



Dave Yost • Auditor of State

CITY OF ROCKY RIVER
CUYAHOGA COUNTY
DECEMBER 31, 2017

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Dave Yost • Auditor of State

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

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

To the City Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rocky River, Cuyahoga County, (the City) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 29, 2018.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the City's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the City's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

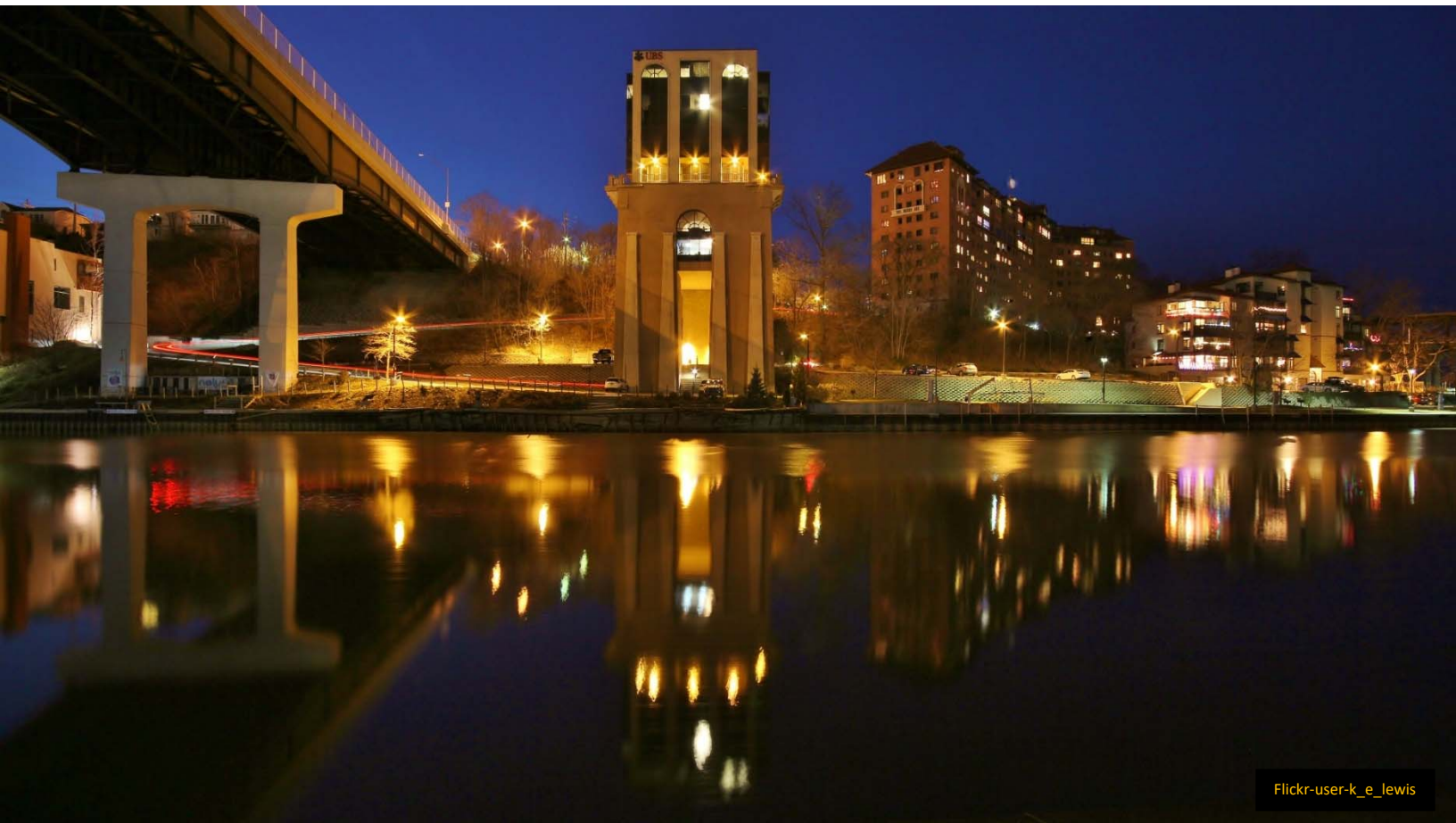
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Dave Yost
Auditor of State
Columbus, Ohio

June 29, 2018

City of Rocky River, Ohio

Comprehensive Annual Financial Report



for the year ended
December 31, 2017

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Introductory Section



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City of Rocky River, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2017

Issued by:

City of Rocky River
Department of Finance

Michael A. Thomas, CPA
Director of Finance

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City of Rocky River, Ohio

Comprehensive Annual Financial Report
For the Year Ended December 31, 2017

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June 29, 2018

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, 2017. 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 citizens 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, 2017.

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 basis 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 to 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 Dave Yost, Auditor of the State of Ohio. 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, Mr. Yost concluded

that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the year ended December 31, 2017 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 2014.

The City is governed by a full-time Mayor and seven members of City Council who serve two year terms. The Law Director is also an elected office holder who also serves two year terms. The Mayor appoints the heads of the following departments: Safety-Service, Finance, Human Resources, Building, Service, Public Buildings (facilities) Office on Aging and Recreation. As of December 31, the City had 179 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 Municipal Court and the Rocky River Wastewater Treatment Plant; both provide services to the City and 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 experiences a degree of economic stability. More recently, the City participated in a bit of economic recovery of the northeast Ohio region and nation as a whole. City residents in the professional, managerial, entrepreneurial categories benefit from access to the regional employment centers in the cities of Cleveland and Westlake, a community bordering the City to the west.

The tax base of the City's municipal income tax consists of businesses (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. According to www.city-data.com, estimated median household income in the City in 2016 was \$67,116; while for the State of Ohio that amount was \$52,334.

City income tax collections increased over eleven percent from 2016. Components of income tax collections are:

Component	2014	2015	2016	2017
Employee Withholding	\$4,977,855	\$6,569,368	\$6,934,657	\$7,543,693
Business Profit	1,007,954	993,280	1,035,926	1,592,316
Residence Tax	4,149,847	4,707,615	5,555,724	5,631,001
Penalties & Interest	145,905	157,886	74,289	386,985
Total	\$10,281,561	\$12,428,149	\$13,600,596	\$15,153,995

The more recent income tax collections are affected by a rate increase that became effective January 1, 2015. As a result of a successful ballot issue in November 2014, as authorized City Council, the municipal income tax rate increased from 1.5 percent to 2.0 percent. The reciprocity credit for income taxes paid to another city was also increased from 1.0 percent to 1.5 percent. The purpose of the increase was to provide resources for capital projects and equipment purchases, either directly or through the payment of debt service for those obligations. As expected and indicated in the table above, the employee withholding component increased by over 30 percent in 2015 and increased in 2016 by \$365,289 (or about 5.5 percent). The average increase of the withholding component from 2016 to 2017 was over seven percent. Indicating a strong earnings demographic, in 2016, the residence tax revenue component increased by about 18 percent; and increased in 2017 beyond that amount by \$75,277 (or just over one percent). The indicated increase of the penalty and interest component increase indicates improving compliance.

On behalf of the State of Ohio, the Cuyahoga County Fiscal Officer establishes real property values within the City for tax purposes. During 2015, the Cuyahoga County Fiscal Officer undertook a sexennial revaluation of real property resulting in an overall increase in City property values of about 8.3 percent at that time. The Fiscal Officer will undertake a triennial revaluation in 2018. Also, favorably impacting the real estate tax base are a new 260 unit, luxury apartment complex which became fully occupied in the third quarter of 2014 and a new retail grocery store (opened in September 2015). Both facilities were built where commercial vacancies had previously existed. More recently, during 2017, 14 new single-family home permits were issued while the amount was four in 2016. In addition, the City continues to see improvements put in place by both residential and commercial property owners.

For each of the tax years shown in the table below the percentages of the components making up the total assessed value were consistent: residential, 84 percent; commercial, 15 percent; public utility, 1 percent.

Component	2013	2014	2015	2016
Residential	\$575,421,090	\$577,507,960	\$633,749,770	\$635,603,090
Commercial	102,015,460	102,497,650	103,324,300	104,831,960
Public Utility	8,289,730	8,706,580	8,855,180	9,375,340
Total	\$685,726,280	\$688,712,190	\$745,929,250	\$749,807,390

For the total value assigned in 2016 for real property tax revenue to be received in 2017, the percentages of the components making up the total are: residential, 85 percent; commercial, 14 percent; public utility, 1 percent. The variance from the normal percentage is inconsequential and continues to be indicative of a suburban, bedroom community. Census data confirm the importance of real estate values to the financial stability of the City. The estimated median house or condo value in 2016 (the most recent data available) was \$223,747 in the City while that amount in the State of Ohio was \$140,100. The estimated owner-occupied housing unit rate in 2016 (the most recent data available) was 72 percent in the City while that amount in the State of Ohio was 65 percent. (www.city-data.com)

A fiscally responsible approach to economic factors associated with managing a built-out suburb and an understanding of mutual benefits to be derived from intergovernmental cooperation with neighboring communities are overriding themes applied in the administration of the City's long-range goals.

Major Initiatives

Management of various phases of significant infrastructure improvement projects was the focus of attention of the City during 2017. The table below updates certain projects described in last year's CAFR.

Project	Project Cost	Status	Construction Schedule
Avalon Drive Sewer Improvement	\$5,995,465	Completed	05/15/2015 to 11/30/2017

This project was funded by an interest free loan, provided by the Ohio Public Works Commission (OPWC), an agency of the State of Ohio, for 70 percent of the project cost; the City provided the remaining 30 percent funding (as a local match) from cash reserves. The amortization period of Avalon Drive project loan is 30 years. This project, affecting 101 households, was undertaken to replace inverted storm and sanitary sewers where the sanitary sewer was also undersized.

In July 2016, the City, the OPWC approved funding the following project:

Project	Project Cost	Status	Construction Schedule
Hampton Road (South) and Lakeview Avenue Sewer Improvement	\$6,953,000	Engineering began in 2016	06/01/2017 to 10/31/2018

This project is funded by an interest free loan, provided by the OPWC for 80 percent of the project cost; the City provides the remaining 20 percent funding (as a local match) from cash reserves. The amortization period of Hampton Road (South) and Lakeview project loan is 30 years.

The application to the OPWC for a Spencer Road Improvements project was not approved.

These projects have been determined as priorities within the comprehensive sewer maintenance and rehabilitation plan drafted by the City Engineer in 2006. Completion of the projects will serve to mitigate the potential for sanitary sewer overflows and reduce the risk of compliance penalties to the City.

A membership in a council of governments, effective January 1, 2016 has continued to have a favorable impact on cash flow. In 2015, upon recommendation from the administration, City Council adopted an ordinance to join the Regional Council of Governments, the governing organization of the Regional Income Tax Agency (also known as RITA). The administration's recommendation was based on a cost study indicating a cost savings through the association with RITA. The average cost of collection for 2016 (the most recent information available) was 1.55 percent; the cost of collection, in 2015, with the previous service provider was 3.09 percent.

Long-term Financial Planning

Despite stabilization and growth in revenue, the City has reacted conservatively. With staff reductions (attained through attrition), full-time City employment was 171 at December 31 while it was 192 at December 31, 2007. In accomplishing infrastructure projects and equipment purchases, the City looks to its dedicated municipal income tax revenue source for that purpose and has obtained zero percent interest loans for a portion of the project costs. Also, the *Agreement between the Cities of Cleveland and Rocky River for Suburban Distribution Asset Renewal Program Project Reimbursement* put in place in 2012, has provided ongoing resources for infrastructure support to City resident needs.

Advance refunding of debt has favorably impacted cash flow and no new debt has been issued. Finally, the favorable cash flow impact of the affiliation with the RITA income tax service provider will continue in the future. As a result, in the most recent five-year period, the General Fund reserve (non-GAAP budgetary basis) has held within a range of about 18 to 31 percent for an average of around 26 percent.

The City uses on-going analysis of revenue sources and appropriations as a basis for its annual budget while balancing the need for reserves. Also, 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 source is economically sensitive. The City buffers this economically sensitive revenue stream by conservative budgeting. And also, where actual revenue exceeds estimated revenue such excess is generally not appropriated and carries over in the General Fund budgetary balance to the next year. In addition, during the five-year period 2013 to 2017, the City spent an average of about 71 percent of the total appropriation amount.

The five-year trend of funding data relevant in long term financial planning is as follows:

Source	Percent
Income Tax	36
Property Tax	23
Sewer Charges User Charges	14
Recreation Center User Charges	7
Grants/Loans	7
Other Revenue	4
Gas & License Fees	3
Ambulance Fees	2
Local Government Fund	1
Senior Center User Fees	1
Fines	1

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, judicial 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, 2016. This was the twenty-ninth 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 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 to document such effort.

Respectfully submitted,

s/Michael A. Thomas

Michael A. Thomas, CPA
Director of Finance



Government Finance Officers Association

**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, 2016

Christopher P. Morrill

Executive Director/CEO

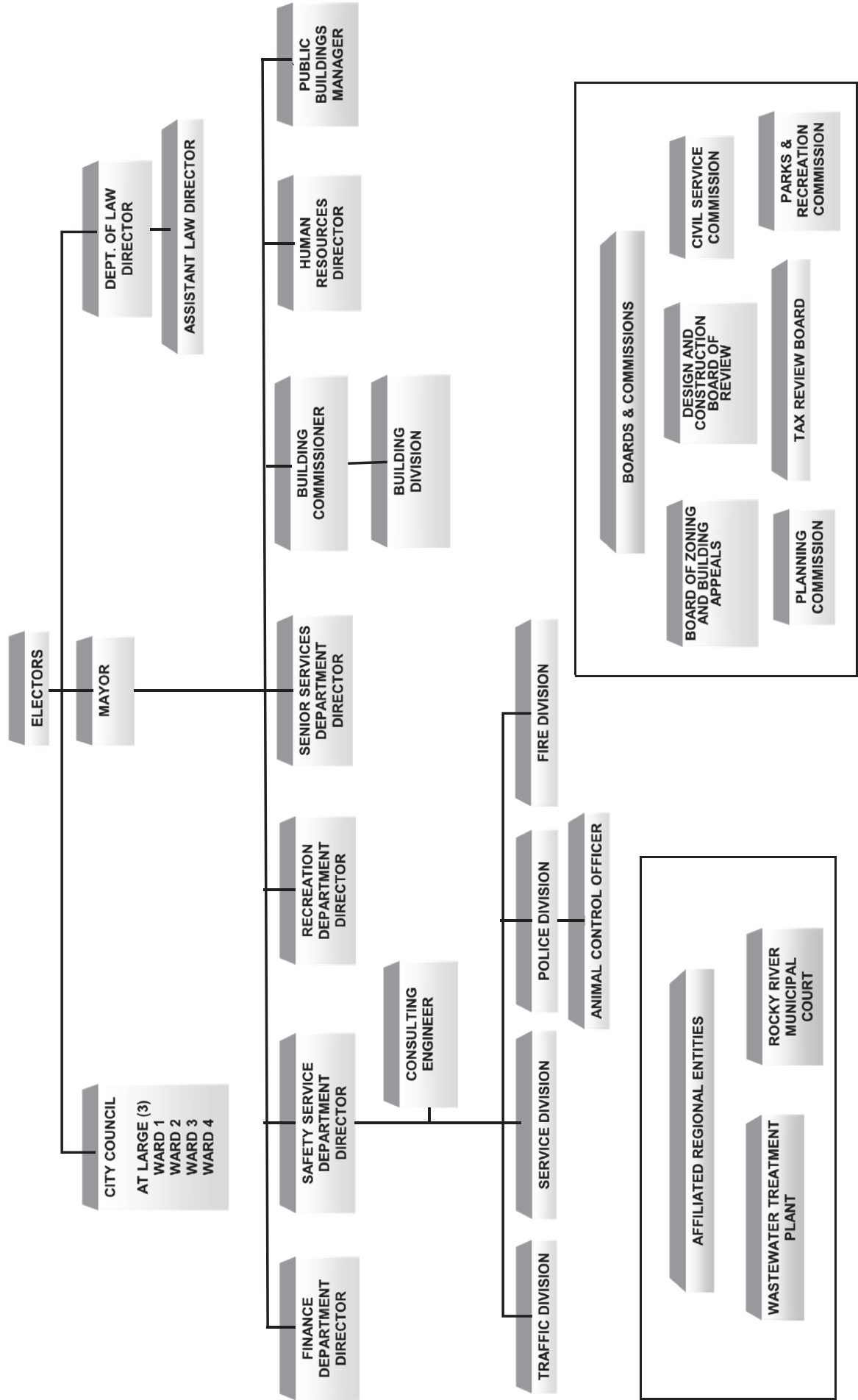
City of Rocky River, Ohio

List of Elected Officials

December 31, 2017

<u>Title</u>	<u>Name</u>
Mayor	Pamela E. Bobst
Law Director	Andrew D. Bemer
Council Member – At-Large	David W. Furry
Council Member – At-Large	Christopher J. Klym
Council Member – At-Large	Brian J. Sindelar
Council Member – Ward 1	Thomas J. Hunt
Council President – Ward 2	James W. Moran
Council Member – Ward 3	Michael P. O’Donnell
Council Member – Ward 4	John B. Shephard

CITY OF ROCKY RIVER ORGANIZATIONAL CHART



Financial Section





Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rocky River, Cuyahoga County, Ohio (the City), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rocky River, Cuyahoga County, Ohio, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General and Recreation Funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis*, and schedules of net pension liabilities and pension contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the City's basic financial statements taken as a whole.

The introductory section, the financial section's combining statements, individual fund statements and schedules and the statistical section information present additional analysis and are not a required part of the basic financial statements.

The statements and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2018, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

June 29, 2018

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City of Rocky River, Ohio
Management's Discussion and Analysis (Unaudited)
For the Year Ended December 31, 2017

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, 2017. 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 2017 are:

- The total assets and deferred outflows of resources of the City exceeded total liabilities and deferred inflows of resources at the close of 2017 by \$69,589,591. This is an increase of \$2,511,085 over the 2016 net position. Net position of the City's governmental activities increased \$3,792,245 from 2016, while net position of the business-type activities decreased \$1,281,160.
- Total assets increased by \$3,868,164 and deferred outflows of resources increased by \$69,878. The main factor affecting the total assets increase was an increase in net capital assets. The increase in deferred outflows of resources related to the City's allocation of the proportionate share of the pension amounts.
- Total liabilities increased by \$1,335,061 and deferred inflows of resources increased by \$91,896 from 2016. The main factor affecting the total liabilities increase was a \$2,491,962 increase in net pension liability. The deferred inflows of resources were up in 2017 with pension being the largest contributor (up \$70,505).
- The General Fund reported a fund balance of \$9,133,616 at the end of the 2017, which is an increase of \$1,128,736 from 2016. The General Fund expenditures (including other financing uses) decreased \$124,503 from 2016 to 2017 and revenues (including other financing sources) increased \$64,335.

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 Position 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.

City of Rocky River, Ohio
Management's Discussion and Analysis (Unaudited)
For the Year Ended December 31, 2017

Reporting the City of Rocky River as a Whole

Statement of Net Position 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 2017?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources 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.

These two statements report the City's *net position* and changes therein. The City's net position, the difference between assets and deferred outflows of resources, what the City owns, and liabilities and deferred inflows of resources, 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 position is an indicator of whether its *financial health* is improving or deteriorating. Also other nonfinancial factors such as changes in the City's property tax base, municipal income tax base, and the condition of the City's capital assets (roads, buildings, and sewer lines) should be considered to assess the *overall health* of the City. In the Statement of Net Position 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, municipal 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 Position and the Statement of Activities are divided into the following categories:

- Assets
- Deferred Outflows of Resources
- Liabilities
- Deferred Inflows of Resources
- Net Position (Assets and Deferred Outflows of Resources minus Liabilities and Deferred Inflows of Resources)
- Program Revenues and Expenses
- General Revenues
- Net Position Beginning of Year and Year's End

City of Rocky River, Ohio
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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 22. 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, and Capital Improvement Funds.

Governmental 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 Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

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 Fund. 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 32 of this report.

Fiduciary Fund

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 the Statement of Net Position.

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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 39 of this report.

Other Information

In addition to the basic financial statements and the accompanying notes, this report also presents certain other information that the City believes readers will find useful. After the notes to the basic financial statements, the combining statements referred to earlier in connection with non-major governmental funds are presented, as well as individual detailed budgetary comparisons for all funds. This information can be found starting on page 96 of this report.

