</u>	\$ <u>882,304</u>
Liabilities:				
Undistributed Monies	\$ 270,305	\$ 65,024	\$ 58,149	\$ 277,180
Deposits Held and Due to Others	<u>615,008</u>	<u>7,093,260</u>	<u>7,103,144</u>	<u>605,124</u>
Total Liabilities	\$ <u>885,313</u>	\$ <u>7,158,284</u>	\$ <u>7,161,293</u>	\$ <u>882,304</u>

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City of Rocky River, Ohio

December 31, 2011

This part of the CAFR presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page(s)</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	118 – 125
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	126 – 132
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	133 – 138
Economic and Demographic Information These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	139 – 141
Operating Information These schedules contain service data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	142 – 147

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

City of Rocky River, Ohio

Net Assets by Component – Last Nine Fiscal Years

Accrual Basis of Accounting

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Governmental Activities:									
Invested in Capital Assets, Net of Related Debt	\$ 25,694,191	\$ 21,762,917	\$ 24,062,462	\$ 24,996,254	\$ 28,079,248	\$ 30,592,575	\$ 31,254,205	\$ 31,781,713	\$ 30,680,267
Restricted for:									
Capital Projects	6,697,396	8,506,497	10,244,546	8,538,517	4,038,732	4,463,366	6,208,401	6,304,738	5,136,504
Debt Services	933,368	436,075	311,203	370,924	299,208	434,148	295,558	129,556	735,700
Recreation	272,344	537,147	453,232	825,367	0	0	0	0	0
Municipal Probation	314,982	341,646	366,541	380,220	381,081	416,388	421,063	387,247	353,444
Aging	226,474	403,278	279,679	800,380	354,143	218,952	124,001	51,446	71,622
Street Construction and Maintenance	347,929	658,753	311,953	505,658	696,805	415,917	406,063	414,993	413,966
Other Purposes	212,492	712,932	421,903	848,768	364,080	816,857	539,121	224,268	556,500
Unreserved	<u>2,078,511</u>	<u>4,238,433</u>	<u>3,759,748</u>	<u>3,047,689</u>	<u>8,033,664</u>	<u>5,210,492</u>	<u>3,227,747</u>	<u>2,162,461</u>	<u>1,107,586</u>
Total Net Assets – Governmental Activities	<u>36,777,687</u>	<u>37,597,678</u>	<u>40,211,267</u>	<u>40,313,777</u>	<u>42,246,961</u>	<u>42,568,695</u>	<u>42,476,159</u>	<u>41,456,422</u>	<u>39,055,589</u>
Business-Type Activities:									
Invested in Capital Assets, Net of Related Debt	14,798,306	16,580,359	16,408,395	16,369,129	17,261,301	17,184,178	17,800,190	18,945,660	21,806,517
Unrestricted	<u>6,970,391</u>	<u>7,028,630</u>	<u>6,975,394</u>	<u>7,038,020</u>	<u>6,690,857</u>	<u>6,668,185</u>	<u>6,619,718</u>	<u>6,177,103</u>	<u>6,237,369</u>
Total Net Assets – Business-Type Activities	<u>21,768,697</u>	<u>23,608,989</u>	<u>23,383,789</u>	<u>23,407,149</u>	<u>23,952,158</u>	<u>23,852,363</u>	<u>24,419,908</u>	<u>25,122,763</u>	<u>28,043,886</u>
Primary Government:									
Invested in Capital, Net of Related Debt	40,492,497	38,343,276	40,470,857	41,365,383	45,340,549	47,776,753	49,054,395	50,727,373	52,486,784
Restricted for:									
Capital Projects	6,697,396	8,506,497	10,244,546	8,538,517	4,038,732	4,463,366	6,208,401	6,304,738	5,136,504
Debt Services	933,368	436,075	311,203	370,924	299,208	434,148	295,558	129,556	735,700
Recreation	272,344	537,147	453,232	825,367	0	0	0	0	0
Municipal Probation	314,982	341,646	366,541	380,220	381,081	416,388	421,063	387,247	353,444
Aging	226,474	403,278	279,679	800,380	354,143	218,952	124,001	51,446	71,622
Street Construction and Maintenance	347,929	658,753	311,953	505,658	696,805	415,917	406,063	414,993	413,966
Other Purposes	212,492	712,932	421,903	848,768	364,080	816,857	539,121	224,268	556,500
Unrestricted	<u>9,048,902</u>	<u>11,267,063</u>	<u>10,735,142</u>	<u>10,085,709</u>	<u>14,724,521</u>	<u>11,878,677</u>	<u>9,847,465</u>	<u>8,339,564</u>	<u>7,344,955</u>
Total Primary Government Net Assets	\$ <u>58,546,384</u>	\$ <u>61,206,667</u>	\$ <u>63,595,056</u>	\$ <u>63,720,926</u>	\$ <u>66,199,119</u>	\$ <u>66,421,058</u>	\$ <u>66,896,067</u>	\$ <u>66,579,185</u>	\$ <u>67,099,475</u>

City of Rocky River, Ohio

Changes in Net Assets – Last Nine Fiscal Years

Accrual Basis of Accounting

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Program revenues:									
Governmental Activities:									
Charges for Services:									
General Government	\$ 2,406,821	\$ 2,368,876	\$ 2,834,113	\$ 2,931,941	\$ 2,130,339	\$ 2,293,658	\$ 2,761,052	\$ 2,533,392	\$ 2,688,561
Security of Persons and Property	346,364	607,429	282,092	710,930	804,196	1,175,625	740,665	1,105,984	1,056,599
Public Health	397,420	347,554	441,693	436,247	489,380	467,691	369,997	495,138	542,072
Transportation	19,603	14,256	425	500	75	425	75	350	400
Leisure Time Activities	1,265,249	1,234,683	1,401,233	1,451,092	1,907,655	1,987,167	1,979,316	2,118,323	2,067,741
Community Development	715	705	525	495	270	180	260	175	200
Basic Utility Service	14,966	19,370	16,982	17,965	11,847	700,345	995,455	1,040,871	1,103,942
Operating Grants and Contributions:									
General Government	0	0	0	0	0	63,921	35,857	45,122	44,331
Security of Persons and Property	40,392	25,604	25,584	25,946	24,107	27,352	25,263	26,864	25,707
Transportation	518,181	657,577	705,137	749,323	737,192	777,503	781,961	775,539	777,312
Basic Utility Service	70,301	121,500	78,317	65,250	41,254	90,523	90,956	86,861	86,220
Capital Grants and Contributions:									
General Government	749,605	789,079	819,794	619,653	873,945	929,746	824,696	823,491	864,849
Public Health	0	0	3,628	3,700	255	0	0	0	0
Transportation	0	0	0	0	64,000	0	0	0	0
Basic Utility Service	0	0	0	0	0	0	220,091	463,209	0
Total Governmental Activities									
Program Revenues	<u>5,829,617</u>	<u>6,186,633</u>	<u>6,609,523</u>	<u>7,013,042</u>	<u>7,084,515</u>	<u>8,514,136</u>	<u>8,825,644</u>	<u>9,515,319</u>	<u>9,257,934</u>
Business-Type Activities:									
Charges for Services:									
Sewer	1,649,436	2,012,219	1,853,327	1,882,034	1,862,049	2,012,434	1,979,436	1,758,085	1,865,441
Capital Grants and Contributions:									
Sewer	0	1,107,813	347,671	219,730	54,603	195,846	903,127	1,501,035	3,158,259
Total Business-Type Activities									
Program Revenues	<u>1,649,436</u>	<u>3,120,032</u>	<u>2,200,998</u>	<u>2,101,764</u>	<u>1,916,652</u>	<u>2,208,280</u>	<u>2,882,563</u>	<u>3,259,120</u>	<u>5,023,700</u>
Total Primary Government									
Program Revenues	<u>7,479,053</u>	<u>9,306,665</u>	<u>8,810,521</u>	<u>9,114,806</u>	<u>9,001,167</u>	<u>10,722,416</u>	<u>11,708,207</u>	<u>12,774,439</u>	<u>14,281,634</u>

(continued)

City of Rocky River, Ohio

Changes in Net Assets – Last Nine Fiscal Years (continued)

Accrual Basis of Accounting

Expenses:	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Governmental activities:									
General Government	5,142,027	4,555,899	4,514,387	8,818,319	6,808,557	8,051,702	6,932,356	7,598,480	9,384,315
Security of Persons and Property	8,037,215	7,673,916	7,876,398	9,202,339	9,829,332	9,396,241	9,623,866	9,010,010	9,472,809
Public Health	1,071,428	977,448	1,142,913	1,220,577	1,363,640	1,347,437	1,437,857	1,428,688	1,386,701
Transportation	2,738,117	4,698,400	1,587,610	3,244,883	2,314,773	3,195,503	2,758,278	2,385,058	2,459,672
Leisure Time Activities	2,619,434	3,933,467	4,973,173	783,730	4,076,680	3,937,438	4,268,822	3,948,809	4,527,664
Community Development	823,487	803,006	703,873	257,600	790,060	801,140	720,892	816,485	673,807
Basic Utility Services	2,161,930	1,739,378	1,900,149	1,934,737	1,693,864	1,609,178	1,772,114	2,127,597	2,111,718
Interest and Fiscal Charges	439,230	507,297	965,098	925,760	882,306	854,095	824,261	790,980	687,642
Total Governmental Activities Expenses	<u>23,032,868</u>	<u>24,888,811</u>	<u>23,663,601</u>	<u>26,387,945</u>	<u>27,759,212</u>	<u>29,192,734</u>	<u>28,338,446</u>	<u>28,106,107</u>	<u>30,704,328</u>
Business-Type Activities:									
Sewer	2,405,376	1,279,740	2,426,198	2,078,404	2,454,298	2,308,075	2,315,018	2,450,068	2,102,577
Transfers	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>106,197</u>	<u>0</u>
Total Business-Type Activities	<u>2,405,376</u>	<u>1,279,740</u>	<u>2,426,198</u>	<u>2,078,404</u>	<u>2,454,298</u>	<u>2,308,075</u>	<u>2,315,018</u>	<u>2,556,265</u>	<u>2,102,577</u>
Total Primary Government Program Expenses	<u>25,438,244</u>	<u>26,168,551</u>	<u>26,089,799</u>	<u>28,466,349</u>	<u>30,213,510</u>	<u>31,500,809</u>	<u>30,653,464</u>	<u>30,662,372</u>	<u>32,806,905</u>
General Revenues:									
Property taxes and Other Local Taxes Levied for:									
General Purposes	3,344,189	3,669,410	3,595,174	3,695,587	4,210,179	4,018,607	4,093,251	3,872,423	3,788,172
Recreation	265,406	286,213	285,331	293,301	293,591	318,938	324,861	307,335	300,648
Office on Aging	265,406	286,213	286,175	283,755	331,210	318,938	324,861	307,335	300,648
Refuse and Recycling	530,815	572,426	569,818	596,199	624,749	637,881	649,723	614,670	601,297
Fire Levy	159,244	172,015	171,200	175,980	187,441	191,365	194,916	184,401	180,663
Police Levy	159,244	171,439	171,199	96,012	267,410	191,365	194,916	184,401	181,671
Capital Improvements	530,815	572,426	604,444	552,819	624,801	637,881	649,723	614,670	601,297
General Obligation Bond Retirement	0	0	570,663	666,569	542,651	626,790	634,889	599,627	597,831
Municipal Taxes Levied for:									
General Purposes	7,450,963	8,159,833	7,794,391	8,203,978	8,893,894	8,673,869	7,661,534	7,959,539	8,606,720
Franchise Tax	1,485,683	278,970	47,289	139,215	149,384	207,506	128,163	236,114	201,531
Admissions Tax	0	0	75,069	45,929	40,874	36,715	34,981	33,855	32,638
Grants and Entitlements									
not Restricted to Specific Programs	1,455,607	4,955,054	4,688,251	3,453,555	3,837,407	4,156,898	4,195,197	2,477,912	2,852,477
Investment Earnings	195,673	281,820	680,947	1,202,568	1,110,881	516,771	140,058	31,050	8,162
Other	327,212	116,350	127,716	71,946	407,662	466,811	193,193	41,522	791,806
Transfers	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>106,197</u>	<u>0</u>
Total General Revenues and Transfers	<u>16,170,257</u>	<u>19,522,169</u>	<u>19,667,667</u>	<u>19,477,413</u>	<u>21,522,134</u>	<u>21,000,332</u>	<u>19,420,266</u>	<u>17,571,051</u>	<u>19,045,561</u>

City of Rocky River, Ohio

Changes in Net Assets – Last Nine Fiscal Years (continued)

Accrual Basis of Accounting

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Change in Net Assets:									
Governmental Activities	(1,032,994)	819,991	2,613,589	102,510	847,702	321,734	(92,536)	(1,019,737)	(2,400,833)
Business-Type Activities	<u>(755,940)</u>	<u>1,840,292</u>	<u>(225,200)</u>	<u>23,360</u>	<u>(537,646)</u>	<u>(99,795)</u>	<u>567,545</u>	<u>702,855</u>	<u>2,921,123</u>
Total Primary Government									
Change in Net Assets	\$ <u>(1,788,934)</u>	\$ <u>2,660,283</u>	\$ <u>2,388,389</u>	\$ <u>125,870</u>	\$ <u>310,056</u>	\$ <u>221,939</u>	\$ <u>475,009</u>	\$ <u>(316,882)</u>	\$ <u>520,290</u>