The City of Rocky River as a Whole

The Statement of Net Position looks at the City as a whole. Table 1 provides a summary of the City's Net Position for 2017 compared to 2016 balances.

	Table 1 Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Assets:						
Current and Other Assets	\$ 30,074,764	\$ 28,578,531	\$ 12,776,756	\$ 11,849,623	\$ 42,851,520	\$ 40,428,154
Capital Assets, Net	58,081,390	55,256,021	25,648,279	27,031,339	83,729,669	82,287,360
Net Pension Asset	16,781	14,459	845	678	17,626	15,137
Total Assets	<u>88,172,935</u>	<u>83,849,011</u>	<u>38,425,880</u>	<u>38,881,640</u>	<u>126,598,815</u>	<u>122,730,651</u>
Deferred Outflows of Resources:						
Deferred Charge on Refunding Pension	220,348	256,575	0	0	220,348	256,575
Total Deferred Outflows of Resources	<u>7,557,193</u>	<u>7,521,830</u>	<u>244,964</u>	<u>174,222</u>	<u>7,802,157</u>	<u>7,696,052</u>
Liabilities:						
Current and Other Liabilities	1,209,954	1,970,073	900,634	1,078,921	2,110,588	3,048,994
Long-Term Liabilities						
Due Within One Year	2,169,158	2,104,615	325,046	322,023	2,494,204	2,426,638
Other Amounts Due in More than One Year	11,116,420	12,298,735	12,985,409	12,089,155	24,101,829	24,387,890
Net Pension Liability	28,187,333	25,875,609	628,931	448,693	28,816,264	26,324,302
Total Liabilities	<u>42,682,865</u>	<u>42,249,032</u>	<u>14,840,020</u>	<u>13,938,792</u>	<u>57,522,885</u>	<u>56,187,824</u>
Deferred Inflows of Resources:						
Property Taxes	6,963,426	6,942,035	0	0	6,963,426	6,942,035
Pension	537,706	462,115	7,712	12,798	545,418	474,913
Total Deferred Inflows of Resources	<u>7,501,132</u>	<u>7,404,150</u>	<u>7,712</u>	<u>12,798</u>	<u>7,508,844</u>	<u>7,416,948</u>

(continued)

City of Rocky River, Ohio
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Table 1
 Net Position (continued)
 Business-Type Activities

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Net Position:						
Net Investment in Capital						
Assets	\$ 49,427,948	\$ 45,354,753	\$ 12,418,716	\$ 14,686,663	\$ 61,846,664	\$ 60,041,416
Restricted for:						
Capital Projects	6,121,210	5,634,447	0	0	6,121,210	5,634,447
Debt Service	540,879	698,441	0	0	540,879	698,441
Refuse and Recycling	680,801	456,101	0	0	680,801	456,101
Office on Aging	286,539	291,038	0	0	286,539	291,038
Street Construction and Maintenance	1,014,243	951,838	0	0	1,014,243	951,838
Law Enforcement and Education	223,914	257,589	0	0	223,914	257,589
Fire and Police Pensions	66,532	4,101	0	0	66,532	4,101
Security of Persons and Property	379,282	402,214	0	0	379,282	402,214
Community Impact	3,312	3,312	0	0	3,312	3,312
Unrestricted	<u>(12,978,181)</u>	<u>(12,079,600)</u>	<u>11,404,396</u>	<u>10,417,609</u>	<u>(1,573,785)</u>	<u>(1,661,991)</u>
Total Net Position	\$ <u>45,766,479</u>	\$ <u>41,974,234</u>	\$ <u>23,823,112</u>	\$ <u>25,104,272</u>	\$ <u>69,589,591</u>	\$ <u>67,078,506</u>

The net pension liability (NPL) is the largest liability reported by the City at December 31, 2017 and is reported pursuant to Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension and the net pension asset.

GASB standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's NPL. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

The NPL under GASB 68 equals the City's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

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GASB notes that pension obligations, whether funded or unfunded, are part of the “employment exchange” – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should, accordingly, be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer’s promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the NPL. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the NPL, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the NPL is satisfied, this liability is separately identified within the long-term liability section of the Statement of Net Position.

In accordance with GASB 68, the City’s statements prepared on the accrual basis of accounting include an annual pension expense for their proportionate share of each plan’s change in NPL not accounted for as deferred inflows/outflows.

As a result of GASB 68, the City is reporting a net pension asset/liability and deferred outflows/inflows of resources related to pension on the accrual basis of accounting.

Total assets for 2017 increased \$3,868,164 when compared to 2016 and total liabilities increased by \$1,335,061. The primary contributor to the increase in assets was net capital assets, which increased due to the completion of the City’s Avalon Sewer Improvement project and ongoing road improvement projects performed in the current year. The increase in total liabilities is primarily due to an increase in long term liabilities which can be attributed mostly to the increase in net pension liability (up \$2,491,962).

In order to further understand what makes up the changes in net position for the current year, Table 2 provides further details regarding the results of activities for the current year.

City of Rocky River, Ohio
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Table 2
Changes in Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Program Revenues:						
Charges for Services	\$ 6,209,056	\$ 6,226,264	\$ 6,315,728	\$ 6,058,487	\$ 12,524,784	\$ 12,284,751
Operating Grants and Contributions	1,099,004	1,055,795	0	0	1,099,004	1,055,795
Capital Grants and Contributions	<u>536,375</u>	<u>551,723</u>	<u>0</u>	<u>0</u>	<u>536,375</u>	<u>551,723</u>
Total Program Revenues	<u>7,844,435</u>	<u>7,833,782</u>	<u>6,315,728</u>	<u>6,058,487</u>	<u>14,160,163</u>	<u>13,892,269</u>
General Revenues:						
Property Taxes	7,122,705	7,154,546	0	0	7,122,705	7,154,546
Municipal Income Taxes	14,194,524	14,444,530	0	0	14,194,524	14,444,530
Franchise Tax	254,200	326,606	0	0	254,200	326,606
Admissions Tax	94,973	107,976	0	0	94,973	107,976
Grants and Entitlements not Restricted to Specific Programs	1,360,654	1,312,623	0	0	1,360,654	1,312,623
Investment Income	190,263	81,375	0	0	190,263	81,375
Other	<u>184,060</u>	<u>240,281</u>	<u>0</u>	<u>0</u>	<u>184,060</u>	<u>240,281</u>
Total General Revenues	<u>23,401,379</u>	<u>23,667,937</u>	<u>0</u>	<u>0</u>	<u>23,401,379</u>	<u>23,667,937</u>
Total Revenues	<u>31,245,814</u>	<u>31,501,719</u>	<u>6,315,728</u>	<u>6,058,487</u>	<u>37,561,542</u>	<u>37,560,206</u>
Program Expenses:						
General Government	7,179,207	6,005,870	0	0	7,179,207	6,005,870
Security of Persons and Property	10,765,969	11,044,627	0	0	10,765,969	11,044,627
Public Health	1,188,400	1,058,578	0	0	1,188,400	1,058,578
Transportation	3,783,233	2,898,876	0	0	3,783,233	2,898,876
Leisure Time Activities	4,417,291	4,276,788	0	0	4,417,291	4,276,788
Community Development	565,535	444,184	0	0	565,535	444,184
Basic Utility Service	2,257,068	1,832,793	0	0	2,257,068	1,832,793
Interest and Fiscal Charges	271,054	301,011	0	0	271,054	301,011
Sanitary Sewer Charges	<u>0</u>	<u>0</u>	<u>4,622,700</u>	<u>4,822,410</u>	<u>4,622,700</u>	<u>4,822,410</u>
Total Program Expenses	<u>30,427,757</u>	<u>27,862,727</u>	<u>4,622,700</u>	<u>4,822,410</u>	<u>35,050,457</u>	<u>32,685,137</u>
Change in Net Position Before Transfers	818,057	3,638,992	1,693,028	1,236,077	2,511,085	4,875,069
Transfers, Net	<u>2,974,188</u>	<u>(2,000,000)</u>	<u>(2,974,188)</u>	<u>2,000,000</u>	<u>0</u>	<u>0</u>
Change in Net Position	3,792,245	1,638,992	(1,281,160)	3,236,077	2,511,085	4,875,069
Net Position, Beginning of Year	<u>41,974,234</u>	<u>40,335,242</u>	<u>25,104,272</u>	<u>21,868,195</u>	<u>67,078,506</u>	<u>62,203,437</u>
Net Position, End of Year	\$ <u>45,766,479</u>	\$ <u>41,974,234</u>	\$ <u>23,823,112</u>	\$ <u>25,104,272</u>	\$ <u>69,589,591</u>	\$ <u>67,078,506</u>

City of Rocky River, Ohio
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Governmental Activities

Overall, total governmental activities increased by \$3,792,245. Both program revenues and general revenues fund the City's governmental activities. This increase was due in part to \$2,974,188 in net transfers received from business-type activities that was not received in the prior year. The municipal income tax is the largest source of the City's general revenues. The municipal income tax revenue amount for 2017 was \$14,194,524, a \$250,006 decrease from 2016. 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, Equipment Replacement Fund and the Capital Improvements Fund.

Property taxes are 30.4% of total general revenues. These revenues were comparable to the prior year, noting a slight decrease of 0.4% from 2016.

Grants and entitlements not restricted to specific programs increased 3.7% from 2016 to 2017 due primarily to additional grant revenue received in 2017.

Total program expenses for 2017 were \$30,427,757, a 9.2% increase from 2016 levels. Program category increases occurred for general government, transportation, public health, community development, basic utility service, leisure time activities and interest and fiscal charges. These increases were offset by decreases in the security of persons and property program category.

During 2017, the largest program category function for the City is security of persons and property, which includes police and fire protection. This program accounts for 35.4% of expenses and decreased by \$278,658 or 2.5% from 2016. Increased prepaid assets from the prior year caused the overall decrease in expenditures within this program.

The transportation program category comprises 12.4% of program expenses. This program category reports the operation and maintenance of the City's roads and sidewalks. This category had an increase of \$884,357 or 30.5% from 2016. The increase in expense is due in part to increased salaries and benefits, in addition to increased service and maintenance costs expensed compared to the prior year.

The general government program category accounts for 23.6% of program expenses. This program category reports the accumulated activity of the Rocky River Municipal Court and other administrative functions of the City. An increase of \$1,173,337 or 19.5% occurred in this program category from 2016 to 2017. The increase in expense is due primarily to less capitalized expenditures from this program category and increases in health insurance claims expense during the current year.

City of Rocky River, Ohio
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Business-Type Activities

For business-type activities of the City, charges for services are the primary source of revenue. The noted increase in charges for services represents the impact of increased measured water consumption (which is the basis for billing sewer charges for services). Following the restructuring of sanitary sewer rates by eliminating fixed charges and using only water consumption for billing charges, this program revenue is more affected by fluctuations in water consumption. The Program Expenses are comprised of charges to operate the Rocky River Wastewater Treatment Plant as well as the cost 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 22. These funds are accounted for by using the modified accrual basis of accounting.

As of December 31, 2017, the City's governmental funds reported combining ending fund balance of \$17,770,408. Of that amount, \$5,306,370 constitutes unassigned fund balances, which is available for spending at the City's discretion. The \$12,464,038 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 contracts and purchases of prior period(s).

All governmental funds had total revenues of \$30,950,751 and expenditures of \$28,532,415, leaving a \$2,035,077 current year increase in fund balance, after consideration of \$383,259 in net other financing uses.

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 2017, the General Fund had total revenues and other financing sources of \$19,935,784 and expenditures and other financing uses, of \$18,807,048 resulting in an increase in fund balance at December 31, 2017 of \$1,128,736. General Fund revenues, including other financing sources increased \$64,335 from 2016, while expenditures, including other financing uses, decreased by \$124,503. The increase in General Fund revenues was due primarily to an increase in investment income. Expenditures decreased primarily due to decreases in operating expenditures during the year.

The Recreation Center Fund accounts for the operation and maintenance of the City's recreation facilities and activities. In 2017, the Recreation Center Fund had total revenues and other financing sources of \$3,284,734 and expenditures of \$3,038,165 resulting in an increase in fund balance of \$246,569 at December 31, 2017. Total revenues and other financing sources increased \$259,296 primarily due to increases in transfers received. Expenditures were \$8,193 less than last year's expenditures.

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The General Obligation Bond Retirement Fund accounts for the repayment of general obligation bonds of the City. In 2017, the General Obligation Bond Retirement Fund had total revenues and other financing sources of \$1,112,282 and expenditures and other financing uses of \$1,204,937 resulting in a decrease in fund balance of \$92,655 at December 31, 2017. Total revenues and other financing sources ended \$116,807 more than last year's and expenditures and other financing uses were \$9,224 above last year's expenditures due to increased principal retirement in the current year.

The Capital Improvement Fund accounts for the various projects of the City financed by tax monies and General Fund transfers. In 2017, the Capital Improvement Fund had total revenues of \$2,162,603 and expenditures of \$2,189,865 resulting in a decrease in fund balance of \$27,262 at December 31, 2017. Revenues decreased \$332,801 from the prior year mainly due to a decrease in municipal income tax revenue allocated to the fund. Expenditures decreased from 2016 by \$525,714 due more capital outlay expenditures in the current year as a result of the completion and progress of several capital improvement projects during the year.

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 2017, the City supplemented the General Fund budget twice. The General Fund's actual expenditures, not including other financing uses, were \$1,937,283 under the final budgeted amount of \$16,674,865.

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 and final budgeted revenues, not including other financing sources, were \$19,496,338.

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Capital Assets and Debt Administration

Capital Assets

Table 3 shows fiscal 2017 balances of capital assets, net of any accumulated depreciation, as compared to 2016:

Table 3
 Capital Assets, Net at December 31

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
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	1,191,607	3,849,227	3,185,143	6,785,873	4,376,750	10,635,100
Land Improvements	3,276,484	3,394,457	0	0	3,276,484	3,394,457
Buildings	19,704,471	20,286,020	0	0	19,704,471	20,286,020
Equipment	2,528,488	907,752	69,406	3,441	2,597,894	911,193
Vehicles	1,557,892	1,557,711	378,328	2,040	1,936,220	1,559,751
Infrastructure:						
Roads	15,742,990	13,445,702	0	0	15,742,990	13,445,702
Sidewalks	2,000,293	1,850,830	0	0	2,000,293	1,850,830
Traffic Signals	154,863	162,794	0	0	154,863	162,794
Storm Sewers	9,703,318	7,580,544	0	0	9,703,318	7,580,544
Sewer Lines	<u>0</u>	<u>0</u>	<u>21,725,886</u>	<u>19,950,469</u>	<u>21,725,886</u>	<u>19,950,469</u>
Total Capital Assets, Net	\$ <u>58,081,390</u>	\$ <u>55,256,021</u>	\$ <u>25,648,279</u>	\$ <u>27,031,339</u>	\$ <u>83,729,669</u>	\$ <u>82,287,360</u>

Total capital assets, net for the City as of December 31, 2017 were \$83,729,669, a \$1,442,309 increase from 2016. Capital asset additions of \$15,288,239 were offset by \$3,134,852 of depreciation expense and \$10,711,078 of disposals, net depreciation. Additionally, the City had a transfer of assets from business-type activities to governmental activities of \$3,793,042, related to the pavement portion of the Avalon Sewer Improvement project that was completed in the current year.

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, 2017

Debt

On December 31, 2017, the City had \$22,103,353 in bonds and loans outstanding. Table 4 summarizes bonds and loans outstanding.

Table 4
 Outstanding Debt at Year-End

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
General Obligation Bonds \$	8,603,790	\$ 9,847,843	\$ 0	\$ 0	\$ 8,603,790	\$ 9,847,843
Special Assessment Bonds	270,000	310,000	0	0	270,000	310,000
OPWC Loans	0	0	13,154,483	12,246,779	13,154,483	12,246,779
OWDA Loans	<u>0</u>	<u>0</u>	<u>75,080</u>	<u>97,897</u>	<u>75,080</u>	<u>97,897</u>
Total Outstanding Debt \$	<u>8,873,790</u>	<u>\$ 10,157,843</u>	<u>\$ 13,229,563</u>	<u>\$ 12,344,676</u>	<u>\$ 22,103,353</u>	<u>\$ 22,502,519</u>

The outstanding general obligation bonds at December 31, 2017 are composed of the following: 1) Refunded General Purpose, Series 2014, of \$3,530,000; 2) Refunded Civic Facility Improvements, Series 2014 of \$3,665,000 and 3) Refunded Municipal Court Facility, Series 2011 of \$970,000. There remains unamortized premiums related to these issues of \$438,790.

The principal and interest of the Refunded Series 2014 General Purpose Bonds are paid from monies transferred from the General Fund into the Debt Service Fund. The principal and interest of the Series 2005 and Refunded Series 2014 Civic Facility Improvements Bonds are paid from property tax levy up to 1.0 mill approved for that purpose. The principal and interest of the Refunded Series 2011 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 special assessment bonds outstanding at December 31, 2017 consist of Erosion Control A & B Bonds: \$150,000 (Series 1998) and \$120,000 (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) loans are paid semi-annually from the Sanitary Sewer Fund and will be paid in full in the year 2020.

Principal and interest of the Ohio Public Works Commission (OPWC) loans are paid semi-annually from the Sanitary Sewer Fund and will be paid in full in the year 2046.

The City's overall legal debt margin was \$70,738,519 on December 31, 2017.

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, 2017

Current Financial Related Activities

Current financial related activities are viewed through a lens of the mix of the City's largest revenue sources: 1) the economically sensitive income tax and 2) the more foundational property tax. The City's income tax revenue base is supported meaningfully by employment in financial services/retail banking/insurance; senior services and education (public and private). The employer's in these sectors have remained stable in the recent past. Home improvement and food retailers also contribute favorably to commercial activity in the City. While the City income tax provides the larger percentage of operating revenue, conservative revenue projections create confidence in a stable budget plan each year. Property tax revenue is influenced by assessed values and the governing Ohio Revised Code. The Cuyahoga County Fiscal Officer is tax assessor. Since the recovery of the real estate market, assessed values have gained and grown contributing to growth in property tax revenue of the City.

The City maintains a light debt burden. The most recent debt offering was an advance refunding transaction in 2014 to lower interest costs for the remaining term. There are no notes outstanding. In November 2014, the residents voted to raise income tax from 1.5% to 2.0% and increase the reciprocity credit for income taxes paid to another city from 1.0% to 1.5%. The purpose of the increase is to provide funding for capital improvements and equipment purchases, either directly or through the payment of debt service for those obligations. This resource will moderate the need to obtain outside debt financing in the near term.

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).

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.