City of Rocky River, Ohio

Fund Balances, Governmental Funds – Last Ten Fiscal Years

Modified Accrual Basis of Accounting

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Fund										
Nonspendable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 20,082
Assigned	0	0	0	0	0	0	0	0	0	73,625
Unassigned	0	0	0	0	0	0	0	0	0	3,503,175
Reserved	215,449	172,542	118,309	158,475	126,594	124,594	235,188	118,863	370,707	0
Unreserved	<u>4,062,024</u>	<u>3,353,437</u>	<u>4,961,316</u>	<u>12,092,669</u>	<u>8,751,298</u>	<u>9,040,991</u>	<u>6,278,579</u>	<u>4,363,415</u>	<u>3,183,940</u>	<u>0</u>
Total General Fund	<u>4,277,473</u>	<u>3,525,979</u>	<u>5,079,625</u>	<u>12,251,144</u>	<u>8,877,892</u>	<u>9,165,386</u>	<u>6,513,767</u>	<u>4,482,278</u>	<u>3,554,647</u>	<u>3,596,882</u>
All Other Governmental Funds										
Nonspendable	0	0	0	0	0	0	0	0	0	117,404
Restricted	0	0	0	0	0	0	0	0	0	6,054,235
Unassigned (Deficit)	0	0	0	0	0	0	0	0	0	(627,575)
Reserved	1,485,769	2,061,840	1,958,494	981,092	7,003,846	1,545,110	740,155	2,615,314	4,893,122	0
Unreserved, Undesignated, Reported in:										
Special Revenue Funds	2,280,066	1,662,708	2,274,096	1,620,122	3,179,196	1,498,981	1,494,900	722,896	375,705	0
Debt Service Funds	126,242	129,136	436,075	309,515	368,623	320,601	434,703	296,748	129,711	0
Capital Projects Funds	<u>5,844,373</u>	<u>4,669,196</u>	<u>6,682,010</u>	<u>9,470,562</u>	<u>1,707,532</u>	<u>2,797,157</u>	<u>4,043,671</u>	<u>3,971,943</u>	<u>1,766,381</u>	<u>0</u>
Total All Other Governmental Funds	<u>9,736,450</u>	<u>8,522,880</u>	<u>11,350,675</u>	<u>12,381,291</u>	<u>12,259,197</u>	<u>6,161,849</u>	<u>6,713,429</u>	<u>7,606,901</u>	<u>7,164,919</u>	<u>5,544,064</u>
Total Governmental Funds	\$ <u>14,013,923</u>	\$ <u>12,048,859</u>	\$ <u>16,430,300</u>	\$ <u>24,632,435</u>	\$ <u>21,137,089</u>	\$ <u>15,327,235</u>	\$ <u>13,227,196</u>	\$ <u>12,089,179</u>	\$ <u>10,719,566</u>	\$ <u>9,140,946</u>

Note: In 2011, the City implemented GASB Statement No. 54.

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City of Rocky River, Ohio

Changes in Fund Balance, Governmental Funds - Last Ten Fiscal Years

Modified Accrual Basis of Accounting

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues										
Property Taxes	\$ 5,280,092	\$ 5,251,769	\$ 5,667,016	\$ 6,235,604	\$ 6,335,087	\$ 7,041,339	\$ 6,947,816	\$ 7,080,115	\$ 6,686,547	\$ 6,472,059
Municipal Income taxes	7,770,663	7,553,532	7,732,660	8,064,069	8,302,551	8,524,272	8,506,159	7,748,760	8,106,509	8,570,317
Other Local Taxes	195,854	195,006	278,970	171,013	185,144	190,258	244,218	163,144	269,969	234,169
Intergovernmental	7,464,551	4,351,557	6,823,149	6,168,682	5,223,478	5,067,103	5,900,572	6,285,727	4,683,905	4,749,825
Charges for Services	1,651,871	1,609,543	1,686,685	1,850,165	2,108,616	2,362,258	3,188,107	3,317,448	3,635,605	3,711,407
Fines, Fees, and Permits	2,908,634	2,739,144	2,857,860	3,292,766	2,946,563	2,795,898	3,348,071	3,357,804	3,405,319	3,504,950
Special Assessments	35,324	41,018	86,950	72,514	73,625	69,545	67,171	66,757	61,788	60,120
Investment Income	267,852	195,673	281,820	680,947	1,202,568	1,110,881	516,771	140,058	31,050	8,162
Rentals	86,692	98,771	107,664	109,372	102,925	130,683	94,133	104,387	104,047	86,230
Other	164,186	327,212	315,554	155,317	137,471	489,200	480,433	209,371	107,372	792,765
Total Revenues	25,825,719	22,363,225	25,838,328	26,800,449	26,618,028	27,781,437	29,293,451	28,473,571	27,092,111	28,190,004
Expenditures										
Current:										
General Government	3,372,844	4,544,926	4,153,103	4,661,055	4,367,663	4,630,034	4,933,287	4,991,465	4,983,015	4,888,964
Security of Persons and Property	7,001,113	7,309,763	7,585,135	7,680,206	8,158,722	8,659,138	8,876,601	9,246,320	8,985,847	9,104,294
Public Health and Welfare	1,015,068	1,081,332	918,244	1,063,225	1,107,247	1,258,586	1,260,324	1,173,737	1,298,805	1,281,566
Transportation	2,113,204	2,317,478	2,072,377	2,323,383	2,160,615	2,167,526	2,514,664	2,268,740	2,206,182	2,138,947
Leisure Time Activities	2,415,412	352,892	2,433,953	2,661,923	2,888,877	3,522,149	3,818,666	3,641,297	3,387,478	3,188,335
Community Development	623,812	806,798	766,159	679,701	1,341,837	965,311	932,862	917,692	792,068	807,866
Basic Utility Services	1,365,575	1,485,120	1,339,321	1,437,860	1,482,518	1,601,443	1,639,711	2,056,568	3,387,129	4,592,412
Capital Outlay	6,267,738	5,611,179	9,201,024	4,773,885	6,528,974	8,759,176	5,203,465	3,595,408	2,125,399	2,997,396
Debt Service										
Principal	372,070	462,037	3,356,817	1,022,756	1,148,732	1,154,751	1,100,814	1,116,923	1,138,080	1,909,286
Interest	355,077	439,169	485,503	968,887	933,167	905,917	877,823	848,319	815,274	716,098
Bond Issuance Costs	41,018	0	0	0	0	0	0	0	0	74,864
Total Expenditures	24,942,931	24,410,694	32,311,636	27,272,881	30,118,352	33,624,031	31,158,220	29,856,469	29,119,277	31,700,028
Excess of Revenues Over (Under) Expenditures	882,788	(2,047,469)	(6,473,308)	(472,432)	(3,500,324)	(5,842,594)	(1,864,769)	(1,382,898)	(2,027,166)	(3,510,024)

(continued)

City of Rocky River, Ohio

Changes in Fund Balance, Governmental Funds - Last Ten Fiscal Years (continued)

Modified Accrual Basis of Accounting

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<u>Other Financing Sources (Uses)</u>										
Proceeds from Issuance of Debt	3,700,000	0	10,840,000	8,400,000	0	0	0	228,754	646,016	4,691,540
Premium on General Obligation Debt	0	0	0	262,963	0	0	0	0	0	52,694
Payment to Escrow	0	0	0	0	0	0	0	0	0	(2,812,830)
Proceeds from Sale of Capital Assets	17,571	82,405	14,749	11,604	4,978	32,740	29,730	16,127	11,537	0
Transfers – In	7,054,559	5,370,297	7,549,959	2,795,000	9,070,623	5,115,000	7,650,000	5,487,764	4,471,000	3,680,000
Transfers – Out	<u>(9,204,929)</u>	<u>(5,370,297)</u>	<u>(7,549,959)</u>	<u>(2,795,000)</u>	<u>(9,070,623)</u>	<u>(5,115,000)</u>	<u>(7,915,000)</u>	<u>(5,487,764)</u>	<u>(4,471,000)</u>	<u>(3,680,000)</u>
Total Other Financing Sources (Uses)	<u>1,567,201</u>	<u>82,405</u>	<u>10,854,749</u>	<u>8,674,567</u>	<u>4,978</u>	<u>32,740</u>	<u>(235,270)</u>	<u>244,881</u>	<u>657,553</u>	<u>1,931,404</u>
Net change in fund balances	\$ <u>2,449,989</u>	\$ <u>(1,965,064)</u>	\$ <u>4,381,441</u>	\$ <u>8,202,135</u>	\$ <u>(3,495,346)</u>	\$ <u>(5,809,854)</u>	\$ <u>(2,100,039)</u>	\$ <u>(1,138,017)</u>	\$ <u>(1,369,613)</u>	\$ <u>(1,578,620)</u>
Debt Service as a Percentage of Noncapital Expenditures	4.09%	4.05%	14.27%	8.92%	8.23%	8.11%	7.19%	7.18%	7.21%	8.81%

City of Rocky River, Ohio

Assessed and Estimated Actual Value of Taxable Property

Last Ten Years

Tax Year/ Collection Year	Real Property		Public Utility Property	
	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)
2002/2003	\$ 577,506,520	\$ 1,650,018,629	\$ 9,536,030	\$ 10,836,398
2003/2004	634,723,650	1,813,496,142	9,544,580	10,846,113
2004/2005	636,121,350	1,817,489,571	9,737,980	11,065,806
2005/2006	637,972,350	1,822,778,143	8,772,100	9,968,295
2006/2007	704,756,080	2,013,588,800	8,279,590	9,408,625
2007/2008	707,992,790	2,022,836,543	5,790,110	6,579,670
2008/2009	714,739,290	2,042,112,257	6,053,290	6,878,739
2009/2010	686,743,340	1,962,123,829	6,392,090	7,263,739
2010/2011	682,758,970	1,950,739,914	6,534,340	7,425,386
2011/2012	678,705,910	1,939,159,743	6,797,170	7,996,671

Source: Cuyahoga County, Ohio; County Fiscal Officer

(1) This amount is calculated for 2011 based on the following percentages:

Real property is assessed at 35 percent of actual value.

Public utility property is assessed at 88 percent of actual value.

Tangible personal property is assessed at 25 percent of true value for capital assets and 23 percent of true value for inventory prior to 2006 tax year. Tangible personal is assessed at 18.75, 12.5, and 6.25 percent of true value for all property inventory for 2006, 2007, and 2008 respectively.

(2) Tax rates are per \$1,000 of assessed value.

<u>Tangible Personal Property</u>		<u>Total</u>		<u>Ratio</u>	<u>Total Direct Rate (2)</u>
<u>Assessed Value</u>	<u>Estimated Actual Value (1)</u>	<u>Assessed Value</u>	<u>Estimated Actual Value (1)</u>		
\$ 14,906,102	\$ 59,624,408	\$ 601,948,652	\$ 1,720,479,435	34.99%	\$ 9.90
14,696,532	58,786,128	658,964,762	1,883,128,383	34.99	9.90
11,888,430	51,688,826	657,747,760	1,880,244,283	34.98	10.90
10,280,540	44,698,000	657,024,990	1,877,444,438	34.99	10.90
10,384,146	55,382,112	723,419,816	2,078,379,537	34.81	10.90
4,097,141	32,777,128	717,880,041	2,062,193,341	34.81	10.90
4,073,990	65,183,840	724,866,570	2,114,174,836	34.29	10.90
0	0	693,135,430	1,969,387,568	35.19	10.90
0	0	689,293,310	1,958,165,300	35.20	10.90
0	0	685,503,080	1,947,156,414	35.20	10.90

City of Rocky River, Ohio

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

Last Ten Years

Year	City of Rocky River					Total	Rocky River School and Library	Cuyahoga County	Special(1) Taxing Districts	Total
	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Bond Service						
2002	\$ 6.30	\$ 2.60	\$ 1.00	\$ 0	\$ 9.90	\$ 72.20	\$ 11.72	\$ 4.48	\$ 98.30	
2003	6.30	2.60	1.00	0	9.90	76.70	13.52	4.48	104.60	
2004	6.30	2.60	1.00	1.00	10.90	78.10	13.52	4.78	107.30	
2005	6.30	2.60	1.00	1.00	10.90	83.10	13.52	4.78	112.30	
2006	6.30	2.60	1.00	1.00	10.90	83.30	13.42	4.78	112.40	
2007	6.30	2.60	1.00	1.00	10.90	83.20	13.42	4.78	112.30	
2008	6.30	2.60	1.00	1.00	10.90	88.80	13.32	4.78	117.80	
2009	6.30	2.60	1.00	1.00	10.90	88.80	13.32	4.78	117.80	
2010	6.30	2.60	1.00	1.00	10.90	90.40	13.32	5.08	119.70	
2011	6.30	2.60	1.00	1.00	10.90	90.45	13.22	5.08	119.65	

Source: Cuyahoga County, Ohio; County Fiscal Officer

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

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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>
2002	\$ 6,366,351	\$ 5,872,530	92.24 %	\$ 160,298
2003	6,258,955	5,889,910	94.10	122,928
2004	6,568,175	6,170,368	93.94	139,194
2005	7,216,321	6,814,655	94.43	124,325
2006	7,232,129	6,847,235	94.68	134,097
2007	7,993,917	7,565,168	94.64	139,558
2008	8,054,197	7,555,361	93.81	211,861
2009	7,867,118	7,834,168	99.58	177,726
2010	7,810,832	7,320,406	93.72	157,753
2011	7,758,489	7,214,139	92.98	150,703

Source: Cuyahoga County, Ohio; County Fiscal Officer

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

Note: The County does not identify delinquent collections by the year for which the tax was levied.

	<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>
\$	6,032,828	94.76%	\$ 195,557	3.07%
	6,012,838	96.07	248,027	3.96
	6,309,562	96.06	292,542	4.45
	6,938,980	96.16	286,098	3.96
	6,981,332	96.53	315,249	4.36
	7,704,725	96.38	345,085	4.32
	7,767,222	96.44	267,880	3.33
	8,011,894	101.84	254,902	3.24
	7,478,159	95.74	253,220	3.23
	7,364,842	94.93	333,387	4.30

City of Rocky River, Ohio

Principal Taxpayers: Real and Tangible Personal Property Tax

As of December 31, 2011 and December 31, 2002

<u>Taxpayer</u>	<u>2011</u>	
	Real Personal Property Assessed Value	Percent of Total Assessed Value
	Westwood Town Center	\$ 7,274,720
Normandy Association, LP	4,854,790	0.72
Inland Westgate, LLC	4,608,070	0.68
Cleveland Illuminating Company	4,431,800	0.65
Beachcliff Properties, LP	4,297,310	0.63
Presidential Apartments, LTD.	3,992,940	0.59
Westwood Country Club, Co.	3,262,770	0.48
Linden Apartment Company	2,548,600	0.38
Gross Management, Inc.	2,500,790	0.37
SRK Perrysburg Association, LLC	<u>2,456,580</u>	<u>0.36</u>
<i>Totals</i>	\$ <u>40,228,370</u>	<u>5.93%</u>
<i>Total City Assessed Valuation</i>	\$ <u>678,705,910</u>	
<u>Taxpayer</u>	<u>2002</u>	
	Real and Tangible Personal Property Assessed Value	Percent of Total Assessed Value
	Westwood Town Center	\$ 5,340,310
Normandy Association, LTD.	4,165,590	0.69
Rockport Associates Company	4,626,130	0.77
Cleveland Illuminating Company	4,735,950	0.79
Presidential Apartments, LTD.	3,927,840	0.65
John D. Spielberg	3,426,170	0.57
Ohio Bell Telephone Company	3,308,960	0.55
Gross Management, Inc.	2,964,820	0.49
Linden Apartment Company	2,744,460	0.46
W & F Plaza Investments	<u>2,064,020</u>	<u>0.34</u>
<i>Totals</i>	\$ <u>37,304,250</u>	<u>6.20%</u>
<i>Total City Assessed Valuation</i>	\$ <u>601,948,652</u>	