City of Rocky River, Ohio

Statement of Net Position

December 31, 2017

	Governmental Activities	Business - Type Activities	Total
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$ 15,713,454	\$ 6,992,874	\$ 22,706,328
Restricted Cash and Cash Equivalents	69,425	44,605	114,030
Accounts Receivable, Net	451,262	639,437	1,090,699
Intergovernmental Receivable	1,113,524	0	1,113,524
Internal Balances	(17,361)	17,361	0
Materials and Supplies Inventory	152,775	21,134	173,909
Prepaid Assets	392,279	9,108	401,387
Municipal Income Taxes Receivable	4,709,093	0	4,709,093
Property Taxes Receivable	7,203,507	0	7,203,507
Special Assessments Receivable	286,806	241,993	528,799
Investment in Joint Venture	0	4,810,244	4,810,244
Nondepreciable Capital Assets	3,412,591	3,474,659	6,887,250
Depreciable Capital Assets, Net	54,668,799	22,173,620	76,842,419
Net Pension Asset	16,781	845	17,626
Total Assets	<u>88,172,935</u>	<u>38,425,880</u>	<u>126,598,815</u>
Deferred Outflows of Resources:			
Deferred Charge on Refunding	220,348	0	220,348
Pension	7,557,193	244,964	7,802,157
Total Deferred Outflows of Resources	<u>7,777,541</u>	<u>244,964</u>	<u>8,022,505</u>
Liabilities:			
Accounts Payable	281,113	693,468	974,581
Accrued Wages and Benefits	336,674	15,914	352,588
Intergovernmental Payable	322,105	12,810	334,915
Unearned Revenue	7,159	0	7,159
Retainage Payable	66,599	177,316	243,915
Matured Compensated Absences	22,648	0	22,648
Accrued Interest Payable	22,382	1,126	23,508
Claims Payable	151,274	0	151,274
Long-Term Liabilities:			
Due within One Year	2,169,158	325,046	2,494,204
Due in More than One Year:			
Other Amounts Due in More than One Year	11,116,420	12,985,409	24,101,829
Net pension liability	28,187,333	628,931	28,816,264
Total Liabilities	<u>42,682,865</u>	<u>14,840,020</u>	<u>57,522,885</u>
Deferred Inflows of Resources:			
Property Taxes	6,963,426	0	6,963,426
Pension	537,706	7,712	545,418
Total Deferred Inflows of Resources	<u>7,501,132</u>	<u>7,712</u>	<u>7,508,844</u>

(continued)

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

City of Rocky River, Ohio

Statement of Net Position (Continued)

December 31, 2017

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
Net Position:			
Net Investment in Capital Assets	\$ 49,427,948	\$ 12,418,716	\$ 61,846,664
Restricted for:			
Capital Projects	6,121,210	0	6,121,210
Debt Service	540,879	0	540,879
Refuse and Recycling	680,801	0	680,801
Office on Aging	286,539	0	286,539
Street Construction and Maintenance	1,014,243	0	1,014,243
Law Enforcement and Education	223,914	0	223,914
Fire and Police Pensions	66,532	0	66,532
Security of Persons and Property	379,282	0	379,282
Community Impact	3,312	0	3,312
Unrestricted (Deficit)	<u>(12,978,181)</u>	<u>11,404,396</u>	<u>(1,573,785)</u>
Total Net Position	<u>\$ 45,766,479</u>	<u>\$ 23,823,112</u>	<u>\$ 69,589,591</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, 2017

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Government Activities:				
General Government	\$ 7,179,207	\$ 2,483,792	\$ 33,182	\$ 536,375
Security of Persons and Property	10,765,969	1,097,312	30,000	0
Public Health	1,188,400	381,637	0	0
Transportation	3,783,233	1,750	944,656	0
Leisure Time Activities	4,417,291	2,233,472	0	0
Community Development	565,535	350	0	0
Basic Utility Service	2,257,068	10,743	91,166	0
Interest and Fiscal Charges	271,054	0	0	0
Total Governmental Activities	<u>30,427,757</u>	<u>6,209,056</u>	<u>1,099,004</u>	<u>536,375</u>
Business-Type Activities:				
Sanitary Sewer Charges	<u>4,622,700</u>	<u>6,315,728</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 35,050,457</u>	<u>\$ 12,524,784</u>	<u>\$ 1,099,004</u>	<u>\$ 536,375</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

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position Beginning of Year

Net Position 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>
\$ (4,125,858)	\$ 0	\$ (4,125,858)
(9,638,657)	0	(9,638,657)
(806,763)	0	(806,763)
(2,836,827)	0	(2,836,827)
(2,183,819)	0	(2,183,819)
(565,185)	0	(565,185)
(2,155,159)	0	(2,155,159)
(271,054)	0	(271,054)
<u>(22,583,322)</u>	<u>0</u>	<u>(22,583,322)</u>
<u>0</u>	<u>1,693,028</u>	<u>1,693,028</u>
<u>(22,583,322)</u>	<u>1,693,028</u>	<u>(20,890,294)</u>
4,146,550	0	4,146,550
330,679	0	330,679
330,679	0	330,679
661,359	0	661,359
198,424	0	198,424
198,424	0	198,424
661,359	0	661,359
595,231	0	595,231
14,194,524	0	14,194,524
254,200	0	254,200
94,973	0	94,973
1,360,654	0	1,360,654
190,263	0	190,263
184,060	0	184,060
<u>2,974,188</u>	<u>(2,974,188)</u>	<u>0</u>
<u>26,375,567</u>	<u>(2,974,188)</u>	<u>23,401,379</u>
3,792,245	(1,281,160)	2,511,085
<u>41,974,234</u>	<u>25,104,272</u>	<u>67,078,506</u>
\$ <u>45,766,479</u>	\$ <u>23,823,112</u>	\$ <u>69,589,591</u>

City of Rocky River, Ohio

Balance Sheet Governmental Funds

December 31, 2017

	General	Recreation Center	General Obligation Bond Retirement
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$ 6,085,727	\$ 391,541	\$ 211,164
Restricted Cash and Cash Equivalents	0	0	0
Accounts Receivable, Net	360,781	0	0
Intergovernmental Receivable	460,072	22,792	41,026
Interfund Receivable	350,000	0	0
Materials and Supplies Inventory	39,041	2,084	0
Prepaid Assets	219,445	38,747	0
Municipal Income Taxes Receivable	4,709,093	0	0
Property Taxes Receivable	4,202,045	333,497	600,292
Special Assessments Receivable	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets	<u>\$ 16,426,204</u>	<u>\$ 788,661</u>	<u>\$ 852,482</u>
Liabilities, Deferred Inflows of Resources and Fund Balances:			
Liabilities:			
Accounts Payable	\$ 88,054	\$ 35,834	\$ 0
Accrued Wages and Benefits	206,203	47,104	0
Intergovernmental Payable	104,891	28,409	0
Retainage Payable	0	0	0
Unearned revenue	0	7,159	0
Matured Compensated Absences	0	22,648	0
Interfund Payable	<u>0</u>	<u>350,000</u>	<u>0</u>
Total Liabilities	<u>399,148</u>	<u>491,154</u>	<u>0</u>
Deferred Inflows of Resources:			
Property Taxes	4,061,999	322,382	580,285
Unavailable Revenue	<u>2,831,441</u>	<u>33,907</u>	<u>61,033</u>
Total Deferred Inflows of Resources	<u>6,893,440</u>	<u>356,289</u>	<u>641,318</u>
Fund Balances:			
Nonspendable	308,225	40,831	0
Restricted	0	0	211,164
Assigned	3,419,408	0	0
Unassigned (Deficit)	<u>5,405,983</u>	<u>(99,613)</u>	<u>0</u>
Total Fund Balances (Deficit)	<u>9,133,616</u>	<u>(58,782)</u>	<u>211,164</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 16,426,204</u>	<u>\$ 788,661</u>	<u>\$ 852,482</u>

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

<u>Capital Improvement</u>	<u>Total Non-major Funds</u>	<u>Total Governmental Funds</u>
\$ 2,557,605	\$ 5,796,140	\$ 15,042,177
69,425	0	69,425
63,710	26,771	451,262
66,794	522,840	1,113,524
0	0	350,000
0	111,650	152,775
775	133,312	392,279
0	0	4,709,093
666,994	1,400,679	7,203,507
0	286,806	286,806
<u>\$ 3,425,303</u>	<u>\$ 8,278,198</u>	<u>\$ 29,770,848</u>
\$ 54,986	\$ 73,157	\$ 252,031
0	83,367	336,674
0	188,805	322,105
66,599	0	66,599
0	0	7,159
0	0	22,648
0	0	350,000
<u>121,585</u>	<u>345,329</u>	<u>1,357,216</u>
644,764	1,353,996	6,963,426
<u>67,813</u>	<u>685,604</u>	<u>3,679,798</u>
<u>712,577</u>	<u>2,039,600</u>	<u>10,643,224</u>
775	244,962	594,793
2,590,366	5,648,307	8,449,837
0	0	3,419,408
0	0	5,306,370
<u>2,591,141</u>	<u>5,893,269</u>	<u>17,770,408</u>
<u>\$ 3,425,303</u>	<u>\$ 8,278,198</u>	<u>\$ 29,770,848</u>

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City of Rocky River, Ohio

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

December 31, 2017

Total Governmental Funds Balance \$ 17,770,408

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 58,081,390

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

Delinquent Property Taxes	240,081	
Municipal Income Taxes	2,177,184	
Special Assessments	286,806	
Charges for Services	120,136	
Intergovernmental	<u>855,591</u>	
Total		3,679,798

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (22,382)

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 Position.

Net Position	490,921	
Internal Balance	<u>(17,361)</u>	
Total		473,560

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

General Obligation Bonds	(8,603,790)	
Deferred Charges on Refunding	220,348	
Special Assessments	(270,000)	
Compensated Absences	(4,123,572)	
Police and Fire Pension Liability	<u>(288,216)</u>	
Total		(13,065,230)

The net pension asset / liability are not due and receivable / payable in the current period; therefore, the asset / liability and related deferred outflows / inflows are not reported in governmental funds.

Net Pension Asset	16,781	
Deferred Outflows of Resources - Pension	7,557,193	
Net Pension Liability	(28,187,333)	
Deferred Inflows of Resources - Pension	<u>(537,706)</u>	
Total		<u>(21,151,065)</u>

Net Position of Governmental Activities \$ 45,766,479

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 Balances Governmental Funds

For the Year Ended December 31, 2017

	General	Recreation Center	General Obligation Bond Retirement
Revenues:			
Property Taxes	\$ 4,166,684	\$ 330,679	\$ 595,231
Municipal Income Taxes	11,143,862	0	0
Other Local Taxes	94,852	0	0
Intergovernmental	989,900	45,583	82,051
Charges for Services	42,425	2,196,631	0
Fines, Fees and Permits	3,078,858	0	0
Special Assessments	0	0	0
Investment Income	218,387	0	0
Rentals	60,746	36,841	0
Other	123,329	0	0
Total Revenues	19,919,043	2,609,734	677,282
Expenditures:			
Current:			
General Government	4,553,169	0	0
Security of Persons and Property	8,071,451	0	0
Public Health	0	0	0
Transportation	727,485	0	0
Leisure Time Activities	393,504	3,037,060	0
Community Development	512,785	0	0
Basic Utility Service	0	0	0
Capital Outlay	25,654	1,105	0
Debt Service:			
Principal Retirement	0	0	965,000
Interest and Fiscal Charges	0	0	239,937
Total Expenditures	14,284,048	3,038,165	1,204,937
Excess of Revenues Over (Under) Expenditures	5,634,995	(428,431)	(527,655)
Other Financing Sources (Uses):			
Proceeds from Sale of Capital Assets	16,741	0	0
Transfers - In	0	675,000	435,000
Transfers - Out	(4,523,000)	0	0
Total Other Financing Sources (Uses)	(4,506,259)	675,000	435,000
Net Change in Fund Balances	1,128,736	246,569	(92,655)
Fund Balances (Deficit) at Beginning of Year	8,004,880	(305,351)	303,819
Fund Balances (Deficit) at End of Year	\$ 9,133,616	\$ (58,782)	\$ 211,164

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

<u>Capital Improvement</u>	<u>Total Non-major Funds</u>	<u>Total Governmental Funds</u>
\$ 661,359	\$ 1,388,886	\$ 7,142,839
1,026,100	1,653,162	13,823,124
254,321	0	349,173
112,377	1,783,907	3,013,818
0	341,680	2,580,736
0	344,137	3,422,995
61,166	48,702	109,868
0	8,164	226,551
0	0	97,587
<u>47,280</u>	<u>13,451</u>	<u>184,060</u>
<u>2,162,603</u>	<u>5,582,089</u>	<u>30,950,751</u>
90,548	416,597	5,060,314
0	1,592,223	9,663,674
0	963,653	963,653
7,203	1,498,849	2,233,537
0	0	3,430,564
0	0	512,785
0	1,646,872	1,646,872
2,092,114	1,341,823	3,460,696
0	292,690	1,257,690
<u>0</u>	<u>62,693</u>	<u>302,630</u>
<u>2,189,865</u>	<u>7,815,400</u>	<u>28,532,415</u>
<u>(27,262)</u>	<u>(2,233,311)</u>	<u>2,418,336</u>
0	0	16,741
0	3,013,000	4,123,000
<u>0</u>	<u>0</u>	<u>(4,523,000)</u>
<u>0</u>	<u>3,013,000</u>	<u>(383,259)</u>
(27,262)	779,689	2,035,077
<u>2,618,403</u>	<u>5,113,580</u>	<u>15,735,331</u>
\$ <u><u>2,591,141</u></u>	\$ <u><u>5,893,269</u></u>	\$ <u><u>17,770,408</u></u>

City of Rocky River, Ohio

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

For the Year Ended December 31, 2017

Net Change in Fund Balances - Total Governmental Funds \$ 2,035,077

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 useful lives and reported as depreciation expense. This is the amount by which depreciation differed from capital outlay and contributed capital in the current period.

Capital Outlay	1,737,753	
Contributed Capital	3,793,042	
Depreciation	<u>(2,705,426)</u>	
Total		2,825,369

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

Property and Other Local Taxes	(20,134)	
Municipal Income Taxes	371,400	
Special Assessments	(60,577)	
Investment Income	(36,288)	
Charges for Services	41,706	
Intergovernmental	<u>(17,785)</u>	
Total		278,322

Repayment of bond principal and payment to refunded escrow agent is an expenditure in the Governmental Funds, but these expenditures reduce long-term liabilities in the Statement of Net Position.

General Obligation Bonds	1,180,000	
Special Assessment Bonds	<u>40,000</u>	
Total		1,220,000

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	3,750	
Amortization of Bond Premium	64,053	
Loss on Refunding	<u>(36,227)</u>	
Total		31,576

(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, 2017

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	(203,971)	
Police and Fire Pension Liability	<u>37,690</u>	
Total		(166,281)

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 amongst the Governmental Activities.

Change in Net Position	(84,824)	
Change in Internal Balance	<u>2,636</u>	
Total		(82,188)

Contractually required contributions are reported as expenditures in governmental funds; however, the Statement of Net Position reports these amounts as deferred outflows.

2,159,256

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the Statement of Activities.

(4,508,886)

Change in Net Position of Governmental Activities

\$ 3,792,245

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

General Fund

For the Year Ended December 31, 2017

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 4,631,199	\$ 4,631,199	\$ 4,166,684	\$ (464,515)
Municipal Income Taxes	10,275,000	10,275,000	11,041,965	766,965
Other Local Taxes	86,000	86,000	94,973	8,973
Intergovernmental	416,789	416,789	994,021	577,232
Charges for Services	43,550	43,550	52,425	8,875
Fines, Fees, and Permits	3,718,800	3,718,800	3,101,761	(617,039)
Investment Income	59,000	59,000	174,806	115,806
Rentals	80,000	80,000	60,746	(19,254)
Other	<u>186,000</u>	<u>186,000</u>	<u>123,164</u>	<u>(62,836)</u>
Total Revenues	<u>19,496,338</u>	<u>19,496,338</u>	<u>19,810,545</u>	<u>314,207</u>
Expenditures:				
Current:				
General Government	5,536,994	5,602,984	4,799,456	803,528
Security of Persons and Property	8,983,767	8,983,767	8,223,306	760,461
Transportation	857,497	862,497	758,848	103,649
Leisure Time Activities	557,438	534,338	394,783	139,555
Community Development	636,675	636,675	535,339	101,336
Capital Outlay	<u>54,604</u>	<u>54,604</u>	<u>25,850</u>	<u>28,754</u>
Total Expenditures	<u>16,626,975</u>	<u>16,674,865</u>	<u>14,737,582</u>	<u>1,937,283</u>
Excess of Revenues Over Expenditures	<u>2,869,363</u>	<u>2,821,473</u>	<u>5,072,963</u>	<u>2,251,490</u>
Other Financing Sources (Uses):				
Sale of Capital Assets	12,000	12,000	16,741	4,741
Advances - In	100,000	100,000	100,000	0
Transfers - Out	<u>(6,275,000)</u>	<u>(6,275,000)</u>	<u>(4,523,000)</u>	<u>1,752,000</u>
Total Other Financing Sources (Uses)	<u>(6,163,000)</u>	<u>(6,163,000)</u>	<u>(4,406,259)</u>	<u>1,756,741</u>
Net Change in Fund Balance	(3,293,637)	(3,341,527)	666,704	4,008,231
Fund Balance at Beginning of Year	5,181,846	5,181,846	5,181,846	0
Prior Year Encumbrances Appropriated	<u>127,323</u>	<u>127,323</u>	<u>127,323</u>	<u>0</u>
Fund Balance at End of Year	\$ <u>2,015,532</u>	\$ <u>1,967,642</u>	\$ <u>5,975,873</u>	\$ <u>4,008,231</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, 2017

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 367,555	\$ 367,555	\$ 330,679	\$ (36,876)
Intergovernmental	0	0	45,583	45,583
Charges for Services	2,337,145	2,337,145	2,205,861	(131,284)
Rentals	<u>20,000</u>	<u>20,000</u>	<u>36,841</u>	<u>16,841</u>
Total Revenues	<u>2,724,700</u>	<u>2,724,700</u>	<u>2,618,964</u>	<u>(105,736)</u>
Expenditures:				
Current:				
Leisure Time Activities	3,381,122	3,333,232	3,070,505	262,727
Capital Outlay	<u>3,000</u>	<u>3,000</u>	<u>1,105</u>	<u>1,895</u>
Total Expenditures	<u>3,384,122</u>	<u>3,336,232</u>	<u>3,071,610</u>	<u>264,622</u>
Excess of Revenues Over (Under) Expenditures	(659,422)	(611,532)	(452,646)	158,886
Other Financing Sources (Uses):				
Transfers - In	675,000	675,000	675,000	0
Advances - Out	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>575,000</u>	<u>575,000</u>	<u>575,000</u>	<u>0</u>
Net Change in Fund Balances	(84,422)	(36,532)	122,354	158,886
Fund Balance at Beginning of Year	227,543	227,543	227,543	0
Prior Year Encumbrances Appropriated	<u>22,762</u>	<u>22,762</u>	<u>22,762</u>	<u>0</u>
Fund Balance at End of Year	\$ <u>165,883</u>	\$ <u>213,773</u>	\$ <u>372,659</u>	\$ <u>158,886</u>

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

City of Rocky River, Ohio

Statement of Fund Net Position Proprietary Funds

December 31, 2017

	Business-Type Activities Sanitary Sewer	Governmental Activities - Internal Service Fund
Assets:		
Current Assets:		
Equity in Pooled Cash and Cash Equivalents	\$ 6,992,874	\$ 671,277
Restricted Cash and Cash Equivalents	44,605	0
Accounts Receivable	639,437	0
Materials and Supplies Inventory	21,134	0
Prepaid	9,108	0
Special Assessments Receivable	241,993	0
Total Current Assets	<u>7,949,151</u>	<u>671,277</u>
Noncurrent Assets:		
Investment in Joint Venture	4,810,244	0
Nondepreciable Capital Assets	3,474,659	0
Depreciable Capital Assets, Net	22,173,620	0
Net Pension Asset	845	0
Total Noncurrent Assets	<u>30,459,368</u>	<u>0</u>
Total Assets	<u>38,408,519</u>	<u>671,277</u>
Deferred Outflows of Resources:		
Pension	<u>244,964</u>	<u>0</u>
Liabilities:		
Current Liabilities:		
Accounts Payable	693,468	29,082
Accrued Wages and Benefits	15,914	0
Intergovernmental Payable	12,810	0
Retainage Payable	177,316	0
Accrued Interest Payable	1,126	0
Claims Payable	0	151,274
Compensated Absences Payable	11,094	0
OWDA and OPWC Loans Payable	313,952	0
Total Current Liabilities	<u>1,225,680</u>	<u>180,356</u>
Long-term Liabilities:		
Accrued Compensated Absences (Net of Current Portion)	69,798	0
OWDA and OPWC Loans Payable (Net of Current Portion)	12,915,611	0
Net Pension Liability	628,931	0
Total Long-Term Liabilities	<u>13,614,340</u>	<u>0</u>
Total Liabilities	<u>14,840,020</u>	<u>180,356</u>
Deferred Inflows of Resources:		
Pension	<u>7,712</u>	<u>0</u>

(continued)

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

City of Rocky River, Ohio

Statement of Fund Net Position (Continued) Proprietary Funds

December 31, 2017

	Business-Type Activities Sanitary Sewer	Governmental Activities - Internal Service Fund
Net Position:		
Net Investment in Capital Assets	12,418,716	0
Unrestricted	<u>11,387,035</u>	<u>490,921</u>
Total Net Position	23,805,751	\$ <u><u>490,921</u></u>
 Net Position reported for Business-Type Activities in the Statement of Net Position are different because they include accumulated overpayments to the Internal Service Fund:	 <u>17,361</u>	
 Net Position of Business-Type Activities	 \$ <u><u>23,823,112</u></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 Position Proprietary Funds

For the Year Ended December 31, 2017

	Business-Type Activities Sanitary Sewer	Governmental Activities - Internal Service Fund
Operating Revenues:		
Charges for Services	\$ 5,090,108	\$ 2,607,012
Municipal Income Taxes	<u>1,225,620</u>	<u>0</u>
Total Operating Revenues	<u>6,315,728</u>	<u>2,607,012</u>
Operating Expenses:		
Personal Service	722,712	0
Materials and Supplies	66,347	0
Contractual Services	1,972,010	572,802
Heat, Light and Power	20,926	0
Depreciation	429,426	0
Other	14,897	0
Claims	0	2,119,034
Loss on Investment in Joint Venture	<u>376,047</u>	<u>0</u>
Total Operating Expenses	<u>3,602,365</u>	<u>2,691,836</u>
Operating Income (Loss)	<u>2,713,363</u>	<u>(84,824)</u>
Non-Operating Expense:		
Interest Expense	(2,426)	0
Non-Operating Capital Distributions	<u>(4,808,315)</u>	<u>0</u>
Total Non-Operating Expenses	<u>(4,810,741)</u>	<u>0</u>
Income before Capital Contributions and Transfers	(2,097,378)	(84,824)
Capital Contributions	418,854	0
Transfers - In	<u>400,000</u>	<u>0</u>
Change in Net Position	(1,278,524)	(84,824)
Net Position at Beginning of Year	<u>25,084,275</u>	<u>575,745</u>
Net Position at End of Year	\$ <u><u>23,805,751</u></u>	\$ <u><u>490,921</u></u>
Amount reported for Business-Type Activities in the Statement of Activities are different because of a portion of the Change in Net Position of the Internal Service Fund is reported with Business-Type Activities:	<u>(2,636)</u>	
Change in Net Position of Business-Type Activities	\$ <u><u>(1,281,160)</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, 2017

	Business-Type Activities Sanitary Sewer	Governmental Activities - Internal Service Fund
	<u> </u>	<u> </u>
Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 5,102,301	\$ 2,607,012
Cash Received from Municipal Income Taxes	1,225,620	0
Cash Payments for Goods and Services	(3,276,154)	(572,802)
Cash Payments to Employees for Services and Benefits	(599,187)	0
Cash Payments for Claims	0	(2,112,152)
Cash Payments for Other Operating Expenses	<u>(14,897)</u>	<u>0</u>
Net Cash Provided (Used) by Operating Activities	<u>2,437,683</u>	<u>(77,942)</u>
Cash Flows from Noncapital Financing Activities		
Transfers - In	<u>400,000</u>	<u>0</u>
Cash Flows from Capital and Related Financing Activities:		
Capital Acquisitions	(2,655,929)	0
OPWC Loan Proceeds	1,197,768	
Principal Paid on OWDA and OPWC Loans	(312,881)	0
Interest Paid on OWDA Loan	<u>(2,768)</u>	<u>0</u>
Net Cash Used by Capital and Related Financing Activities	<u>(1,773,810)</u>	<u>0</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,063,873	(77,942)
Cash and Cash Equivalents at Beginning of Year	<u>5,973,606</u>	<u>749,219</u>
Cash and Cash Equivalents at End of Year	\$ <u>7,037,479</u>	\$ <u>671,277</u>

(continued)

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

City of Rocky River, Ohio

Statement of Cash Flows (Continued) Proprietary Fund Types

For the Year Ended December 31, 2017

	Business-Type Activities Sanitary Sewer	Governmental Activities - Internal Service Fund
Reconciliation of Operating Income to Net Cash From Operating Activities:		
Operating Income	\$ 2,713,363	\$ (84,824)
Adjustments:		
Depreciation	429,426	0
Change in Operating Assets and Liabilities:		
Accounts Receivable	(31,392)	0
Materials and Supplies Inventory	(12,900)	0
Prepaid	(9,108)	0
Special Assessments Receivable	43,585	0
Investment in Joint Venture	143,919	0
Net Pension Asset	(167)	0
Deferred Outflows of Resources – Pension	(70,742)	0
Accounts Payable	(567,033)	29,082
Retainage Payable	(321,759)	0
Accrued Wages and Benefits	4,237	0
Compensated Absences Payable	14,390	0
Intergovernmental Payable	(73,288)	0
Claims Payable	0	(22,200)
Net Pension Liability	180,238	0
Deferred Inflows of Resources – Pension	(5,086)	0
Total Adjustments	<u>(275,680)</u>	<u>6,882</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 2,437,683</u>	<u>\$ (77,942)</u>
Noncash Transactions from Capital and Related Financing Activities:		
Contributed Capital	\$ 418,854	\$ 0
Capital Assets from Accounts Payable and Retainage Payable	779,898	0
Capital Assets Transferred to Governmental Activities	(3,793,042)	0
Capital Assets Transferred to the City of Cleveland	(1,015,273)	0

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

City of Rocky River, Ohio

Statement of Fiduciary Net Position Fiduciary Funds

December 31, 2017

	<u>Investment Trust</u>	
	<u>Individual Investment Account</u>	<u>Agency</u>
Assets:		
Equity in Pooled Cash and Cash Equivalents	\$ 0	\$ 322,091
Cash and Cash Equivalents:		
In Segregated Accounts	<u>2,807,004</u>	<u>362,812</u>
Total Assets	<u>2,807,004</u>	\$ <u>684,903</u>
Liabilities:		
Deposits Held and Due to Others	<u>0</u>	\$ <u>684,903</u>
Net Position:		
Held in Trust for Participants	\$ <u>2,807,004</u>	

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

City of Rocky River, Ohio

Statement of Changes in Fiduciary Net Position Investment Trust Funds

For the Year Ended December 31, 2017

	<u>Individual Investment Account</u>
Additions:	
Interest	\$ 7,880
Capital Transaction – Purchases	<u>1,307,806</u>
Total Additions	<u>1,315,686</u>
Deductions:	
Capital Transaction – Redemptions	1,608,707
Distributions to Participants	<u>7,825</u>
Total Deductions	<u>1,616,532</u>
Change in Net Position	(300,846)
Net Position Beginning of Year	<u>3,107,850</u>
Net Position End of Year	\$ <u><u>2,807,004</u></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, 2017

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 Mayor/City Council 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 2014. The Mayor, Law Director and seven-member City 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.

City of Rocky River, Ohio

Notes to Basic Financial Statements (Continued)

For The Year Ended December 31, 2017

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

Reporting Entity (Continued)

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.

The City participates in other organizations: jointly governed organizations and a related organization. See Notes 19 and 25 to the basic financial statements for further information. The City also participates in two Municipal Utility Districts, 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 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 Position and a Statement of Activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements The Statement of Net Position and the Statement of Activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. 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 Position 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, 2017

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 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 and deferred inflows of resources is reported as fund balance. The following are the City's major governmental funds:

General Fund The General Fund accounts for 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.

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, 2017

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 position, 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 and the accumulation of resources to rehabilitate through acquisition, construction, or improvement the City's sanitary sewer infrastructure. 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 position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the City 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 and fees to 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 deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the City are included on the Statement of Net Position. The Statement of Activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources 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.

City of Rocky River, Ohio

Notes to Basic Financial Statements (Continued)

For The Year Ended December 31, 2017

Note 2: Summary of Significant Accounting Policies (Continued)

C. Measurement Focus (Continued)

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. 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 Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. 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 inflows/outflows of resources 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, 2017

Note 2: Summary of Significant Accounting Policies (Continued)

D. Basis of Accounting (Continued)

Unearned Revenue

Unearned revenue represents amounts under the accrual and modified accrual basis of accounting for which asset recognition criteria have been met, but for which revenue recognition criteria have not yet been met because such amounts have not yet been earned.

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources include a deferred charge on refunding and pension reported in the government-wide Statement of Net Position. The deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension are explained in Note 14.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, unavailable revenue and amounts for the pension. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2017, but which were levied to finance year 2018 operations. These amounts have been recorded as a deferred inflow on both the government-wide Statement of Net Position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds Balance Sheet, and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes delinquent property taxes, income taxes, special assessments, and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide Statement of Net Position and in the proprietary funds on the Statement of Fund Net Position.

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

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

City of Rocky River, Ohio

Notes to Basic Financial Statements (Continued)

For The Year Ended December 31, 2017

Note 2: Summary of Significant Accounting Policies (Continued)

E. Cash and Cash Equivalents

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

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts and nonnegotiable certificate of deposits are reported at cost. See Note 6 for specific disclosures relating to investments.

STAR Ohio, is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but the City has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, *Certain External Investment Pools and Pool Participants*. The City measures their investment in STAR Ohio at amortized cost.

For the year ended 2017, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

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 2017 amounted to \$218,387, which includes \$151,082 assigned from other City funds.

The City serves as fiscal agent for the Rocky River Wastewater Treatment Plant. A related individual investment account is presented, in the Statement of Fiduciary Net Position of the financial statements, as "Cash and Cash Equivalents in Segregated Accounts" and represents deposits of \$2,211,386 and money market funds of \$595,618.

F. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other government or imposed by enabling legislation. The City's restricted cash relates to an escrow account held for retainage funds payable to contractors at the completion of the City's current projects.

G. 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.

City of Rocky River, Ohio

Notes to Basic Financial Statements (Continued)

For The Year Ended December 31, 2017

Note 2: Summary of Significant Accounting Policies (Continued)

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 Assets

Payments made to vendors for services that will benefit periods beyond December 31, 2017 are recorded as prepaid assets 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 Position 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 Position 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 acquisition value 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.

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 2017, the City's infrastructure consists of roads, traffic signals, sidewalks, and storm sewers. In addition, the City has recorded construction in progress for City road and sewer projects initiated in 2017. 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:

Land improvements	15 - 40 Years
Buildings	50 Years
Furniture, Fixtures and Equipment	10 Years
Vehicles	5 Years
Infrastructure	10 - 75 Years

City of Rocky River, Ohio

Notes to Basic Financial Statements (Continued)

For The Year Ended December 31, 2017

Note 2: Summary of Significant Accounting Policies (Continued)

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 Position, 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, 2017.

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. Vacation accumulation is limited to two times the amount earned by an employee during the year.

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. Payables, Accrued Liabilities and Long-term Obligations

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

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

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

City of Rocky River, Ohio

Notes to Basic Financial Statements (Continued)

For The Year Ended December 31, 2017

Note 2: Summary of Significant Accounting Policies (Continued)

O. 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.

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. These amounts are assigned by City Council. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed.

City of Rocky River, Ohio

Notes to Basic Financial Statements (Continued)

For The Year Ended December 31, 2017

Note 2: Summary of Significant Accounting Policies (Continued)

O. Fund Balance (Continued)

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 or ordinance or State statute. State statute authorized the Finance Director to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. City Council assigned fund balance to cover a gap between estimated revenue and appropriations in the 2018 appropriated budget.

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.

P. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The government-wide Statement of Net Position reports \$9,316,712 of restricted net position, none of which is restricted by enabling legislation. The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

Q. 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, 2017

Note 2: Summary of Significant Accounting Policies (Continued)

R. 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.

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 City Council may appropriate. The appropriations ordinance is City Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by City Council. The legal level of control has been established by City 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 City Council.

City of Rocky River, Ohio

Notes to Basic Financial Statements (Continued)

For The Year Ended December 31, 2017

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 City Council during the year.

U. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

V. Contribution of Capital

Contribution of capital in the governmental activities and in the proprietary fund financial statements arise from inside contributions of capital assets. These are shown as transfers on the Statement of Activities. The City had \$418,854 contributions of capital, for the year ended December 31, 2017.

W. Capital Distributions

Capital distributions in the proprietary fund financial statements arise from distributions of capital assets or resources restricted to capital acquisition and construction. These are shown as transfers on the Statement of Activities. The City had distributions related to the Avalon Sewer Improvement Project, which included improvements to pavement of \$3,793,042 and water lines of \$1,015,273 for the year ended December 31, 2017.

City of Rocky River, Ohio

Notes to Basic Financial Statements (Continued)

For The Year Ended December 31, 2017

Note 3: Change in Accounting Principles

Pronouncements Issued but Not Effective GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* was issued in June 2015. The provisions of this Statement are effective for fiscal years beginning after June 15, 2017. This replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. The City has not determined the impact, if any that this Statement will have on its financial statements or disclosures.

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 restricted, committed, or assigned 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 Recreation Center Fund.

	<u>Net Change in Fund Balance</u>	
	<u>General</u>	<u>Recreation Center</u>
GAAP basis	\$ 1,128,736	\$ 246,569
Net adjustment for revenue accruals	(8,498)	9,230
Net adjustment for expenditure accruals	(354,654)	(114,563)
Encumbrances	<u>(98,880)</u>	<u>(18,882)</u>
Budget basis	\$ <u>666,704</u>	\$ <u>122,354</u>

City of Rocky River, Ohio

Notes to Basic Financial Statements (Continued)

For The Year Ended December 31, 2017

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 non-major governmental funds are presented below:

	General Fund	Recreation Center	General Obligation Bond Retirement	Capital Improvement	Total Non-major Funds	Total Governmental Funds
Nonspendable:						
Inventory	\$ 39,041	\$ 2,084	\$ 0	\$ 0	\$ 111,650	\$ 152,775
Prepaid Assets	219,445	38,747	0	775	133,312	392,279
Unclaimed funds	49,739	0	0	0	0	49,739
Total Nonspendable	<u>308,225</u>	<u>40,831</u>	<u>0</u>	<u>775</u>	<u>244,962</u>	<u>594,793</u>
Restricted for:						
Capital Improvements	0	0	0	2,590,366	3,400,145	5,990,511
Community Impacts	0	0	0	0	3,312	3,312
Debt Service	0	0	211,164	0	1,062	212,226
Law Enforcement and Education	0	0	0	0	213,298	213,298
Marine Patrol	0	0	0	0	10,420	10,420
Office on Aging	0	0	0	0	175,396	175,396
Refuse and Recycling	0	0	0	0	594,265	594,265
Security of Persons and Property	0	0	0	0	557,822	557,822
Street Construction and Maintenance	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>692,587</u>	<u>692,587</u>
Total Restricted	<u>0</u>	<u>0</u>	<u>211,164</u>	<u>2,590,366</u>	<u>5,648,307</u>	<u>8,449,837</u>
Assigned to:						
Purchases on Order Subsequent Year's Budget: Appropriation of Fund Balance	61,358	0	0	0	0	61,358
Total Assigned	<u>3,358,050</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,358,050</u>
Unassigned (Deficit)	<u>5,405,983</u>	<u>(99,613)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,306,370</u>
Total Fund Balance	\$ <u>9,133,616</u>	\$ <u>(58,782)</u>	\$ <u>211,164</u>	\$ <u>2,591,141</u>	\$ <u>5,893,269</u>	\$ <u>17,770,408</u>

City of Rocky River, Ohio

Notes to Basic Financial Statements (Continued)

For The Year Ended December 31, 2017

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 Revised Code Chapter 135: Uniform Depository Act.

City of Rocky River, Charter, Article VII, Section 3. provides “The 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 City 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.”

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

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

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

Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim monies may be deposited or invested in the following securities:

1. United States Treasury notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

City of Rocky River, Ohio

Notes to Basic Financial Statements (Continued)

For The Year Ended December 31, 2017

Note 6: Deposits and Investments (Continued)

5. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
6. The State Treasurer's investment pool (STAR Ohio).
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40% of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2% and be marked to market daily, and the term of the agreement must not exceed thirty days.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.

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

Deposits

Custodial credit risk is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party.

At year-end, the carrying amount of the City's deposits was \$9,178,271 and the bank balance was \$9,571,732. Of the bank balance \$688,023 was covered by the FDIC and \$8,883,709 was uninsured. The entire uninsured bank balance was collateralized with securities held by pledging institutions' agents in its collateral pool. The City has \$5,350 of cash on hand at December 31, 2017.

City of Rocky River, Ohio

Notes to Basic Financial Statements (Continued)

For The Year Ended December 31, 2017

Note 6: Deposits and Investments (Continued)

Deposits (continued)

The City has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or protected by:

Eligible securities pledged to the City and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105% of the deposits being secured; or

Effective July 1, 2017, participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102% of the deposits being secured or a rate set by the Treasurer of State.

Investments

Investments are reported at fair value. As of December 31, 2017, the City had the following investments:

Amortized Cost:	Measurement	Maturities	Maturities
	Value	(in years) Less than 1	(in years) More than 1
Money Market	\$ 4,525,665	\$ 4,525,665	\$ 0
STAR Ohio	9,795,975	9,795,975	0
Total	\$ <u>14,321,640</u>	\$ <u>14,321,640</u>	\$ <u>0</u>

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City has the following recurring fair value measurements as of December 31, 2017:

- Money market is valued at amortized cost, which approximates fair value.
- STAR Ohio is valued at amortized cost, which approximates fair value.

City of Rocky River, Ohio

Notes to Basic Financial Statements (Continued)

For The Year Ended December 31, 2017

Note 6: Deposits and Investments (Continued)

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.

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. The City's investments in Star Ohio and the money market both carry an "AAAm" money market rating by Standard & Poor's.

Concentration of Credit Risk is defined by the Governmental Accounting Standards Board as five percent or more in the securities of a single issuer. The City's investment policy requires diversification of the portfolio but does not indicate specific percentage allocations. The following is the City's allocation as of December 31, 2017:

<u>Investment Issuer</u>	<u>Percentage of Investments</u>
Money Market	31.6 %
STAR Ohio	68.4 %
	<u>100.0 %</u>

Note 7: Property Taxes

Property taxes include amounts levied against real and public utility properties located in the City. Property tax revenue received during 2017 represents collections of the 2016 taxes.

2017 real property taxes were levied after October 1, 2017, on the assessed value as of January 1, 2017, the lien date. Assessed values are established by Ohio Revised Code at 35% of appraised value. 2017 real property taxes are collected in and intended to finance 2018.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35% of true value. 2017 public utility property taxes which became a lien December 31, 2016, were levied after October 1, 2017, and were collected in 2017 with real property taxes.

City of Rocky River, Ohio

Notes to Basic Financial Statements (Continued)

For The Year Ended December 31, 2017

Note 7: Property Taxes (Continued)

The full tax rate for all City operations for the year ended December 31, 2017, was \$10.80 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 2017 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Property	\$ 740,435,050
Public Utility	<u>9,372,340</u>
Total	\$ <u>749,807,390</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, the 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 Officer 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, 2017 and for which there is an enforceable legal claim.

In the governmental funds, a portion of the receivable has been offset by deferred inflows of resources – property taxes, since current taxes were not levied to finance 2017 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

Note 8: Income Taxes

The City utilizes the Regional Income Tax Agency (RITA) to collect and administer its local income tax. Employers within the City are required to withhold income tax on employee earnings and remit the tax to RITA at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually. The tax is collected by RITA and remitted to the City on the 1st and 10th business days of each month.

The City levies a municipal income tax of 2% on substantially all income earned within the City. In addition, residents of the City are required to pay the City municipal income tax on income earned outside the City; however, a credit of 1.5% is allowed for income taxes paid to other municipalities, which reduces the effective tax rate to 0.5% 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, Equipment Replacement Fund and Capital Improvements Fund.

City of Rocky River, Ohio

Notes to Basic Financial Statements (Continued)

For The Year Ended December 31, 2017

Note 9: Receivables

Receivables at December 31, 2017, 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 historical percentage of collections of amounts billed. The City has estimated \$209,855 in uncollectible billings for user charged services.

A summary of Intergovernmental Receivables follows:

Governmental Activities:

Homestead and Rollback	\$	492,311
Local Government		169,766
Miscellaneous		55,355
Auto Registration and Gasoline Tax		384,757
Permissive Tax		<u>11,335</u>
Total Intergovernmental Receivable	\$	<u><u>1,113,524</u></u>

Special assessments expected to be collected beyond one year amount to \$230,000 in the Special Assessment Bond Retirement Fund. The amount of delinquent special assessments outstanding is \$241,993 at December 31, 2017.