Source: Cuyahoga County, Ohio; County Fiscal Officer

City of Rocky River, Ohio

Ratio of Outstanding Debt by Type

Last Ten Years

Fiscal Year	Governmental Activities				Business-Type		Total Primary Government	Percentage of Personal Income ⁽¹⁾	Per Capita ⁽¹⁾
	General Obligation Bonds	Special Assessment Bonds	OPWC Loan	Capital Lease	OWDA Loan				
2002	\$ 7,215,000	\$ 865,000	\$ 0	\$ 1,117	\$ 328,239	\$ 8,409,356	1.17 %	\$ 405.56	
2003	6,810,000	830,000	0	0	316,234	7,956,234	1.11	383.71	
2004	14,355,000	790,000	0	0	303,666	15,448,666	2.15	745.05	
2005	21,795,000	750,000	0	0	290,508	22,835,508	3.18	1,101.30	
2006	20,710,000	710,000	0	0	276,733	21,696,733	3.02	1,046.38	
2007	19,620,000	670,000	0	0	262,310	20,552,310	2.86	991.19	
2008	18,585,000	630,000	0	0	247,210	19,463,210	2.71	938.62	
2009	17,535,000	590,000	288,754	0	231,400	18,585,154	2.59	896.32	
2010	16,465,000	550,000	874,770	0	214,850	18,104,620	2.58	895.69	
2011	14,830,000	510,000	2,731,310	0	339,843	18,411,153	2.63	910.86	

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) See the schedule of Demographic and Economic Statistics on page 140 for personal income and population data.

City of Rocky River, Ohio

Special Assessment Levies, Collections and Coverage

Last Ten Years

<u>Year</u>	<u>Current Assessments</u>		<u>Ratio of Collections To Amount Due</u>	<u>Debt Service</u>		<u>Coverage</u>
	<u>Due</u>	<u>Collected(1)</u>		<u>Principal</u>	<u>Interest</u>	
2002	\$ 87,278	\$ 62,574	71.70%	\$ 30,000	\$ 45,338	0.73
2003	95,383	69,497	72.86	35,000	43,888	1.42
2004	98,183	94,407	96.15	40,000	42,201	1.14
2005	102,359	96,101	93.88	40,000	40,263	1.20
2006	133,426	112,059	83.99	40,000	38,313	1.43
2007	165,931	123,640	74.51	40,000	36,363	1.62
2008	112,980	104,878	92.83	40,000	34,413	1.41
2009	109,663	101,345	92.42	40,000	32,425	1.40
2010	158,600	141,903	89.47	40,000	30,438	2.01
2011	218,934	160,263	73.20	40,000	28,450	2.34

Source: Cuyahoga County, Ohio; County Fiscal Officer

(1) Collections made by Cuyahoga County Fiscal Officer 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 ⁽¹⁾</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 Per Capita</u>
2002	20,735	\$ 7,100,585	\$ 601,948,652	1.18 %	\$ 342.44
2003	20,735	6,695,585	658,964,762	1.02	322.91
2004	20,735	14,228,490	657,747,760	2.16	686.21
2005	20,735	21,938,364	657,024,990	3.34	1,058.04
2006	20,735	20,760,982	723,419,816	2.87	1,001.25
2007	20,735	19,678,785	717,880,041	2.74	949.06
2008	20,735	18,537,073	724,866,570	2.56	894.00
2009	20,735	17,821,424	693,135,430	2.57	859.49
2010	20,213	17,532,043	689,293,310	2.54	867.36
2011	20,213	17,707,454	678,705,910	2.61	876.04

(1) Sources: U.S. Bureau of the Census.

(a) 2010 Federal Census

(b) 2000 Federal Census

City of Rocky River, Ohio

Computation of Legal Debt Margin

Last Ten Year

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Assessed Valuation	\$ <u>601,948,652</u>	\$ <u>658,964,762</u>	\$ <u>657,747,760</u>	\$ <u>657,024,990</u>	\$ <u>723,419,816</u>	\$ <u>717,880,041</u>	\$ <u>724,866,570</u>	\$ <u>693,135,430</u>	\$ <u>689,293,310</u>	\$ <u>685,503,080</u>
Debt Limit - 10.5% of Assessed Valuation	\$ 63,204,608	\$ 69,191,300	\$ 69,063,515	\$ 68,987,624	\$ 75,959,081	\$ 75,377,404	\$ 76,110,990	\$ 72,779,220	\$ 72,375,798	\$ 71,977,823
Gross Indebtedness	8,408,239	7,956,234	15,728,195	23,269,111	22,107,515	20,940,271	19,827,350	18,927,473	18,424,118	18,577,694
Less: Debt Outside Limitation	(1,193,239)	(1,146,234)	(1,093,666)	(1,040,508)	(986,733)	(932,310)	(877,210)	(821,400)	(764,850)	(849,843)
Less: Amount Available In Debt Service Funds	<u>(114,415)</u>	<u>(114,415)</u>	<u>(406,039)</u>	<u>(290,239)</u>	<u>(359,800)</u>	<u>(329,176)</u>	<u>(413,067)</u>	<u>(284,649)</u>	<u>(127,225)</u>	<u>(20,397)</u>
Net Debt Within 10.5% Limitation	<u>7,100,585</u>	<u>6,695,585</u>	<u>14,228,490</u>	<u>21,938,364</u>	<u>20,760,982</u>	<u>19,678,785</u>	<u>18,537,073</u>	<u>17,821,424</u>	<u>17,532,043</u>	<u>17,707,454</u>
Legal Debt Margin	\$ <u>56,104,023</u>	\$ <u>62,495,715</u>	\$ <u>54,835,025</u>	\$ <u>47,049,260</u>	\$ <u>55,198,099</u>	\$ <u>55,698,619</u>	\$ <u>57,573,917</u>	\$ <u>54,957,796</u>	\$ <u>54,843,755</u>	\$ <u>54,270,369</u>
Debt Limit - 5.5% of Assessed Unvoted Value	\$ 33,107,176	\$ 36,243,062	\$ 36,176,127	\$ 36,136,374	\$ 39,788,090	\$ 39,483,402	\$ 39,867,661	\$ 38,122,449	\$ 37,911,132	\$ 37,702,669
Gross Indebtedness Authorized by Council	8,408,239	7,956,234	15,728,195	23,269,111	22,107,515	20,940,271	19,827,350	18,927,473	18,424,118	18,577,694
Less: Debt Outside Limitation	(1,193,239)	(1,146,234)	(1,093,666)	(9,200,508)	(8,836,733)	(8,467,310)	(8,087,210)	(7,696,400)	(7,294,850)	(7,024,843)
Less: Amount Available in Debt Service Funds Related to Unvoted Debt	<u>(114,415)</u>	<u>(114,415)</u>	<u>(406,039)</u>	<u>(118,102)</u>	<u>(131,040)</u>	<u>(225,486)</u>	<u>(329,728)</u>	<u>(194,020)</u>	<u>(76,937)</u>	<u>(17,503)</u>
Net Debt Within 5.5% Limitation	<u>7,100,585</u>	<u>6,695,585</u>	<u>14,228,490</u>	<u>13,950,501</u>	<u>13,139,742</u>	<u>12,247,475</u>	<u>11,410,412</u>	<u>11,037,053</u>	<u>11,052,331</u>	<u>11,535,348</u>
Unvoted Debt Margin	\$ <u>26,006,591</u>	\$ <u>29,547,477</u>	\$ <u>21,947,637</u>	\$ <u>22,185,873</u>	\$ <u>26,648,348</u>	\$ <u>27,235,927</u>	\$ <u>28,457,249</u>	\$ <u>27,085,396</u>	\$ <u>26,858,801</u>	\$ <u>26,167,321</u>