City of Rocky River, Ohio

Notes to Basic Financial Statements (Continued)

For The Year Ended December 31, 2017

Note 10: Capital Assets

A summary of changes in capital assets during 2017 follows:

	Balance <u>12/31/16</u>	<u>Additions</u>	<u>Transfer</u>	<u>Deletions</u>	Balance <u>12/31/17</u>
Governmental Activities					
<i>Non-Depreciable Capital Assets</i>					
Land	\$ 2,017,826	\$ 0	\$ 0	\$ 0	\$ 2,017,826
Land Improvements	203,158	0		0	203,158
Construction in Progress	<u>3,849,227</u>	<u>1,051,278</u>	<u>3,793,042</u>	<u>(7,501,940)</u>	<u>1,191,607</u>
<i>Total Non-Depreciable Capital Assets</i>	<u>6,070,211</u>	<u>1,051,278</u>	<u>3,793,042</u>	<u>(7,501,940)</u>	<u>3,412,591</u>
<i>Depreciable Capital Assets</i>					
Land Improvements	5,309,096	26,503	0	0	5,335,599
Buildings	34,308,179	17,000	0	0	34,325,179
Furniture, Fixtures and Equipment	5,656,334	1,908,268	0	0	7,564,602
Vehicles	8,811,843	541,722	0	(398,486)	8,955,079
Infrastructure:					
Roads	33,288,386	3,230,283	0	(514,638)	36,004,031
Sidewalks	2,161,992	206,096	0	0	2,368,088
Traffic Signals	2,827,033	0	0	0	2,827,033
Storm Sewers	<u>9,478,944</u>	<u>2,258,543</u>	<u>0</u>	<u>(7,475)</u>	<u>11,730,012</u>
<i>Total Depreciable Capital Assets</i>	<u>101,841,807</u>	<u>8,188,415</u>	<u>0</u>	<u>(920,599)</u>	<u>109,109,623</u>
<i>Less Accumulated Depreciation:</i>					
Land Improvements	(1,914,639)	(144,476)	0	0	(2,059,115)
Building	(14,022,159)	(598,549)	0	0	(14,620,708)
Furniture, Fixtures and Equipment	(4,748,582)	(287,532)	0	0	(5,036,114)
Vehicles	(7,254,132)	(541,541)	0	398,486	(7,397,187)
Infrastructure:					
Roads	(19,842,684)	(932,995)	0	514,638	(20,261,041)
Sidewalks	(311,162)	(56,633)	0	0	(367,795)
Traffic Signals	(2,664,239)	(7,931)	0	0	(2,672,170)
Storm Sewers	<u>(1,898,400)</u>	<u>(135,769)</u>	<u>0</u>	<u>7,475</u>	<u>(2,026,694)</u>
<i>Total Accumulated Depreciation</i>	<u>(52,655,997)</u>	<u>(2,705,426)</u>	<u>0</u>	<u>920,599</u>	<u>(54,440,824)</u>
Total Depreciable Capital Assets, Net	<u>49,185,810</u>	<u>5,482,989</u>	<u>0</u>	<u>0</u>	<u>54,668,799</u>
Total Governmental Activities Capital Assets, Net	\$ <u>55,256,021</u>	\$ <u>6,534,267</u>	\$ <u>3,793,042</u>	\$ <u>(7,501,940)</u>	\$ <u>58,081,390</u>

City of Rocky River, Ohio

Notes to Basic Financial Statements (Continued)

For The Year Ended December 31, 2017

Note 10: Capital Assets (Continued)

	Balance 12/31/16	Additions	Transfer	Deletions	Balance 12/31/17
Business-Type Activities					
<i>Non-Depreciable Capital Assets</i>					
Land	\$ 39,516	\$ 0	\$ 0	\$ 0	\$ 39,516
Right-of-Way	250,000	0	0	0	250,000
Construction in Progress	<u>6,785,873</u>	<u>3,401,450</u>	<u>(3,793,042)</u>	<u>(3,209,138)</u>	<u>3,185,143</u>
<i>Total Non-Depreciable Capital Assets</i>	<u>7,075,389</u>	<u>3,401,450</u>	<u>(3,793,042)</u>	<u>(3,209,138)</u>	<u>3,474,659</u>
<i>Depreciable Capital Assets</i>					
Furniture, Fixtures and Equipment	116,864	69,818	0	0	186,682
Vehicles	385,300	418,854	0	(287,283)	516,871
Sewer Lines	<u>27,268,015</u>	<u>2,158,424</u>	<u>0</u>	<u>(9,837)</u>	<u>29,416,602</u>
<i>Total Depreciable Capital Assets</i>	<u>27,770,179</u>	<u>2,647,096</u>	<u>0</u>	<u>(297,120)</u>	<u>30,120,155</u>
<i>Less Accumulated Depreciation:</i>					
Furniture, Fixtures and Equipment	(113,423)	(3,853)	0	0	(117,276)
Vehicles	(383,260)	(42,566)	0	287,283	(138,543)
Sewer Lines	<u>(7,317,546)</u>	<u>(383,007)</u>	<u>0</u>	<u>9,837</u>	<u>(7,690,716)</u>
<i>Total Accumulated Depreciation</i>	<u>(7,814,229)</u>	<u>(429,426)</u>	<u>0</u>	<u>297,120</u>	<u>(7,946,535)</u>
Total Depreciable Capital Assets, Net	<u>19,955,950</u>	<u>2,217,670</u>	<u>0</u>	<u>0</u>	<u>22,173,620</u>
Total Business-Type Activities Capital Assets, Net	\$ <u>27,031,339</u>	\$ <u>5,619,120</u>	\$ <u>(3,793,042)</u>	\$ <u>(3,209,138)</u>	\$ <u>25,648,279</u>

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 230,604
Security of Persons and Property	258,340
Public Health	46,452
Transportation	1,090,615
Community Development	11,947
Basic Utility Service	403,467
Leisure Time Activities	<u>664,001</u>
Total	\$ <u>2,705,426</u>

The City had a transfer of construction in progress assets between business-type activities and governmental activities of \$3,793,042. This transfer related to the pavement portion of construction in progress expenditures reported for the Avalon Sewer Improvement project that was completed in the current year.

City of Rocky River, Ohio

Notes to Basic Financial Statements (Continued)

For The Year Ended December 31, 2017

Note 11: Joint Venture - Rocky River Wastewater Treatment Plant

The Rocky River Wastewater Treatment Plant (the “Plant”) is a joint venture among the cities of Rocky River, Bay Village, Fairview Park, and Westlake. The Plant is governed by a management 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 \$4,810,244 which represents approximately 25% 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 2017 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 2017 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	
		<u>Services</u>	<u>Contributions</u>
Rocky River	\$	1,153,367	\$ 236,902

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. This payment was made during 2017.

City of Rocky River, Ohio

Notes to Basic Financial Statements (Continued)

For The Year Ended December 31, 2017

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 2017, 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 individually and stop-loss coverage for 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 administrator paid by the fund from which the employees' salary is paid. Incurred but not reported claims of \$151,274 have been accrued as a liability at December 31, 2017 based on an estimate by the third-party administrator.

Changes in the fund's claims liability amount were:

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2016	\$ 127,446	\$ 2,051,316	\$ 2,005,288	\$ 173,474
2017	173,474	2,119,034	2,141,234	151,274

City of Rocky River, Ohio

Notes to Basic Financial Statements (Continued)

For The Year Ended December 31, 2017

Note 14: Defined Benefit Pension Plans

A. Net Pension Liability

The net pension liability reported on the Statement of Net Position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the City's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the City's obligation for this liability to annually required payments. The City cannot control benefit terms or the manner in which pensions are financed; however, the City does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in intergovernmental payable on both the accrual and modified accrual bases of accounting.

B. Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - City employees, other than full-time police, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed plan is a defined contribution plan and the Combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. City employees) may elect the Member-Directed plan, substantially all employee members are in OPERS' Traditional or Combined plans.

City of Rocky River, Ohio

Notes to Basic Financial Statements (Continued)

For The Year Ended December 31, 2017

Note 14: Defined Benefit Pension Plans (Continued)

B. Plan Description – Ohio Public Employees Retirement System (OPERS) (Continued)

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the Traditional and Combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. Final average salary (FAS) represents the average of the three highest years of earnings over the member's career for Groups A and B. Group C is based on the average of the five highest years of earning over a member's career. Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

The Traditional plan is a defined benefit plan in which a member's retirement benefits are calculated on a formula that considers years of service and FAS. Pension benefits are funded by both member and employer contributions and investment earnings on those contributions.

The following table provides age and service requirements for retirement and the retirement formula applied to the FAS for the three member groups under the Traditional plan (see OPERS CAFR referenced above for additional information):

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

City of Rocky River, Ohio

Notes to Basic Financial Statements (Continued)

For The Year Ended December 31, 2017

Note 14: Defined Benefit Pension Plans (Continued)

B. Plan Description – Ohio Public Employees Retirement System (OPERS) (Continued)

When a benefit recipient retiring under the Traditional plan has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3% simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3%. Additionally, a death benefit of \$500-\$2,500, determined by the number of years of service credit of the retiree, is paid to the beneficiary of a deceased retiree or disability benefit recipient under the Traditional plan.

The Combined plan is a defined benefit plan with elements of a defined contribution plan. Members earn a formula benefit similar to, but at a factor less than the Traditional plan benefit. This defined benefit is funded by employer contributions and associated investment earnings. Member contributions are deposited into a defined contribution account in which the member self-directs the investment. Upon retirement, the member may choose a defined contribution distribution that is equal to the member's contributions to the plan and investment earnings (or losses). Members may also elect to use their defined contribution account balances to purchase a defined benefit annuity administered by OPERS.

Benefits in the Combined plan consist of both an age-and-service formula benefit (the defined benefit element) and a defined contribution element. Eligibility regarding age and years of service in the Combined plan is the same as the Traditional plan. The subsequent table provides age and service requirements for retirement and the retirement formula applied to the FAS for the three member groups under the Combined plan (see OPERS CAFR referenced above for additional information):

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 1.0% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Formula: 1.0% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Formula: 1.0% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

City of Rocky River, Ohio

Notes to Basic Financial Statements (Continued)

For The Year Ended December 31, 2017

Note 14: Defined Benefit Pension Plans (Continued)

B. Plan Description – Ohio Public Employees Retirement System (OPERS) (Continued)

Members retiring under the Combined plan receive a 3% COLA on the defined benefit portion of their benefit. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3% simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3%. Additionally, a death benefit of \$500-\$2,500, determined by the number of years of service credit of the retiree, is paid to the beneficiary of a deceased retiree or disability benefit recipient under the Traditional plan.

The Member-Directed plan is a defined contribution plan in which members self-direct the investment of both member and employer contributions. The distribution upon retirement is equal to the sum of member and vested employer contributions plus investment earnings (or losses). Employer contributions and associated investment earnings vest over a five-year period at a rate of 20% per year. Members may also elect to use their defined contribution account balances to purchase a defined benefit annuity administered by OPERS.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>State and Local</u>
2017 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2017 Actual Contribution Rates	
Employer:	
Pension	13.0 %
Post-employment Health Care Benefits	<u>1.0 %</u>
Total Employer	<u>14.0 %</u>
Employee	10.0 %

In 2017, the City's contractually required contribution, net of post-employment health care benefits, was \$1,047,480. Of this amount, \$120,256 is reported as intergovernmental payable at December 31, 2017.

City of Rocky River, Ohio

Notes to Basic Financial Statements (Continued)

For The Year Ended December 31, 2017

Note 14: Defined Benefit Pension Plans (Continued)

C. Plan Description – Ohio Police & Fire Pension Fund (OP&F)

Plan Description - the City's full-time police participate in Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OP&F fiduciary net position. The report that may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OP&F may retire and receive a lifetime monthly pension. OP&F offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before after July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5% for each of the first 20 years of service credit, 2.0% for each of the next five years of service credit and 1.5% for each year of service credit in excess of 25 years. The maximum pension of 72% of the allowable average annual salary is paid after 33 years of service credit.

Under normal service retirement, retired members who are at least 55 years old and have been receiving OP&F benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to three percent of their base pension or disability benefit.

City of Rocky River, Ohio

Notes to Basic Financial Statements (Continued)

For The Year Ended December 31, 2017

Note 14: Defined Benefit Pension Plans (Continued)

C. Plan Description – Ohio Police & Fire Pension Fund (OP&F) (Continued)

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions as follows:

	<u>Police</u>	<u>Firefighter</u>
2017 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
2017 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	<u>0.50 %</u>	<u>0.50 %</u>
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
Employee	12.25 %	12.25 %

In 2017, the City's contractually required contribution, net of post-employment health care benefits was \$1,161,998. Of this amount, \$137,561 is reported as intergovernmental payable at December 31, 2017.

D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability for OPERS was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2016, and was determined by rolling forward the total pension liability as of January 1, 2016, to December 31, 2016. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>OPERS Traditional</u>	<u>OPERS Combined</u>	<u>OP&F</u>	<u>Total</u>
Proportion of the net pension liability/ asset prior measurement date	0.057848%	0.031106%	0.253444%	
Proportion of the net pension liability/ asset current measurement date	<u>0.057764%</u>	<u>0.031672%</u>	<u>0.247857%</u>	
Change in Proportionate Share	(0.000084%)	0.000566%	(0.005587%)	
Proportionate share of the net pension liability (asset)	\$ 13,117,249	\$ (17,626)	\$ 15,699,015	\$ 28,798,638
Pension expense	\$ 2,786,184	\$ 12,632	\$ 1,864,537	\$ 4,663,353

City of Rocky River, Ohio

Notes to Basic Financial Statements (Continued)

For The Year Ended December 31, 2017

Note 14: Defined Benefit Pension Plans (Continued)

D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS Traditional</u>	<u>OPERS Combined</u>	<u>OP&F</u>	<u>Total</u>
Deferred outflow of resources				
City contributions subsequent to the measurement date	\$ 1,028,923	\$ 18,557	\$ 1,161,998	\$ 2,209,478
Differences in employer contributions and change in proportionate share	-	1,183	-	1,183
Difference between expected and actual experience	17,779	-	4,441	22,220
Change in assumptions	2,080,556	4,296	-	2,084,852
Net difference between projected and actual earnings on pension plan investments	<u>1,953,461</u>	<u>4,303</u>	<u>1,526,660</u>	<u>3,484,424</u>
Total deferred outflow of resources	\$ <u>5,080,719</u>	\$ <u>28,339</u>	\$ <u>2,693,099</u>	\$ <u>7,802,157</u>
Deferred inflow of resources				
Differences in employer contributions and change in proportionate share	\$ 73,772	\$ -	\$ 348,418	\$ 422,190
Difference between expected and actual experience	<u>78,067</u>	<u>9,015</u>	<u>36,146</u>	<u>123,228</u>
Total deferred inflow of resources	\$ <u>151,839</u>	\$ <u>9,015</u>	\$ <u>384,564</u>	\$ <u>545,418</u>

The \$2,209,478 reported as deferred outflows of resources related to pension resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>OPERS Traditional</u>	<u>OPERS Combined</u>	<u>OP&F</u>	<u>Total</u>
Fiscal Year Ending December 31:				
2018	\$ 1,586,241	\$ 991	\$ 506,099	\$ 2,093,331
2019	1,677,688	991	506,099	2,184,778
2020	693,290	805	367,751	1,061,846
2021	(57,262)	(719)	(177,289)	(235,270)
2022	-	(558)	(51,645)	(52,203)
2023-2026	<u>-</u>	<u>(743)</u>	<u>(4,478)</u>	<u>(5,221)</u>
	\$ <u>3,899,957</u>	\$ <u>767</u>	\$ <u>1,146,537</u>	\$ <u>5,047,261</u>

City of Rocky River, Ohio

Notes to Basic Financial Statements (Continued)

For The Year Ended December 31, 2017

Note 14: Defined Benefit Pension Plans (Continued)

E. Actuarial Assumptions – OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The active member population which consists of members in the Traditional and Combined plans is assumed to remain constant. For purposes of financing the unfunded actuarial accrued liabilities, total payroll is assumed to grow at the wage inflation rate indicated below.

In 2016, OPERS' actuarial consultants conducted an experience study for the period 2011 through 2015, comparing assumptions to actual results. The experience study incorporated both a historical review and forward-looking projection to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 8.0% down to 7.5%.

The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	OPERS <u>Traditional Plan</u>	OPERS <u>Combined Plan</u>
Experience Study	5-year period ended December 31, 2015	5-year period ended December 31, 2015
Actuarial Cost Method	Individual Entry Age	Individual Entry Age
Actuarial Assumptions:		
Investment Rate of Return	7.50%	7.50%
Wage Inflation	3.25%	3.75%
Future Salary Increases, including 3.25% inflation	3.25 to 10.75%	3.25 to 8.25%
COLA	3% Simple	3% Simple

City of Rocky River, Ohio

Notes to Basic Financial Statements (Continued)

For The Year Ended December 31, 2017

Note 14: Defined Benefit Pension Plans (Continued)

E. Actuarial Assumptions – OPERS (Continued)

Mortality rates were based on the RP-2014 Health Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables were determined by applying the MP-2015 mortality improvement scale to the above described tables.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2016, OPERS managed investments in four investment portfolios: the Defined Benefit portfolio, the 401(h) Health Care Trust portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The 401(h) Health Care Trust portfolio was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. The Defined Benefit portfolio contains the investment assets of the Traditional pension plan, the defined benefit component of the Combined plan and the annuitized accounts of the Member-Directed plan. The Defined Benefit portfolio historically included the assets of the Member-Directed retiree medical accounts funded through the VEBA Trust. However, the VEBA Trust was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio is 8.3% for 2016.

The allocation of investment assets with the defined benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans.

City of Rocky River, Ohio

Notes to Basic Financial Statements (Continued)

For The Year Ended December 31, 2017

Note 14: Defined Benefit Pension Plans (Continued)

E. Actuarial Assumptions – OPERS (Continued)

The table below displays the Board-approved asset allocation policy for 2016 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00%	2.75%
Domestic Equities	20.70	6.34
Real Estate	10.00	4.75
Private Equity	10.00	8.97
International Equities	18.30	7.95
Other Investments	18.00	4.92
Total	100.00	5.66%

Discount Rate The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates, as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the City’s proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.5%, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.5%) or one-percentage-point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
City’s proportionate share of the net pension liability – Traditional	\$ 20,039,526	\$ 13,117,249	\$ 7,348,750
City’s proportionate share of the net pension liability (asset) – Combined	\$ 1,267	\$ (17,626)	\$ (32,306)

City of Rocky River, Ohio

Notes to Basic Financial Statements (Continued)

For The Year Ended December 31, 2017

Note 14: Defined Benefit Pension Plans (Continued)

F. Actuarial Assumptions – OP&F

OP&F's total pension liability as of December 31, 2016 is based on the results of an actuarial valuation date of January 1, 2016, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2016, are presented below:

Actuarial cost method	Entry age normal
Investment rate of return	8.25%
Projected salary increases	4.25% - 11.00%
Payroll increases	3.75%
Inflation assumptions	3.25%
Cost of living adjustments	2.60% and 3.00% simple

Rates of death are based on the RP2000 Combined Table, age-adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police and three years for firefighters. For service retirements, set back zero years for police and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis, with a base year of 2009, using mortality improvement Scale AA. The most recent experience study was completed January 1, 2012.

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2015 are summarized below:

City of Rocky River, Ohio

Notes to Basic Financial Statements (Continued)

For The Year Ended December 31, 2017

Note 14: Defined Benefit Pension Plans (Continued)

F. Actuarial Assumptions – OP&F

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash and Cash Equivalents	0.00%	0.00%
Domestic Equity	16.00	5.21
Non-US Equity	16.00	5.40
Core Fixed Income*	20.00	2.37
Global Inflation Protected Securities*	20.00	2.33
High Yield	15.00	4.48
Real Estate	12.00	5.65
Private Markets	8.00	7.99
Real Assets	5.00	6.87
Master Limited Partnerships	8.00	7.36
Total	<u>120.00%</u>	

*Levered 2x

OP&F’s Board of Trustees has incorporated the “risk parity” concept into OP&F’s asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

Discount Rate The total pension liability was calculated using the discount rate of 8.25%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.25%. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.25%), or one percentage point higher (9.25%) than the current rate.

	<u>1% Decrease (7.25%)</u>	<u>Discount Rate (8.25%)</u>	<u>1% Increase (9.25%)</u>
City’s proportionate share of the net pension liability	\$ 20,909,226	\$ 15,699,015	\$ 11,283,288

City of Rocky River, Ohio

Notes to Basic Financial Statements (Continued)

For The Year Ended December 31, 2017

Note 14: Defined Benefit Pension Plans (Continued)

F. Actuarial Assumptions – OP&F

Changes between Measurement Date and Report Date In October 2017, the OP&F Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of January 1, 2017. The most significant change is the reduction in the discount rate from 8.25% to 8.00%. Although the exact amount of these changes is not known, the impact to the City's net position liability is expected to be significant.

Note 15: Post-Employment Benefits

A. Ohio Public Employees Retirement System

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan – a defined contribution plan; and the Combined Plan – a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional pension and Combined plans. This trust is also used to fund health care for Member-Directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, Member-Directed plan participants may be eligible for reimbursement for qualified medical expenses from their vested RMA balance.

In order to qualify for health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit 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 45. Please see the Plan Statement in the OPERS CAFR for details.

The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml#CAFR>, by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

The Ohio Revised Code provides the statutory authority requiring public employers to fund health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

City of Rocky River, Ohio

Notes to Basic Financial Statements (Continued)

For The Year Ended December 31, 2017

Note 15: Post-Employment Benefits (Continued)

A. Ohio Public Employees Retirement System (Continued)

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2017, State and Local employers contributed at a rate of 14.0% of earnable salary. This is the maximum employer contribution rate permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional pension plan and Combined plan was 1.0% during calendar year 2017. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0.0% for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited for Member-Directed plan participants for 2017 was 4.0%.

The City's contributions for health care for the years ended December 31, 2017, 2016, and 2015 were \$81,540, \$158,753, and \$171,381, respectively. The full amount has been contributed for 2015 and 2016. For 2017, 88.70% has been contributed with the remainder being reported as a liability within the intergovernmental payable.

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

City of Rocky River, Ohio

Notes to Basic Financial Statements (Continued)

For The Year Ended December 31, 2017

Note 15: Post-Employment Benefits (Continued)

B. Ohio Police and Fire Pension Fund (Continued)

The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5% and 24.0% of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5% of covered payroll for police employer units and 24.0% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. The portion of employer contributions allocated to health care was 0.5% of covered payroll from January 1, 2017 through December 31, 2017. The amount of employer contributions allocated to the health care plan each year is subject to the Board of Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 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 contributions to OP&F allocated to the health care plan for police and fire for the years ending December 31, 2017, 2016, and 2015 were \$14,619, \$14,660, and \$13,570 and \$13,171, \$12,918, and \$12,365, respectively. The full amount has been contributed for 2015 and 2016. For 2017, 88.4% for police and 87.9% for firefighters has been contributed, respectively, with the remainder being reported as a liability within the intergovernmental payable.

City of Rocky River, Ohio

Notes to Basic Financial Statements (Continued)

For The Year Ended December 31, 2017

Note 16: Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements, the 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.

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 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 12/31/17</u>	<u>Date of Maturity</u>
Economic Development Revenue Bonds, Series 2005	\$ 1,350,000	5.11%	\$ 695,330	October 1, 2025

City of Rocky River, Ohio

Notes to Basic Financial Statements (Continued)

For The Year Ended December 31, 2017

Note 18: Long-Term Obligations

The original issue date, interest rate, 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			
2011 Municipal Court Facility Refunded	2.00-3.125	2,835,000	December 1, 2022
2014 Civic Facility Improvements Refunded	1.50-3.50	4,640,000	December 1, 2024
2014 General Purpose Refunded	1.50-3.50	4,540,000	December 1, 2024
Special Assessment Bonds			
1998 Erosion Control (A)	4.75-5.10	605,000	December 1, 2023
2000 Erosion Control (B)	5.00-5.50	360,000	December 1, 2025
OPWC Loans			
Valley View Storm and Sanitary Sewer Improvement	0.00	2,541,718	January 1, 2041
Hampton Road Storm and Sanitary Sewer Improvement	0.00	3,268,413	January 1, 2043
Frazier Drive Sewer Improvement	0.00	2,891,803	January 1, 2044
Avalon Drive Sewer Improvement	0.00	NA	January 1, 2045
Hampton Road and Lakeview Avenue Sewer	0.00	NA	Pending
OWDA Loans			
2000 Pump Station and Sewer Repair	4.64	328,239	July 1, 2020

NA – Amortized loan balance has not been determined.

City of Rocky River, Ohio

Notes to Basic Financial Statements (Continued)

For The Year Ended December 31, 2017

Note 18: Long-Term Obligations (Continued)

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

	Outstanding 12/31/16	Additions	Reductions	Outstanding 12/31/17	Amount Due in One Year
Governmental Activities					
General Obligation Bonds					
2011 Municipal Court Facility Refunded	\$ 1,185,000	\$ 0	\$ 215,000	\$ 970,000	\$ 220,000
2014 Civic Facility Improvements Refunded	4,130,000	0	465,000	3,665,000	475,000
2014 General Purpose Refunded	4,030,000	0	500,000	3,530,000	500,000
Unamortized Premium	<u>502,843</u>	<u>0</u>	<u>64,053</u>	<u>438,790</u>	<u>0</u>
Total General Obligation Bonds	<u>9,847,843</u>	<u>0</u>	<u>1,244,053</u>	<u>8,603,790</u>	<u>1,195,000</u>
Special Assessment Bonds					
1998 Erosion Control (A)	175,000	0	25,000	150,000	25,000
2000 Erosion Control (B)	<u>135,000</u>	<u>0</u>	<u>15,000</u>	<u>120,000</u>	<u>15,000</u>
Total Special Assessment Bonds	<u>310,000</u>	<u>0</u>	<u>40,000</u>	<u>270,000</u>	<u>40,000</u>
Other Long-Term Obligations					
Compensated Absences Payable	3,919,601	1,596,474	1,392,503	4,123,572	894,848
Police and Fire Pension Liability	325,906	0	37,690	288,216	39,310
Net Pension Liability	<u>25,875,609</u>	<u>2,311,724</u>	<u>0</u>	<u>28,187,333</u>	<u>0</u>
Total Other Long-Term Obligations	<u>30,121,116</u>	<u>3,908,198</u>	<u>1,430,193</u>	<u>32,599,121</u>	<u>934,158</u>
Total Governmental Activities	\$ <u>40,278,959</u>	\$ <u>3,908,198</u>	\$ <u>2,714,246</u>	\$ <u>41,472,911</u>	\$ <u>2,169,158</u>
Business-Type Activities					
Ohio Water Development Authority (OWDA) Loan					
2000 Pump Station and Sewer Repair	\$ <u>97,897</u>	\$ <u>0</u>	\$ <u>22,817</u>	\$ <u>75,080</u>	\$ <u>23,888</u>
Ohio Public Works Commission (OPWC) Loans					
Valley View Storm and Sanitary Sewer Improvement	2,372,270	0	84,724	2,287,546	84,724
Hampton Road Storm and Sanitary Sewer Improvement	3,104,992	0	108,947	2,996,045	108,947
Frazier Drive Sewer Improvement	2,843,606	0	96,393	2,747,213	96,393
Avalon Drive Sewer Improvement	3,837,120	359,702	0	4,196,822	0
Hampton Road and Lakeview Avenue Sewer Improvement	<u>88,791</u>	<u>838,066</u>	<u>0</u>	<u>926,857</u>	<u>0</u>
Total OPWC Loans	<u>12,246,779</u>	<u>1,197,768</u>	<u>290,064</u>	<u>13,154,483</u>	<u>290,064</u>
Other Long-Term Obligations					
Compensated Absences Payable	66,502	49,093	34,703	80,892	11,094
Net Pension Liability	<u>448,693</u>	<u>180,238</u>	<u>0</u>	<u>628,931</u>	<u>0</u>
Total Other Long-Term Obligations	<u>515,195</u>	<u>229,331</u>	<u>34,703</u>	<u>709,823</u>	<u>11,094</u>
Total Business-Type Activities	\$ <u>12,859,871</u>	\$ <u>1,427,099</u>	\$ <u>347,584</u>	\$ <u>13,939,386</u>	\$ <u>325,046</u>

City of Rocky River, Ohio

Notes to Basic Financial Statements (Continued)

For The Year Ended December 31, 2017

Note 18: Long-Term Obligations (Continued)

General Purpose and General Purpose Refunded General Obligation Bonds will be paid from property taxes and money transferred to the Debt Service Fund.

Municipal Court Facility Refunded 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 will be paid from revenues derived by the City from sanitary sewer charges in the Sanitary Sewer Enterprise Fund. In 2016, OWDA provided the City with an interest buy-down for the 2000 Pump Station and Sewer Repair loan, which resulted in a reduced interest rate of 1.64%.

During 2009, the City obtained an OPWC interest-free loan for the Valley View Storm and Sanitary Sewer Improvements to be repaid in semi-annual principal payments of \$42,362 for 30 years beginning January 1, 2015. These loans are repaid with revenues derived by the City's sanitary sewer charges.

Also during 2009, the City obtained an OPWC interest-free loan for the Hampton Road Storm and Sanitary Sewer Improvements to be repaid in semi-annual principal payments of \$54,474 for 30 years beginning July 1, 2015. These loans are repaid with revenues derived by the City's sanitary sewer charges.

During 2010, the City obtained an OPWC interest-free loan for the Frazier Drive Storm and Sanitary Sewer Improvements. This loan is to be repaid in semi-annual principal payments of \$48,197 for 30 years beginning July 1, 2016. These loans are repaid with revenues derived by the City's sanitary sewer charges.

During 2016, the City obtained an OPWC interest-free loan for the Avalon Drive Sewer Improvements and Hampton Road and Lakeview Avenue Sewer Improvements. OPWC has authorized these loans up to \$4,937,800 and \$5,562,400, respectively. The loan proceeds in the table on the previous page represent monies drawn against this loan through December 31, 2017, 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, 2017

Note 18: Long-Term Obligations (Continued)

The City's overall legal debt margin was \$70,738,519 at December 31, 2017. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2017, are as follows:

	Governmental Activities							
	General Obligation Bonds		Special Assessment Bonds		Police and Fire Pension		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 1,195,000	\$ 242,094	\$ 40,000	\$ 14,238	\$ 39,310	\$ 11,836	\$ 1,274,310	\$ 268,168
2019	1,230,000	212,894	40,000	12,150	40,999	10,147	1,310,999	235,191
2020	1,215,000	181,988	40,000	10,050	17,532	8,589	1,272,532	200,627
2021	1,245,000	150,913	40,000	7,950	12,176	7,963	1,297,176	166,826
2022	1,095,000	114,575	40,000	5,850	12,699	7,440	1,147,699	127,865
2023-2027	2,185,000	115,500	70,000	6,225	72,160	28,535	2,327,160	150,260
2028-2032	0	0	0	0	89,048	11,647	89,048	11,647
2033-2037	0	0	0	0	4,292	91	4,292	91
2038-2042	0	0	0	0	0	0	0	0
2043-2047	0	0	0	0	0	0	0	0
2048-2052	0	0	0	0	0	0	0	0
Total	\$ <u>8,165,000</u>	\$ <u>1,017,964</u>	\$ <u>270,000</u>	\$ <u>56,463</u>	\$ <u>288,216</u>	\$ <u>86,248</u>	\$ <u>8,723,216</u>	\$ <u>1,160,675</u>

	Business Type Activity					
	OWDA Loans		OPWC		Total	
	Principal	Interest	Principal	Principal	Interest	
2018	\$ 23,888	\$ 2,075	\$ 290,064	\$ 313,952	\$ 2,075	
2019	25,009	1,350	290,064	315,073	1,350	
2020	26,183	592	290,064	316,247	592	
2021	0	0	290,064	290,064	0	
2022	0	0	290,064	290,064	0	
2023-2027	0	0	1,450,320	1,450,320	0	
2028-2032	0	0	1,450,320	1,450,320	0	
2033-2037	0	0	1,450,320	1,450,320	0	
2038-2042	0	0	1,450,320	1,450,320	0	
2043-2047	0	0	779,204	779,204	0	
Total	\$ <u>75,080</u>	\$ <u>4,017</u>	\$ <u>8,030,804</u>	\$ <u>8,105,889</u>	\$ <u>4,017</u>	

Note 19: Jointly Governed Organizations

A. West Shore Council of Governments

The West Shore Council of Governments (the "West Shore Council") was organized pursuant to the 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.

City of Rocky River, Ohio

Notes to Basic Financial Statements (Continued)

For The Year Ended December 31, 2017

Note 19: Jointly Governed Organizations (Continued)

A. West Shore Council of Governments (Continued)

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 2017, the City contributed \$42,673 to the West Shore Council.

Financial information for the West Shore Council may be obtained from the Fiscal Officer, West Shore Council of Governments, in care of City of Bay Village, 350 Dover Center Road, Bay Village, Ohio 44140.

B. Tri-City Park Council of Governments

The Tri-City Park Council of Governments (the "Tri-City Park") was organized pursuant to the 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 2017, the City made contributions of \$6,800 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.

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

The Safe Air for the Environment Council of Governments (the "S.A.F.E. Council") was organized pursuant to the 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. In 2017, the City made no contributions to the S.A.F.E. Council.

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.

City of Rocky River, Ohio

Notes to Basic Financial Statements (Continued)

For The Year Ended December 31, 2017

Note 19: Jointly Governed Organizations (Continued)

D. Suburban Water Regional Council of Governments

The Suburban Water Regional Council of Governments (the “Water Council”) was organized in 2003 pursuant to the 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 2017. 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.

E. Regional Income Tax Agency

In 1971, thirty-eight municipalities joined together to organize a Regional Council of Governments (RCOG) to administer tax collection and enforcement concerns facing the cities and villages. The first official act of the RCOG was to form the Regional Income Tax Agency (RITA). Today RITA serves as the income tax collection agency for 296 municipalities throughout the State of Ohio. Financial information may be obtained by writing to RITA, 10107 Brecksville Road, Brecksville, Ohio, 44141.

Note 20: 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 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, 2017:

City of Rocky River, Ohio

Notes to Basic Financial Statements (Continued)

For The Year Ended December 31, 2017

Note 21: Interfund Activity (Continued)

A. Transfers (Continued)

<u>Transfer to</u>		
Recreation Center	\$	675,000
General Obligation Bond Retirement		435,000
Other Governmental Funds		<u>3,013,000</u>
Total Governmental Funds		4,123,000
Sanitary Sewer Fund		<u>400,000</u>
Total Transfers	\$	<u>4,523,000</u>

In addition to the transfers noted above, the City had a transfer of \$418,854 from governmental activities to business-type activities related to sewer vehicles purchased with governmental funds. The City also had a transfer of \$3,793,042 from business-type activities to governmental activities related to the pavement portion of construction in progress expenditures reported for the Avalon Sewer Improvement project.

B. Interfund Balances

At December 31, 2017, the City had a \$350,000 interfund receivable/payable between the General Fund and the Recreation Center Special Revenue Fund. The advance is expected to be repaid within a year.

Note 22: Accountability

There is a deficit in the Recreation Center Special Revenue Funds of \$58,782 caused by the application of accounting principles generally accepted in the United States of America to the funds. The General Fund is liable for any deficit in the funds and provides transfers when cash is required, not when accruals occur.

Note 23: Significant Commitments

A. Contracts

At December 31, 2017, the City's significant contractual commitments consisted of:

<u>Project</u>	<u>Contract Amount</u>	<u>Amount Paid</u>	<u>Remaining on Contract</u>
Professional Services	\$ 588,016	\$ 556,799	\$ 31,217
Building Maintenance and Repair	325,530	28,390	297,140
Equipment and Vehicle Purchases	31,959	0	31,959
Watermain Projects	1,515,022	423,272	1,091,750
Spencer Road Sanitary Sewer Project	52,000	7,705	44,295
Morewood Road Sewer Project	397,000	157,871	239,129
Westway Storm and Sanitary Replacement Project	1,096,490	845,078	251,411

City of Rocky River, Ohio

Notes to Basic Financial Statements (Continued)

For The Year Ended December 31, 2017

Note 23: Significant Commitments (Continued)

A. Contracts (Continued)

<u>Project</u>	<u>Contract Amount</u>	<u>Amount Paid</u>	<u>Remaining on Contract</u>
Hampton Road Lakeview Sewer Project	4,748,490	2,429,288	2,319,203
Breezevale Cove Sanitary Sewer Project	95,000	18,293	76,707
Catch Basin and Manhole Rehabilitation Project	628,130	438,813	189,317
Bradstreet's Landing Park Improvements	97,650	42,423	55,227
Paving	2,426,846	1,995,484	431,362
Total	\$ <u>12,002,133</u>	\$ <u>6,943,416</u>	\$ <u>5,058,717</u>

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

B. Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control.

At year-end, the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

General Fund	\$ 61,358
Recreation Fund	18,222
Capital Improvement Fund	789,526
Other Governmental Funds	<u>158,145</u>
Total Governmental	\$ <u>1,027,251</u>

Note 24: Operating Leases

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, 2017 was \$20,000.

Future minimum rental payments for these leases are as follows:

2018	\$ 20,000
2019	20,000
2020	<u>20,000</u>
	\$ <u>60,000</u>

City of Rocky River, Ohio

Notes to Basic Financial Statements (Continued)

For The Year Ended December 31, 2017

Note 25: Related Organization

The Rocky River Community Improvement Corporation (CIC) was organized pursuant to the 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 the 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, 2017, the CIC has no assets or liabilities. The CIC has had no financial activity since 2005.

Note 26: Municipal Utility Districts

In 2008, 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 Municipal Utility District (District) for the purpose of facilitating new or expanded growth for commercial or economic development. The District is known as the Nagel-Interstate 90 Municipal Utility District and consists of about 791 acres in the City of Avon, Lorain County, Ohio.

The agreement provides that for any business relocating to the District 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.

In 2012, the City entered into a 20-year agreement with the City of Cleveland to create a Municipal Utility District (District) to facilitate new or expanded growth for commercial or economic development for the residents of each city and the State of Ohio. The District is known as the Cleveland – Rocky River Municipal Utility District, the territorial boundaries of which are the combined total area of the two cities.

The agreement provides that for any business relocating to the District from the City of Cleveland and the City will 1) limit new industrial or commercial real estate tax abatement; 2) not provide any income tax abatement; 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.

City of Rocky River, Ohio

Notes to Basic Financial Statements (Continued)

For The Year Ended December 31, 2017

Note 27: Solid Waste Transfer Station (Continued)

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.

As of December 31, 2017, management's estimate of the final closure cost of the transfer station is \$26,090.

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

Required Supplementary Information
Schedule of the City's Proportionate Share of the Net Pension Liability
Ohio Public Employee Retirement System – Traditional Plan

Last Four Years (1)

	<u>2017 (1)</u>	<u>2016 (1)</u>	<u>2015 (1)</u>	<u>2014 (1)</u>
City's proportion of the net pension liability	0.057764%	0.057848%	0.058978%	0.058978%
City's proportionate share of the net pension liability	\$ 13,117,249	\$ 10,020,072	\$ 7,113,422	\$ 6,952,753
City's covered payroll	\$ 7,688,297	\$ 7,203,524	\$ 6,876,663	\$ 7,852,692
City's proportionate share of the net pension liability as a percentage of its covered payroll	170.61%	139.10%	103.44%	88.54%
Plan fiduciary net position as a percentage of the total pension liability	77.25%	81.08%	86.45%	86.36%

(1) Information prior to 2014 is not available. Amounts presented for each year were determined as of the City's measurement date which is December 31 of the prior year.

City of Rocky River, Ohio

Required Supplementary Information
Schedule of the City's Proportionate Share of the Net Pension Asset
Ohio Public Employee Retirement System – Combined Plan

Last Four Years (1)

	<u>2017 (1)</u>	<u>2016 (1)</u>	<u>2015 (1)</u>	<u>2014 (1)</u>
City's proportion of the net pension asset	0.031672%	0.031106%	0.035697%	0.035697%
City's proportionate share of the net pension asset	\$ 17,626	\$ 15,137	\$ 13,744	\$ 3,746
City's covered payroll	\$ 127,053	\$ 112,704	\$ 120,542	\$ 122,864
City's proportionate share of the net pension asset as a percentage of its covered payroll	13.87%	13.43%	11.40%	3.05%
Plan fiduciary net position as a percentage of the total pension asset	116.55%	116.90%	114.83%	104.56%

(1) Information prior to 2014 is not available. Amounts presented for each year were determined as of the City's measurement date which is December 31 of the prior year.