Source: Cuyahoga County, Ohio; County Fiscal Officer, and City Financial records

City of Rocky River, Ohio

Computation of Direct and Overlapping General Obligation Bonded Debt

December 31, 2011

	<u>Governmental Activities Debt Outstanding</u>	<u>Percentage Applicable to City (1)</u>	<u>Amount Applicable to City of Rocky River</u>
<u>Direct:</u>			
General Obligation Bonds	\$ 14,996,541	100.00%	\$ 14,996,541
Special Assessment Bonds	510,000	100.00	510,000
Ohio Public Works Commission Loans	2,731,310	100.00	2,731,310
Police and Fire Pension Liability	<u>492,319</u>	100.00	<u>492,319</u>
Total Direct Debt	<u>18,730,170</u>		<u>18,730,170</u>
<u>Overlapping:</u>			
Cuyahoga County	298,113,842	2.30	6,856,417
Greater Cleveland Regional Transit Authority	142,080,000	2.30	3,268,697
Rocky River School District	<u>53,262,897</u>	96.97	<u>51,648,140</u>
Total Overlapping	<u>493,456,739</u>		<u>64,773,254</u>
Total	<u>\$ 512,186,909</u>		<u>\$ 83,503,424</u>

Source: Cuyahoga County, Ohio; County Fiscal Officer

(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>
2002	\$ 527,090	\$ 24,942,931	2.11 %
2003	769,349	24,410,694	3.15
2004	3,842,320	32,065,983	12.00
2005	1,991,643	27,272,881	7.30
2006	2,081,899	30,118,352	6.91
2007	2,060,668	33,624,031	6.13
2008	1,978,637	31,158,220	6.35
2009	1,965,242	29,856,469	6.56
2010	1,953,354	29,119,277	6.71
2011	2,625,384	31,700,028	8.28

Source: City Financial Records

City of Rocky River, Ohio

Principal Employers

Current Year and Nine Years Ago

2010			
	Employer	Employees	Percentage of Total City Employment
1	City of Rocky River	729	5.6%
2	Rocky River Board of Education	623	4.8
3	Westwood Country Club Co.	240	1.8
4	Marc Glassman Inc.	239	1.8
5	Cleveland Yacht Club Inc.	237	1.8
6	Magnificat High School	199	1.5
7	Heinens Inc.	195	1.5
8	Cuyahoga County SAW Inc.	190	1.5
9	CRS Marketing Services, Inc.	159	1.2
10	Riser Foods Co.	143	1.1
	Total	2,954	22.6%
	Total City Employment	13,085	

2002			
	Employer	Employees	Percentage of Total City Employment
1	Rocky River City School District	NA	NA
2	City of Rocky River	NA	NA
3	Containerport Group	NA	NA
4	Dawson Corp. LTD	NA	NA
5	Heinen's Inc.	NA	NA
6	Magnificat High School	NA	NA
7	McDonald & Company Securities	NA	NA
8	North American Benefits Network	NA	NA
9	Normandy LTD	NA	NA
10	Premier Physicians Group	NA	NA
	Total	NA	NA
	Total City Employment	NA	

Source: Central Collection Agency (CCA). Total City employment based upon estimate from the Central Collection Agency number of W-2's filed as of 2010, this is the most current information available.

NA - Information is not available

City of Rocky River, Ohio

Demographic and Economic Statistics

Last Ten Years

<u>Year</u>	<u>Population</u> ⁽¹⁾	<u>Total Personal Income</u> ⁽²⁾	<u>Per Capita Personal Income</u> ⁽¹⁾	<u>Median Household Income</u> ⁽¹⁾	<u>School Enrollment</u> ⁽³⁾	<u>Unemployment Cuyahoga County</u>
2002	20,735 b	\$ 718,737,305	\$ 34,663	\$ 51,636	2,493	6.60%
2003	20,735 b	718,737,305	34,663	51,636	2,575	6.20
2004	20,735 b	718,737,305	34,663	51,636	2,598	6.20
2005	20,735 b	718,737,305	34,663	51,636	2,623	6.50
2006	20,735 b	718,737,305	34,663	51,636	2,640	5.60
2007	20,735 b	718,737,305	34,663	51,636	2,696	6.10
2008	20,735 b	718,737,305	34,663	51,636	2,686	7.10
2009	20,735 b	718,737,305	34,663	51,636	2,681	8.90
2010	20,213 a	700,643,219	34,663	51,636	2,644	8.60
2011	20,213 a	700,643,219	34,663	51,636	2,612	7.1

(1) Sources: U.S. Bureau of the Census.

(a) 2010 Federal Census

(b) 2000 Federal Census

Note: 2010 Personal Income and Median Household Income data not available

(2) Computation of per capita personal income multiplied by population.

(3) Rocky River Board of Education

City of Rocky River, Ohio

Property Value and Construction

Last Ten Years

Year	Property Value (1)			Residential (2)		Commercial (2)	
	Commercial	Residential	Total	Number of Units	Value	Number of Units	Value
2002	\$ 265,627,200	\$ 1,384,391,429	\$ 1,650,018,629	16	\$ 5,190,000	1	\$ 9,570,917
2003	283,572,742	1,529,923,400	1,813,496,142	18	6,195,000	3	6,843,800
2004	284,197,186	1,533,292,385	1,817,489,571	28	9,652,000	3	3,013,000
2005	280,632,371	1,542,145,771	1,822,778,142	31	11,465,275	1	5,500,000
2006	296,426,314	1,717,162,486	2,013,588,800	25	6,025,000	2	9,929,000
2007	296,814,600	1,726,021,943	2,022,836,543	2	362,000	2	14,716,134
2008	308,154,600	1,733,957,657	2,042,112,257	1	1,500,000	3	1,670,000
2009	320,690,028	1,641,433,800	1,962,123,828	6	4,034,131	1	850,000
2010	308,753,342	1,641,986,571	1,950,739,913	5	3,085,000	2	428,900
2011	299,554,771	1,639,604,971	1,939,159,742	3	1,240,000	1	1,200,000

Sources: Cuyahoga County, Ohio - County Fiscal Officer; City Building Department

(1) Represents total estimated market value of real property, obtained from the County Fiscal Officer.