City of Rocky River, Ohio

Required Supplementary Information Schedule of the City's Proportionate Share of the Net Pension Liability Ohio Police and Fire Pension Fund

Last Four Years (1)

	<u>2017 (1)</u>	<u>2016 (1)</u>	<u>2015 (1)</u>	<u>2014 (1)</u>
City's proportion of the net pension liability	0.247857%	0.253444%	0.256817%	0.256817%
City's proportionate share of the net pension liability	\$ 15,699,015	\$ 16,304,230	\$ 13,304,187	\$ 12,507,789
City's covered payroll	\$ 5,454,476	\$ 5,123,147	\$ 5,095,764	\$ 5,067,831
City's proportionate share of the net pension liability as a percentage of its covered payroll	287.82%	318.25%	261.08%	246.81%
Plan fiduciary net position as a percentage of the total pension liability	68.36%	66.77%	71.71%	73.00%

(1) Information prior to 2014 is not available. Amounts presented for each year were determined as of the City's measurement date which is December 31 of the prior year.

City of Rocky River, Ohio

Required Supplementary Information
 Schedule of the City Contributions
 Ohio Public Employee Retirement System – Traditional Plan

For The Last Ten Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually-required contribution	\$ 1,028,923	\$ 922,596	\$ 864,423	\$ 825,200	\$ 1,020,850
Contributions in relation to the contractually-required contribution	<u>(1,028,923)</u>	<u>(922,596)</u>	<u>(864,423)</u>	<u>(825,200)</u>	<u>(1,020,850)</u>
Contribution deficiency (excess)	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
City covered payroll	\$ 7,914,791	\$ 7,688,297	\$ 7,203,524	\$ 6,876,663	\$ 7,852,692
Contributions as a percentage of covered payroll	13.00%	12.00%	12.00%	12.00%	13.00%
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Contractually-required contribution	\$ 828,631	\$ 895,384	\$ 837,024	\$ 726,314	\$ 640,904
Contributions in relation to the contractually-required contribution	<u>(828,631)</u>	<u>(895,384)</u>	<u>(837,024)</u>	<u>(726,314)</u>	<u>(640,904)</u>
Contribution deficiency (excess)	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
City covered payroll	\$ 8,286,310	\$ 8,953,841	\$ 9,300,272	\$ 8,544,871	\$ 9,155,766
Contributions as a percentage of covered payroll	10.00%	10.00%	9.00%	8.50%	7.00%

See Accompanying Note to the Required Supplementary Information

City of Rocky River, Ohio

Required Supplementary Information
 Schedule of the City Contributions
 Ohio Public Employee Retirement System – Combined Plan

For The Last Ten Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually-required contribution	\$ 18,557	\$ 15,246	\$ 13,524	\$ 14,465	\$ 15,972
Contributions in relation to the contractually-required contribution	<u>(18,557)</u>	<u>(15,246)</u>	<u>(13,524)</u>	<u>(14,465)</u>	<u>(15,972)</u>
Contribution deficiency (excess)	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
City covered payroll	\$ 142,748	\$ 127,053	\$ 112,704	\$ 120,542	\$ 122,864
Contributions as a percentage of covered payroll	13.00%	12.00%	12.00%	12.00%	13.00%
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Contractually-required contribution	\$ 12,965	\$ 14,009	\$ 13,096	\$ 11,364	\$ 10,028
Contributions in relation to the contractually-required contribution	<u>(12,965)</u>	<u>(14,009)</u>	<u>(13,096)</u>	<u>(11,364)</u>	<u>(10,028)</u>
Contribution deficiency (excess)	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
City covered payroll	\$ 129,648	140,092	\$ 145,512	\$ 133,693	\$ 143,252
Contributions as a percentage of covered payroll	10.00%	10.00%	9.00%	8.50%	7.00%

See Accompanying Note to the Required Supplementary Information

City of Rocky River, Ohio

Required Supplementary Information Schedule of the City Contributions Ohio Police and Fire Pension Fund

For The Last Ten Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually-required contribution	\$ 1,161,998	\$ 1,151,686	\$ 1,083,474	\$ 1,078,649	\$ 913,986
Contributions in relation to the contractually-required contribution	<u>(1,161,998)</u>	<u>(1,151,686)</u>	<u>(1,083,474)</u>	<u>(1,078,649)</u>	<u>(913,986)</u>
Contribution deficiency (excess)	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
City covered payroll	\$ 5,496,825	\$ 5,454,476	\$ 5,123,147	\$ 5,095,764	\$ 5,067,831
Contributions as a percentage of covered payroll	21.14%	21.11%	21.15%	21.17%	18.04%
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Contractually-required contribution	\$ 731,848	\$ 733,884	\$ 771,706	\$ 726,777	\$ 702,559
Contributions in relation to the contractually-required contribution	<u>(731,848)</u>	<u>(733,884)</u>	<u>(771,706)</u>	<u>(726,777)</u>	<u>(702,559)</u>
Contribution deficiency (excess)	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
City covered payroll	\$ 4,916,011	\$ 4,923,822	\$ 5,205,410	\$ 4,899,833	\$ 4,746,019
Contributions as a percentage of covered payroll	14.89%	14.90%	14.83%	14.83%	14.80%

See Accompanying Note to the Required Supplementary Information

City of Rocky River, Ohio

Note to Required Supplementary Information

For the Year Ended December 31, 2017

Note 1: Change in Assumptions – OPERS Traditional and Combined Plans

Amounts reported for 2017 incorporate changes in assumptions used by OPERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in 2016 and prior are presented below:

	<u>2017</u>	<u>2016 and Prior</u>
Wage Inflation	3.25%	3.75%
Future Salary Increases, Including Inflation	3.25-10.75% (including wage inflation at 3.25%)	4.25-10.05% (including wage inflation)
COLA or Ad Hoc COLA:		
Pre-Jan 7, 2013 Retirees	3.00% Simple	3.00% Simple
Post-Jan 7, 2013 Retirees	3.00% Simple through 2018 then 2.15% Simple	3.00% Simple through 2018 then 2.8% Simple
Investment Rate of Return	7.50%	8.00%
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

For the current valuation, mortality rates are based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

For the prior valuation, mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five-year period ended December 31, 2015. The prior experience study was completed for the five-year period ended December 31, 2010.

City of Rocky River, Ohio

Combining Statements
Non-Major Governmental 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 driver’s 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 cognovits notes and domestic relations filings pursuant to Ohio Revised Code 1901.26(B)(1). This fund had no activity during 2017 and was therefore excluded from the following statements and schedules.

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 Revised 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.

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City of Rocky River, Ohio

Combining Balance Sheet Non-major Governmental Funds

December 31, 2017

	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	\$ 2,382,045	\$ 1,062	\$ 3,413,033	\$ 5,796,140
Accounts Receivable	26,771	0	0	26,771
Intergovernmental Receivable	492,510	0	30,330	522,840
Materials and Supplies Inventory	111,650	0	0	111,650
Prepaid Asset	69,025	0	64,287	133,312
Property Taxes Receivable	1,400,679	0	0	1,400,679
Special Assessments Receivable	<u>0</u>	<u>286,806</u>	<u>0</u>	<u>286,806</u>
Total Assets	\$ <u>4,482,680</u>	\$ <u>287,868</u>	\$ <u>3,507,650</u>	\$ <u>8,278,198</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts Payable	\$ 35,243	\$ 0	\$ 37,914	\$ 73,157
Accrued Wages and Benefits	80,216	0	3,151	83,367
Intergovernmental Payable	<u>186,652</u>	<u>0</u>	<u>2,153</u>	<u>188,805</u>
Total Liabilities	<u>302,111</u>	<u>0</u>	<u>43,218</u>	<u>345,329</u>
Deferred Inflows of Resources:				
Property Taxes	1,353,996	0	0	1,353,996
Unavailable Revenue	<u>398,798</u>	<u>286,806</u>	<u>0</u>	<u>685,604</u>
Total Deferred Inflows of Resources	<u>1,752,794</u>	<u>286,806</u>	<u>0</u>	<u>2,039,600</u>
Fund Balances:				
Nonspendable	180,675	0	64,287	244,962
Restricted	<u>2,247,100</u>	<u>1,062</u>	<u>3,400,145</u>	<u>5,648,307</u>
Total Fund Balances	<u>2,427,775</u>	<u>1,062</u>	<u>3,464,432</u>	<u>5,893,269</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ <u>4,482,680</u>	\$ <u>287,868</u>	\$ <u>3,507,650</u>	\$ <u>8,278,198</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, 2017

	Non-major Special Revenue Funds	Non-major Debt Service Fund	Non-major Capital Projects Funds	Total Non-major Governmental Funds
Revenues:				
Property Taxes	\$ 1,388,886	\$ 0	\$ 0	\$ 1,388,886
Municipal Income Taxes	0	0	1,653,162	1,653,162
Intergovernmental	1,247,532	0	536,375	1,783,907
Charges for Services	341,680	0	0	341,680
Fees, Fines and Permits	344,137	0	0	344,137
Special Assessments	0	48,702	0	48,702
Investment Income	1,182	0	6,982	8,164
Other	13,451	0	0	13,451
Total Revenues	<u>3,336,868</u>	<u>48,702</u>	<u>2,196,519</u>	<u>5,582,089</u>
Expenditures:				
Current:				
General Government	41	0	416,556	416,597
Security of Persons and Property	1,592,223	0	0	1,592,223
Public Health	963,653	0	0	963,653
Transportation	1,498,849	0	0	1,498,849
Basic Utility Service	1,646,872	0	0	1,646,872
Capital Outlay	157,259	0	1,184,564	1,341,823
Debt Service:				
Principal Retirement	37,690	40,000	215,000	292,690
Interest and Fiscal Charges	15,481	16,806	30,406	62,693
Total Expenditures	<u>5,912,068</u>	<u>56,806</u>	<u>1,846,526</u>	<u>7,815,400</u>
Excess of Revenues Over (Under)				
Expenditures	(2,575,200)	(8,104)	349,993	(2,233,311)
Other Financing Sources:				
Transfers - In	2,805,000	8,000	200,000	3,013,000
Net Change In Fund Balances	229,800	(104)	549,993	779,689
Fund Balances at Beginning of Year	<u>2,197,975</u>	<u>1,166</u>	<u>2,914,439</u>	<u>5,113,580</u>
Fund Balances at End of Year	\$ <u>2,427,775</u>	\$ <u>1,062</u>	\$ <u>3,464,432</u>	\$ <u>5,893,269</u>

City of Rocky River, Ohio

Combining Balance Sheet Non-major Special Revenue Funds

December 31, 2017

	Law Enforcement Trust	Community Diversion Program	Indigent Driver Alcohol Treatment	Enforcement and Education
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ 185,894	\$ 14,958	\$ 130,423	\$ 27,372
Accounts Receivable	22	0	1,195	60
Intergovernmental Receivable	0	0	0	0
Materials and Supplies Inventory	0	0	0	0
Prepaid Assets	10,616	122	0	0
Property Taxes Receivable	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets	\$ <u>196,532</u>	\$ <u>15,080</u>	\$ <u>131,618</u>	\$ <u>27,432</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0
Accrued Wages and Benefits	0	211	0	0
Intergovernmental Payable	<u>50</u>	<u>57</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>50</u>	<u>268</u>	<u>0</u>	<u>0</u>
Deferred Inflows of Resources:				
Property Taxes	0	0	0	0
Unavailable Revenue	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances:				
Nonspendable	10,616	122	0	0
Restricted	<u>185,866</u>	<u>14,690</u>	<u>131,618</u>	<u>27,432</u>
Total Fund Balances	<u>196,482</u>	<u>14,812</u>	<u>131,618</u>	<u>27,432</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ <u>196,532</u>	\$ <u>15,080</u>	\$ <u>131,618</u>	\$ <u>27,432</u>

<u>Municipal Probation Services</u>	<u>Federal Emergency Management Agency</u>	<u>Office on Aging</u>	<u>Marine Patrol</u>
\$ 161,569	\$ 47	\$ 199,181	\$ 10,508
25,494	0	0	0
0	0	22,792	0
0	0	60,903	0
3,981	0	16,333	4,727
<u>0</u>	<u>0</u>	<u>333,497</u>	<u>0</u>
<u>\$ 191,044</u>	<u>\$ 47</u>	<u>\$ 632,706</u>	<u>\$ 15,235</u>
\$ 4,763	\$ 0	\$ 4,633	\$ 65
2,134	0	10,949	0
<u>1,686</u>	<u>0</u>	<u>8,203</u>	<u>23</u>
<u>8,583</u>	<u>0</u>	<u>23,785</u>	<u>88</u>
0	0	322,382	0
<u>0</u>	<u>0</u>	<u>33,907</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>356,289</u>	<u>0</u>
3,981	0	77,236	4,727
<u>178,480</u>	<u>47</u>	<u>175,396</u>	<u>10,420</u>
<u>182,461</u>	<u>47</u>	<u>252,632</u>	<u>15,147</u>
<u>\$ 191,044</u>	<u>\$ 47</u>	<u>\$ 632,706</u>	<u>\$ 15,235</u>

(continued)

City of Rocky River, Ohio

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

December 31, 2017

	Community Impacts	Refuse and Recycling	Motor Vehicle License Tax	Street Repair and Maintenance
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ 3,312	\$ 666,673	\$ 155,675	\$ 359,870
Accounts Receivable	0	0	0	0
Intergovernmental Receivable	0	45,583	11,335	355,900
Materials and Supplies Inventory	0	3,101	0	47,646
Prepaid Assets	0	15,622	3,721	13,903
Property Taxes Receivable	0	666,994	0	0
Total Assets	\$ <u>3,312</u>	\$ <u>1,397,973</u>	\$ <u>170,731</u>	\$ <u>777,319</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts Payable	\$ 0	\$ 22,101	\$ 1,947	\$ 1,734
Accrued Wages and Benefits	0	30,589	5,429	30,904
Intergovernmental Payable	0	19,718	2,919	13,188
Total Liabilities	<u>0</u>	<u>72,408</u>	<u>10,295</u>	<u>45,826</u>
Deferred Inflows of Resources:				
Property Taxes	0	644,764	0	0
Unavailable Revenue	0	67,813	0	237,157
Total Deferred Inflows of Resources	<u>0</u>	<u>712,577</u>	<u>0</u>	<u>237,157</u>
Fund Balances:				
Nonspendable	0	18,723	3,721	61,549
Restricted	3,312	594,265	156,715	432,787
Total Fund Balances	<u>3,312</u>	<u>612,988</u>	<u>160,436</u>	<u>494,336</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ <u>3,312</u>	\$ <u>1,397,973</u>	\$ <u>170,731</u>	\$ <u>777,319</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>
\$ 93,457	\$ 34,508	\$ 162,155	\$ 176,443	\$ 2,382,045
0	0	0	0	26,771
28,857	689	13,677	13,677	492,510
0	0	0	0	111,650
0	0	0	0	69,025
<u>0</u>	<u>0</u>	<u>200,094</u>	<u>200,094</u>	<u>1,400,679</u>
\$ <u>122,314</u>	\$ <u>35,197</u>	\$ <u>375,926</u>	\$ <u>390,214</u>	\$ <u>4,482,680</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 35,243
0	0	0	0	80,216
<u>0</u>	<u>0</u>	<u>75,584</u>	<u>65,224</u>	<u>186,652</u>
<u>0</u>	<u>0</u>	<u>75,584</u>	<u>65,224</u>	<u>302,111</u>
0	0	193,425	193,425	1,353,996
<u>19,229</u>	<u>0</u>	<u>20,346</u>	<u>20,346</u>	<u>398,798</u>
<u>19,229</u>	<u>0</u>	<u>213,771</u>	<u>213,771</u>	<u>1,752,794</u>
0	0	0	0	180,675
<u>103,085</u>	<u>35,197</u>	<u>86,571</u>	<u>111,219</u>	<u>2,247,100</u>
<u>103,085</u>	<u>35,197</u>	<u>86,571</u>	<u>111,219</u>	<u>2,427,775</u>
\$ <u>122,314</u>	\$ <u>35,197</u>	\$ <u>375,926</u>	\$ <u>390,214</u>	\$ <u>4,482,680</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, 2017

	Law Enforcement Trust	Community Diversion Program	Indigent Driver Alcohol Treatment	Enforcement and Education
Revenues:				
Property Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental	51,628	0	0	0
Charges for Services	0	0	0	0
Fees, Fines and Permits	43,482	7,200	55,301	1,106
Investment Income	0	0	0	0
Other	0	0	0	0
Total Revenues	<u>95,110</u>	<u>7,200</u>	<u>55,301</u>	<u>1,106</u>
Expenditures:				
Current:				
General Government	0	0	0	0
Security of Persons and Property	49,282	7,042	30,967	1,029
Public Health	0	0	0	0
Transportation	0	0	0	0
Basic Utility Service	0	0	0	0
Capital Outlay	79,580	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
Total Expenditures	<u>128,862</u>	<u>7,042</u>	<u>30,967</u>	<u>1,029</u>
Excess of Revenues Over (Under) Expenditures	(33,752)	158	24,334	77
Other Financing Sources:				
Transfers - In	0	0	0	0
Net Change in Fund Balances	(33,752)	158	24,334	77
Fund Balances at Beginning of Year	<u>230,234</u>	<u>14,654</u>	<u>107,284</u>	<u>27,355</u>
Fund Balances at End of Year	\$ <u>196,482</u>	\$ <u>14,812</u>	\$ <u>131,618</u>	\$ <u>27,432</u>

<u>Municipal Probation Services</u>	<u>Federal Emergency Management Agency</u>	<u>Office on Aging</u>	<u>Marine Patrol</u>
\$ 0	\$ 0	\$ 330,679	\$ 0
0	0	45,583	30,000
0	0	330,937	0
237,048	0	0	0
1,182	0	0	0
<u>0</u>	<u>0</u>	<u>2,967</u>	<u>0</u>
<u>238,230</u>	<u>0</u>	<u>710,166</u>	<u>30,000</u>
41	0	0	0
278,282	0	0	41,498
0	0	963,653	0
0	0	0	0
0	0	0	0
1,026	0	0	1,156
0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>279,349</u>	<u>0</u>	<u>963,653</u>	<u>42,654</u>
(41,119)	0	(253,487)	(12,654)
<u>0</u>	<u>0</u>	<u>250,000</u>	<u>10,000</u>
(41,119)	0	(3,487)	(2,654)
<u>223,580</u>	<u>47</u>	<u>256,119</u>	<u>17,801</u>
\$ <u>182,461</u>	\$ <u>47</u>	\$ <u>252,632</u>	\$ <u>15,147</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, 2017

	Community Impacts	Refuse and Recycling	Motor Vehicle License Tax	Street Repair and Maintenance
Revenues:				
Property Taxes	\$ 0	\$ 661,359	\$ 0	\$ 0
Intergovernmental	0	91,166	139,737	744,696
Charges for Services	0	10,743	0	0
Fees, Fines and Permits	0	0	0	0
Investment Income	0	0	0	0
Other	0	10,328	156	0
Total Revenues	0	773,596	139,893	744,696
Expenditures:				
Current:				
General Government	0	0	0	0
Security of Persons and Property	0	0	0	0
Public Health	0	0	0	0
Transportation	0	0	331,286	1,167,563
Basic Utility Service	0	1,646,872	0	0
Capital Outlay	0	0	22,316	20,329
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
Total Expenditures	0	1,646,872	353,602	1,187,892
Excess of Revenues Over (Under) Expenditures	0	(873,276)	(213,709)	(443,196)
Other Financing Sources:				
Transfers - In	0	1,100,000	200,000	450,000
Net Change in Fund Balances	0	226,724	(13,709)	6,804
Fund Balances at Beginning of Year	3,312	386,264	174,145	487,532
Fund Balances at End of Year	\$ 3,312	\$ 612,988	\$ 160,436	\$ 494,336

<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>
\$ 0	\$ 0	\$ 198,424	\$ 198,424	\$ 1,388,886
60,223	29,793	27,353	27,353	1,247,532
0	0	0	0	341,680
0	0	0	0	344,137
0	0	0	0	1,182
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>13,451</u>
<u>60,223</u>	<u>29,793</u>	<u>225,777</u>	<u>225,777</u>	<u>3,336,868</u>
0	0	0	0	41
0	0	627,206	556,917	1,592,223
0	0	0	0	963,653
0	0	0	0	1,498,849
0	0	0	0	1,646,872
0	32,852	0	0	157,259
0	0	10,290	27,400	37,690
<u>0</u>	<u>0</u>	<u>9,848</u>	<u>5,633</u>	<u>15,481</u>
<u>0</u>	<u>32,852</u>	<u>647,344</u>	<u>589,950</u>	<u>5,912,068</u>
60,223	(3,059)	(421,567)	(364,173)	(2,575,200)
<u>0</u>	<u>0</u>	<u>395,000</u>	<u>400,000</u>	<u>2,805,000</u>
60,223	(3,059)	(26,567)	35,827	229,800
<u>42,862</u>	<u>38,256</u>	<u>113,138</u>	<u>75,392</u>	<u>2,197,975</u>
\$ <u>103,085</u>	\$ <u>35,197</u>	\$ <u>86,571</u>	\$ <u>111,219</u>	\$ <u>2,427,775</u>