(2) Number of units (single and multi-family) include new construction only. Obtained information from City Building Department.

City of Rocky River, Ohio

Full-time Employees by Function/Program

Last Ten Years

Function/Program	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Government:										
Mayor	1	1	1	1	1	1	1	1	1	1
Finance	3	4	4	3	3	3	3	3	3	3
Human Resources	0	0	0	1	1	1	1	1	1	1
Municipal Courts	27	27	27	27	27	25	26	24	29	29
Engineering	3	3	3	0	0	0	0	0	0	0
Building	4	4	4	6	6	6	6	6	6	6
Building Maintenance	5	5	5	5	5	5	5	5	5	5
Security of Persons and Property:										
Safety Service Director	2	2	2	2	2	1	2	2	2	2
Fire	29	30	30	30	30	30	30	30	30	30
Police	37	37	37	38	38	38	38	38	38	36
Traffic Signal	4	4	4	4	4	4	4	4	4	4
Transportation:										
Equipment Repair and Garage	7	7	7	7	7	8	8	8	7	7
Street Repair and Maintenance	13	13	13	13	12	14	13	12	10	9
Community Development:										
Community Development	2	2	1	1	1	1	1	1	1	1
Leisure Time Activities:										
Parks	4	4	4	4	4	4	4	4	4	4
Recreation Center	15	15	15	15	15	17	16	17	16	14
Public Health:										
Office on Aging	8	8	8	8	8	8	8	8	8	8
Basic Utilities Services:										
Refuse and Recycling	15	15	15	15	15	15	15	15	16	15
Total Governmental Activities:	<u>179</u>	<u>181</u>	<u>180</u>	<u>180</u>	<u>179</u>	<u>181</u>	<u>181</u>	<u>179</u>	<u>181</u>	<u>175</u>
Sanitary Sewer	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>9</u>	<u>9</u>	<u>9</u>	<u>7</u>
Total Business-Type Activities:	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>9</u>	<u>9</u>	<u>9</u>	<u>7</u>
Total Primary Government:	<u>189</u>	<u>191</u>	<u>190</u>	<u>190</u>	<u>189</u>	<u>191</u>	<u>190</u>	<u>188</u>	<u>190</u>	<u>182</u>

Source: City Records

City of Rocky River, Ohio

Operating Indicators by Function/Program

Last Ten Years

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Government:										
Building Department:										
New Single Family Home Permits	10	8	12	14	11	2	1	4	5	3
Commercial Building/Structures										
New	1	3	3	1	2	2	2	1	2	1
Additions	20	22	17	27	32	19	22	13	26	11
Increase in Dwelling Units	16	18	28	31	25	2	0	17	13	9
Total Receipts – Building Permits	\$ 149,959	\$ 156,126	\$ 192,512	\$ 219,896	\$ 245,872	\$ 229,087	\$ 221,535	\$ 220,606	\$ 258,561	\$ 267,940
Council:										
Number of Ordinances/Resolutions	210	235	183	188	163	142	144	106	58	89
Municipal Court:										
Jurisdiction Population	120,226	120,226	120,226	120,226	120,226	120,226	120,226	120,226	120,226	118,137
Cases Filed:										
Criminal/Traffic	32,422	33,774	28,825	32,825	25,536	24,778	25,536	23,592	23,574	23,820
Civil/Small Claims	2,347	2,508	2,629	2,702	2,887	3,208	2,702	3,887	3,106	2,771
Security of Persons and Property:										
Fire Protection:										
Emergency Responses:										
Building Fire Calls	NA	8	20	13	13	22	13	29	23	29
Emergency Medical Care	2,035	1,984	1,986	2,032	1,965	2,070	1,956	1,936	2,008	2,240
System Tests Witnessed:										
Commercial Kitchen	NA	97	103	84	40	18	15	14	NA	2
Sprinkler	NA	44	55	40	11	5	9	13	NA	6
Fire Alarm	NA	83	94	30	30	5	18	25	NA	3
Standpipe	NA	3	5	2	2	3	1	1	NA	0
General Inspections for Licensure	NA	22	37	17	32	20	62	58	52	128

(continued)

City of Rocky River, Ohio

Operating Indicators by Function/Program (continued)

Last Ten Years

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Police Protection:										
Motor Vehicle Accidents	433	318	389	377	313	335	363	336	374	311
BAC Licensed Operators	23	23	24	24	23	23	23	22	24	23
Community Diversion Cases	131	171	157	266	213	216	192	240	140	167
Marine Patrol Boat Hours	615	521	567	531	534	510	520	609	922	143
Total Prisoners	1,169	1,244	1,107	1,080	1,053	1,097	930	972	909	901
Miles Patrolled	293,924	247,380	330,032	265,671	239,422	278,363	272,326	256,645	250,625	251,262
Transportation:										
Safety Service:										
Snowfall in Inches [1]	46.0	95.7	91.2	117.9	50.6	76.5	77.2	79.7	63.1	59.8
Road Salt Purchased (tons)	800	5,700	4,000	5,600	3,200	4,500	4,800	4,000	4,800	4,800
Cold Patch Purchased (tons)	34	36	29	74	25	64	NA	25	NA	NA
Trees Planted	111	95	109	214	351	224	270	89	92	89
Trees Removed	79	52	78	117	43	64	100	47	43	123
Leisure Time Activities:										
Recreation Center:										
Summer Camp – Recreation	NA	525	624	590	557	573	532	476	450	457
Summer Camp – Sports	NA	632	529	474	542	626	572	453	518	832
Concert Attendance	2,000	1,500	2,200	2,800	2,400	3,300	1,850	3,500	NA	NA
Outdoor Pool Attendance	32,658	28,931	25,651	60,273	51,376	56,518	43,955	32,721	46,697	45,000
Civic Center Daily Member Log-ins[2]	NA	NA	NA	NA	NA	15,394	142,017	150,106	168,020	122,774
Basic Utilities Service:										
Refuse Collection:										
Refuse Truck Collections (tons)	8,382	8,799	8,761	8,546	8,219	7,739	9,823	9,093	8,853	8,920
Blue Bag Collections (tons)	300	293	278	272	284	295	255	337	375	378
Leaf Collections (tons)	1,930	1,177	NA	1,134	1,384	1,666	1,481	1,287	1,288	1,097
Paper Collections (tons)	552	549	493	438	380	308	240	195	155	98
Cardboard Collections (tons)	148	157	177	167	161	158	183	183	173	174

(continued)

City of Rocky River, Ohio

Operating Indicators by Function/Program (continued)

Last Ten Years

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Public Health Services:										
Senior Center:										
Volunteers	189	176	155	148	154	147	150	150	158	171
Volunteer Hours	10,852	10,630	10,150	10,280	11,676	12,647	12,910	12,910	15,352	15,352
Senior Transportation Trips	8,402	8,713	8,549	9,551	7,932	7,308	7,958	8,578	8,178	8,156
Lunches Served	10,752	10,255	11,443	12,985	13,244	14,016	14,778	15,825	16,612	18,085
Gift Shop Sales	\$ 47,581	\$ 50,865	\$ 48,299	\$ 50,904	\$ 56,520	\$ 54,421	\$ 57,662	\$ 52,169	\$ 63,152	\$ 59,666
90 and Over Luncheon Attendees	NA	NA	NA	NA	130	166	160	250	186	128
Flu and Pneumonia shots	292	378	509	872	869	691	706	572	436	436
Sanitary Sewer:										
Quantity and Strength Percent of Wastewater Treatment Plant	28.35	28.35	28.35	28.35	29.53	29.53	29.40	29.40	25.43	25.43

Source: City Records

[1] – National Weather Service – Cleveland Hopkins International Airport

[2] – The Civic Center opened in September 2007

NA – Information is not available

City of Rocky River, Ohio

Capital Asset Statistics by Function/Program

Last Ten Years

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Government:										
Other Departmental Vehicles	9	9	9	10	10	10	10	10	10	10
Square Footage of Building	44,370	44,370	44,370	44,370	44,370	44,370	44,370	44,370	44,370	44,370
Miles of Storm Sewer	90	90	90	90	90	90	90	90	90	90
Security of Persons and Property:										
Fire Protection:										
Number of Stations	1	1	1	1	1	1	1	1	1	1
Number of Vehicles	9	9	9	9	9	10	10	10	10	10
Square Footage of Fire Station	10,088	10,088	10,088	10,088	10,088	10,088	10,088	10,088	10,088	10,088
Number of Fire Hydrants	1,093	1,093	1,093	1,093	993	1,003	1,003	1,003	1,041	1,041
Police Protection:										
Number of Stations	1	1	1	1	1	1	1	1	1	1
Number of Vehicles	24	24	24	24	24	25	25	25	25	25
Marine Patrol Boat	1	1	1	1	1	1	1	1	1	1
Canine Unit(s)	1	1	1	2	2	2	2	2	2	2
Square Footage of Police Station	9,672	9,672	9,672	9,672	9,672	9,672	9,672	9,672	9,672	9,672
Number of Street Lights	1,813	1,813	1,813	1,813	1,813	1,813	1,813	1,813	1,813	1,813
Transportation:										
Number of Vehicles	31	31	31	31	31	31	31	31	31	31
Square Footage of Service Building	52,198	52,198	52,198	52,198	52,198	52,198	52,198	52,198	52,198	52,198
Miles of Streets	60.49	60.49	60.49	60.49	60.49	60.49	60.49	60.49	60.49	60.49
Leisure Time Activities:										
Recreation and Culture:										
Number of Parks	8	8	8	9	9	9	9	9	9	9
Acres of Parks	105	105	105	106	106	106	106	106	106	106
Number of Vehicles	10	10	10	10	10	10	10	10	10	10
Square Footage of Recreation Facilities	42,379	42,379	42,379	42,379	42,379	84,379	84,379	84,379	84,379	84,379
Miles of Shoreline	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0

(continued)

City of Rocky River, Ohio

Capital Asset Statistics by Function/Program (continued)

Last Ten Years

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Basic Utilities Service:										
Refuse Collection:										
Refuse Vehicles	24	24	24	24	24	24	24	24	24	24
Transit Scooters	20	20	20	20	20	20	20	19	19	17
Transfer Station	1	1	1	1	1	1	1	1	1	1
Public Health Services:										
Senior Transportation:										
Number of Vehicles	6	6	6	6	6	6	6	6	5	5
Square Footage of Senior Center	20,012	20,012	20,012	20,012	20,012	20,012	20,012	20,012	20,012	20,012
Sewers:										
Miles of Sanitary Sewers	90	90	90	90	90	90	90	90	90	90
Number of Vehicles	8	8	8	8	8	8	8	8	8	8
Number of Sanitary Sewer Accounts	7,080	7,087	7,087	7,094	7,091	7,018	7,091	7,038	7,038	7,043

Source: City Records

**City of Rocky River
Cuyahoga County, Ohio**

For the Year Ended December 31, 2011

City of Rocky River, Ohio

For The Year Ended December 31, 2011

Table of Contents

<u>Title</u>	<u>Page</u>
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1-2
Schedule of Findings	3
Schedule of Prior Year Findings	4
Responses to Findings Associated with Audit Conducted in Accordance with <i>Government Auditing Standards</i> for the Year Ended December 31, 2011	5

**Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance With *Government Auditing Standards***

Members of the City Council
Rocky River, Ohio

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, Ohio (the “City”), as of and for the year ended December 31, 2011, which collectively comprise the City’s basic financial statements and have issued our report thereon dated June 29, 2012, wherein we noted the City adopted GASB Statement Nos. 54 and 59, as disclosed in Note 3. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings that we consider to be significant deficiencies in internal control over financial reporting: 2011-1. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Members of the City Council
Rocky River, Ohio

Compliance and Other Matters

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

We noted certain matters that we reported to management of the City in a separate letter dated June 29, 2012.

The City's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the City's response, and accordingly, we express no opinion on it.

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

Cini & Parichi, Inc.

Cleveland, Ohio
June 29, 2012

City of Rocky River, Ohio

Schedule of Findings

For the Year Ended December 31, 2011

1. Summary of Auditors' Results

Type of Financial Statement Opinion	Unqualified
Were there any significant deficiencies reported at the financial statement level (GAGAS)?	Yes
Were there any material weaknesses reported at the financial statement level (GAGAS)?	No
Was there any material noncompliance reported at the financial statement level (GAGAS)?	No

2. Findings Related to the Financial Statements Required To Be Reported in Accordance With GAGAS

2011-1 – Significant Deficiency

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 installed a CMI capital asset module (FASX) onto the City's server; however, not all of the City's capital assets are recorded in the system.
- The City does not have a written capital asset policy.
- Based on the presentation in Note 10, vehicles for the business-type activities will be fully depreciated in less than two years. *AICPA Audit and Accounting Guide: State and Local Governments – March 2010* paragraph 7.28 provides that in estimating useful life for calculating depreciation governments should consider an asset's present condition and how long it is expected to meet service demands. On an annual basis, the City should analyze the useful life used for its assets and adjust them if necessary. A capital asset system would assist in performing this function.

We recommend the City develop a written capital asset policy and record all capital assets into the CMI capital asset module to properly account for the acquisition date, description of the asset, identification or tag number, fund and function the asset is assigned to, original or estimated historical cost, accumulated depreciation, current year depreciation expense, salvage value, and if applicable, the carrying value of each asset.

City of Rocky River, Ohio

Schedule of Prior Year Findings

For the Year Ended December 31, 2011

Finding No.	Finding Summary	Fully Corrected	Explanation
2010-1	Capital asset management system	No	Reissued as 2011-1.

City of Rocky River, Ohio

**21012 Hilliard Blvd
Rocky River, Ohio 44116
(440) 331-0600**

**Responses To Findings Associated With Audit Conducted
In Accordance With *Government Auditing Standards***

For the Year Ended December 31, 2011

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2011-1	The City will load all assets into the CMI, Inc. system.	N/A	Mike Thomas, Finance Director



Dave Yost • Auditor of State

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
OCTOBER 11, 2012