City of Rocky River, Ohio

Combining Balance Sheet Non-major Capital Projects Funds

December 31, 2017

	<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	\$ 2,545,670	\$ 867,363	\$ 3,413,033
Intergovernmental Receivable	0	30,330	30,330
Prepaid Assets	<u>0</u>	<u>64,287</u>	<u>64,287</u>
Total Assets	\$ <u>2,545,670</u>	\$ <u>961,980</u>	\$ <u>3,507,650</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	\$ 37,914	\$ 0	\$ 37,914
Accrued Wages and Benefits	0	3,151	3,151
Intergovernmental Payable	<u>0</u>	<u>2,153</u>	<u>2,153</u>
Total Liabilities	<u>37,914</u>	<u>5,304</u>	<u>43,218</u>
Fund Balances:			
Nonspendable	0	64,287	64,287
Restricted	<u>2,507,756</u>	<u>892,389</u>	<u>3,400,145</u>
Total Fund Balances	<u>2,507,756</u>	<u>956,676</u>	<u>3,464,432</u>
Total Liabilities and Fund Balances	\$ <u>2,545,670</u>	\$ <u>961,980</u>	\$ <u>3,507,650</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, 2017

	<u>Equipment Replacement</u>	<u>Municipal Court Capital Improvement</u>	<u>Total Non-major Capital Project Funds</u>
Revenues:			
Municipal Income Taxes	\$ 1,653,162	\$ 0	\$ 1,653,162
Intergovernmental	74,893	461,482	536,375
Investment Income	<u>0</u>	<u>6,982</u>	<u>6,982</u>
Total Revenues	<u>1,728,055</u>	<u>468,464</u>	<u>2,196,519</u>
Expenditures:			
Current:			
General Government	74,044	342,512	416,556
Capital Outlay	1,169,600	14,964	1,184,564
Debt Service:			
Principal Retirement	0	215,000	215,000
Interest and Fiscal Charges	<u>0</u>	<u>30,406</u>	<u>30,406</u>
Total Expenditures	<u>1,243,644</u>	<u>602,882</u>	<u>1,846,526</u>
Excess of Revenues Over (Under) Expenditures	484,411	(134,418)	349,993
Other Financing Sources:			
Transfers - In	<u>200,000</u>	<u>0</u>	<u>200,000</u>
Net Change in Fund Balances	684,411	(134,418)	549,993
Fund Balances at Beginning of Year	<u>1,823,345</u>	<u>1,091,094</u>	<u>2,914,439</u>
Fund Balances at End of Year	\$ <u><u>2,507,756</u></u>	\$ <u><u>956,676</u></u>	\$ <u><u>3,464,432</u></u>

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**Individual Fund
Schedules of Revenues, Expenditures/Expense and
Changes in Fund Balances/Equity -
Budget (Non – GAAP Budgetary 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, 2017

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 4,631,199	\$ 4,631,199	\$ 4,166,684	\$ (464,515)
Municipal Income Taxes	10,275,000	10,275,000	11,041,965	766,965
Other Local Taxes	86,000	86,000	94,973	8,973
Intergovernmental	416,789	416,789	994,021	577,232
Charges for Services	43,550	43,550	52,425	8,875
Fines, Fees, and Permits	3,718,800	3,718,800	3,101,761	(617,039)
Investment Income	59,000	59,000	174,806	115,806
Rentals	80,000	80,000	60,746	(19,254)
Other	<u>186,000</u>	<u>186,000</u>	<u>123,164</u>	<u>(62,836)</u>
Total Revenues	<u>19,496,338</u>	<u>19,496,338</u>	<u>19,810,545</u>	<u>314,207</u>
Expenditures:				
Current:				
General Government:				
Council:				
Personal Service	136,560	136,560	134,842	1,718
Other	<u>6,229</u>	<u>6,229</u>	<u>3,078</u>	<u>3,151</u>
Total Council	<u>142,789</u>	<u>142,789</u>	<u>137,920</u>	<u>4,869</u>
Mayor:				
Personal Service	155,953	162,053	157,357	4,696
Other	<u>10,311</u>	<u>10,311</u>	<u>3,900</u>	<u>6,411</u>
Total Mayor	<u>166,264</u>	<u>172,364</u>	<u>161,257</u>	<u>11,107</u>
Finance Department:				
Personal Service	312,179	312,179	299,491	12,688
Other	<u>133,811</u>	<u>133,811</u>	<u>131,169</u>	<u>2,642</u>
Total Finance Department	<u>445,990</u>	<u>445,990</u>	<u>430,660</u>	<u>15,330</u>
Law Director:				
Personal Service	122,378	122,378	116,618	5,760
Other	<u>90,837</u>	<u>90,837</u>	<u>46,134</u>	<u>44,703</u>
Total Law Director	<u>213,215</u>	<u>213,215</u>	<u>162,752</u>	<u>50,463</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, 2017

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Other Executive Administration:				
Personal Service	309,896	309,896	306,294	3,602
Other	61,464	61,464	27,977	33,487
Total Other Executive Administration	<u>371,360</u>	<u>371,360</u>	<u>334,271</u>	<u>37,089</u>
Boards and Commissions:				
Personal Service	33,982	33,982	25,854	8,128
Other	17,802	17,802	5,723	12,079
Total Boards and Commissions	<u>51,784</u>	<u>51,784</u>	<u>31,577</u>	<u>20,207</u>
Building Maintenance:				
Personal Service	428,659	488,549	431,107	57,442
Other	364,146	364,146	327,125	37,021
Total Building Maintenance	<u>792,805</u>	<u>852,695</u>	<u>758,232</u>	<u>94,463</u>
Human Resources:				
Personal Service	96,239	96,239	95,568	671
Other	38,122	38,122	28,581	9,541
Total Human Resources	<u>134,361</u>	<u>134,361</u>	<u>124,149</u>	<u>10,212</u>
Municipal Courts:				
Personal Service	1,899,057	1,899,057	1,570,074	328,983
Other	288,102	288,102	213,760	74,342
Total Municipal Courts	<u>2,187,159</u>	<u>2,187,159</u>	<u>1,783,834</u>	<u>403,325</u>
Miscellaneous:				
Other	1,031,267	1,031,267	874,804	156,463
Total General Government	<u>5,536,994</u>	<u>5,602,984</u>	<u>4,799,456</u>	<u>803,528</u>
Security of Persons and Property:				
Police Department:				
Personal Service	4,297,044	4,294,044	3,997,944	296,100
Other	482,110	482,110	421,983	60,127
Total Police Department	<u>4,779,154</u>	<u>4,776,154</u>	<u>4,419,927</u>	<u>356,227</u>
Fire Department:				
Personal Service	3,413,937	3,413,937	3,245,713	168,224
Other	472,155	472,155	346,052	126,103
Total Fire Department	<u>3,886,092</u>	<u>3,886,092</u>	<u>3,591,765</u>	<u>294,327</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, 2017

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Police on Patrol Arresting Speeders:				
Personal Service	117,759	117,759	41,658	76,101
Other	<u>109,362</u>	<u>109,362</u>	<u>77,633</u>	<u>31,729</u>
Total Police on Patrol Arresting Speeders	<u>227,121</u>	<u>227,121</u>	<u>119,291</u>	<u>107,830</u>
Administrative Support:				
Personal Service	<u>91,400</u>	<u>94,400</u>	<u>92,323</u>	<u>2,077</u>
Total Security of Persons and Property	<u>8,983,767</u>	<u>8,983,767</u>	<u>8,223,306</u>	<u>760,461</u>
Transportation:				
Equipment Repair and Garage:				
Personal Service	704,802	709,802	624,492	85,310
Other	<u>152,695</u>	<u>152,695</u>	<u>134,356</u>	<u>18,339</u>
Total Transportation	<u>857,497</u>	<u>862,497</u>	<u>758,848</u>	<u>103,649</u>
Leisure Time Activities:				
Parks Department:				
Personal Service	475,613	456,513	327,295	129,218
Other	<u>81,825</u>	<u>77,825</u>	<u>67,488</u>	<u>10,337</u>
Total Leisure Time Activities	<u>557,438</u>	<u>534,338</u>	<u>394,783</u>	<u>139,555</u>
Community Development:				
Community Center:				
Personal Service	415,744	415,744	385,804	29,940
Other	<u>111,942</u>	<u>111,942</u>	<u>69,284</u>	<u>42,658</u>
Total Community Center	<u>527,686</u>	<u>527,686</u>	<u>455,088</u>	<u>72,598</u>
Economic Development:				
Other	<u>108,989</u>	<u>108,989</u>	<u>80,251</u>	<u>28,738</u>
Total Community Development	<u>636,675</u>	<u>636,675</u>	<u>535,339</u>	<u>101,336</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, 2017

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Capital Outlay	<u>54,604</u>	<u>54,604</u>	<u>25,850</u>	<u>28,754</u>
Total Expenditures	<u>16,626,975</u>	<u>16,674,865</u>	<u>14,737,582</u>	<u>1,937,283</u>
Excess of Revenues Over (Under) Expenditures	<u>2,869,363</u>	<u>2,821,473</u>	<u>5,072,963</u>	<u>2,251,490</u>
Other Financing Sources (Uses):				
Sale of Capital Assets	12,000	12,000	16,741	4,741
Advances - In	100,000	100,000	100,000	0
Transfers - Out	<u>(6,275,000)</u>	<u>(6,275,000)</u>	<u>(4,523,000)</u>	<u>1,752,000</u>
Total Other Financing Sources (Uses)	<u>(6,163,000)</u>	<u>(6,163,000)</u>	<u>(4,406,259)</u>	<u>1,756,741</u>
Net Change in Fund Balance	(3,293,637)	(3,341,527)	666,704	4,008,231
Fund Balance at Beginning of Year	5,181,846	5,181,846	5,181,846	0
Prior Year Encumbrances Appropriated	<u>127,323</u>	<u>127,323</u>	<u>127,323</u>	<u>0</u>
Fund Balance at End of Year	\$ <u>2,015,532</u>	\$ <u>1,967,642</u>	\$ <u>5,975,873</u>	\$ <u>4,008,231</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, 2017

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 367,555	\$ 367,555	\$ 330,679	\$ (36,876)
Intergovernmental	0	0	45,583	45,583
Charges for Services	2,337,145	2,337,145	2,205,861	(131,284)
Rentals	<u>20,000</u>	<u>20,000</u>	<u>36,841</u>	<u>16,841</u>
Total Revenues	<u>2,724,700</u>	<u>2,724,700</u>	<u>2,618,964</u>	<u>(105,736)</u>
Expenditures:				
Current:				
Leisure Time Activities:				
Recreation Center:				
Personal Service	2,237,136	2,189,246	2,014,194	175,052
Other	<u>1,143,986</u>	<u>1,143,986</u>	<u>1,056,311</u>	<u>87,675</u>
Total Leisure Time Activities	3,381,122	3,333,232	3,070,505	262,727
Capital Outlay	<u>3,000</u>	<u>3,000</u>	<u>1,105</u>	<u>1,895</u>
Total Expenditures	<u>3,384,122</u>	<u>3,336,232</u>	<u>3,071,610</u>	<u>264,622</u>
Excess of Revenues Over (Under) Expenditures	(659,422)	(611,532)	(452,646)	158,886
Other Financing Sources (Uses):				
Transfers - In	675,000	675,000	675,000	0
Advance - Out	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>575,000</u>	<u>575,000</u>	<u>575,000</u>	<u>0</u>
Net Change in Fund Balances	(84,422)	(36,532)	122,354	158,886
Fund Balance at Beginning of Year	227,543	227,543	227,543	0
Prior Year Encumbrances Appropriated	<u>22,762</u>	<u>22,762</u>	<u>22,762</u>	<u>0</u>
Fund Balance at End of Year	\$ <u>165,883</u>	\$ <u>213,773</u>	\$ <u>372,659</u>	\$ <u>158,886</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, 2017

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 661,600	\$ 661,600	\$ 595,231	\$ (66,369)
Intergovernmental	<u>0</u>	<u>0</u>	<u>82,051</u>	<u>82,051</u>
Total Revenues	<u>661,600</u>	<u>661,600</u>	<u>677,282</u>	<u>15,682</u>
Expenditures:				
Debt Service:				
Principal Retirement	965,000	965,000	965,000	0
Interest and Fiscal Charges	<u>240,000</u>	<u>240,000</u>	<u>239,937</u>	<u>63</u>
Total Expenditures	<u>1,205,000</u>	<u>1,205,000</u>	<u>1,204,937</u>	<u>63</u>
Excess of Revenues Over (Under) Expenditures	(543,400)	(543,400)	(527,655)	15,745
Other Financing Sources:				
Transfers - In	<u>335,000</u>	<u>335,000</u>	<u>435,000</u>	<u>100,000</u>
Net Change in Fund Balances	(208,400)	(208,400)	(92,655)	115,745
Fund Balance at Beginning of Year	<u>303,819</u>	<u>303,819</u>	<u>303,819</u>	<u>0</u>
Fund Balance at End of Year	\$ <u>95,419</u>	\$ <u>95,419</u>	\$ <u>211,164</u>	\$ <u>115,745</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, 2017

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 735,110	\$ 735,110	\$ 661,359	\$ (73,751)
Municipal Income Taxes	900,000	900,000	1,026,100	126,100
Other Local Taxes	229,000	229,000	255,333	26,333
Intergovernmental	545,000	545,000	91,166	(453,834)
Special Assessments	0	0	61,166	61,166
Other	290,000	290,000	47,280	(242,720)
Total Revenues	<u>2,699,110</u>	<u>2,699,110</u>	<u>2,142,404</u>	<u>(556,706)</u>
Expenditures:				
Current:				
General Government	531,000	522,000	119,311	402,689
Capital Outlay	<u>4,807,941</u>	<u>4,816,941</u>	<u>3,318,979</u>	<u>1,497,962</u>
Total Expenditures	<u>5,338,941</u>	<u>5,338,941</u>	<u>3,438,290</u>	<u>1,900,651</u>
Net Change in Fund Balance	(2,639,831)	(2,639,831)	(1,295,886)	1,343,945
Fund Balance at Beginning of Year	1,976,693	1,976,693	1,976,693	0
Prior Year Encumbrances Appropriated	<u>1,132,781</u>	<u>1,132,781</u>	<u>1,132,781</u>	<u>0</u>
Fund Balance at End of Year	\$ <u>469,643</u>	\$ <u>469,643</u>	\$ <u>1,813,588</u>	\$ <u>1,343,945</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, 2017

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 46,200	\$ 46,200	\$ 51,628	\$ 5,428
Fines, Fees, and Permits	<u>10,000</u>	<u>10,000</u>	<u>43,535</u>	<u>33,535</u>
Total Revenues	<u>56,200</u>	<u>56,200</u>	<u>95,163</u>	<u>38,963</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Law Enforcement Trust:				
Personal Service	47,355	47,355	48,328	(973)
Other	<u>26,500</u>	<u>28,000</u>	<u>18,074</u>	<u>9,926</u>
Total Security of Persons and Property	73,855	75,355	66,402	8,953
Capital Outlay	<u>75,183</u>	<u>123,683</u>	<u>82,816</u>	<u>40,867</u>
Total Expenditures	<u>149,038</u>	<u>199,038</u>	<u>149,218</u>	<u>49,820</u>
Net Change in Fund Balance	(92,838)	(142,838)	(54,055)	88,783
Fund Balance at Beginning of Year	231,530	231,530	231,530	0
Prior Year Encumbrances Appropriated	<u>5,183</u>	<u>5,183</u>	<u>5,183</u>	<u>0</u>
Fund Balance at End of Year	\$ <u>143,875</u>	\$ <u>93,875</u>	\$ <u>182,658</u>	\$ <u>88,783</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, 2017

	<u>Budget</u>		<u>Actual</u>	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines, Fees and Permits	\$ 5,400	\$ 5,400	\$ 7,200	\$ 1,800
Expenditures:				
Current:				
Security of Persons and Property:				
Commercial Driver Program:				
Personal Service	<u>7,960</u>	<u>13,660</u>	<u>6,914</u>	<u>6,746</u>
Net Change in Fund Balance	(2,560)	(8,260)	286	8,546
Fund Balance at Beginning of Year	<u>14,672</u>	<u>14,672</u>	<u>14,672</u>	<u>0</u>
Fund Balance at End of Year	\$ <u><u>12,112</u></u>	\$ <u><u>6,412</u></u>	\$ <u><u>14,958</u></u>	\$ <u><u>8,546</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, 2017

	<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	\$ 45,000	\$ 55,931	\$ 10,931
Expenditures:				
Current:				
Security of Persons and Property:				
Indigent Driver Alcohol Treatment:				
Other	<u>103,400</u>	<u>103,400</u>	<u>49,723</u>	<u>53,677</u>
Net Change in Fund Balance	(58,400)	(58,400)	6,208	64,608
Fund Balance at Beginning of Year	119,315	119,315	119,315	0
Prior Year Encumbrances Appropriated	<u>4,900</u>	<u>4,900</u>	<u>4,900</u>	<u>0</u>
Fund Balance at End of Year	\$ <u><u>65,815</u></u>	\$ <u><u>65,815</u></u>	\$ <u><u>130,423</u></u>	\$ <u><u>64,608</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, 2017

	<u>Budget</u>		<u>Actual</u>	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines, Fees, and Permits	\$ 3,000	\$ 3,000	\$ 1,141	\$ (1,859)
Expenditures:				
Current:				
Security of Persons and Property:				
Enforcement and Education:				
Other	<u>15,000</u>	<u>15,000</u>	<u>1,029</u>	<u>13,971</u>
Net Change in Fund Balance	(12,000)	(12,000)	112	12,112
Fund Balance at Beginning of Year	<u>27,260</u>	<u>27,260</u>	<u>27,260</u>	<u>0</u>
Fund Balance at End of Year	\$ <u>15,260</u>	\$ <u>15,260</u>	\$ <u>27,372</u>	\$ <u>12,112</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, 2017

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines, Fees, and Permits	\$ 229,000	\$ 229,000	\$ 227,059	\$ (1,941)
Investment Income	<u>650</u>	<u>650</u>	<u>1,182</u>	<u>532</u>
Total Revenues	<u>229,650</u>	<u>229,650</u>	<u>228,241</u>	<u>(1,409)</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Municipal Probation Services:				
Personal Service	345,176	345,176	224,868	120,308
Other	<u>95,509</u>	<u>95,509</u>	<u>61,553</u>	<u>33,956</u>
Total Security of Persons and Property	440,685	440,685	286,421	154,264
Capital Outlay	<u>5,000</u>	<u>5,000</u>	<u>1,026</u>	<u>3,974</u>
Total Expenditures	<u>445,685</u>	<u>445,685</u>	<u>287,447</u>	<u>158,238</u>
Net Change in Fund Balance	(216,035)	(216,035)	(59,206)	156,829
Fund Balance at Beginning of Year	220,666	220,666	220,666	0
Prior Year Encumbrances Appropriated	<u>109</u>	<u>109</u>	<u>109</u>	<u>0</u>
Fund Balance at End of Year	\$ <u>4,740</u>	\$ <u>4,740</u>	\$ <u>161,569</u>	\$ <u>156,829</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, 2017

	<u>Budget</u>		<u>Actual</u>	Variance With Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Fund Balance at Beginning of Year	\$ <u>47</u>	\$ <u>47</u>	\$ <u>47</u>	\$ <u>0</u>
Fund Balance at End of Year	\$ <u>47</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, 2017

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 367,555	\$ 367,555	\$ 330,679	\$ (36,876)
Intergovernmental	0	0	45,583	45,583
Charges for Services	420,000	420,000	330,937	(89,063)
Other	<u>7,000</u>	<u>7,000</u>	<u>2,967</u>	<u>(4,033)</u>
Total Revenues	<u>794,555</u>	<u>794,555</u>	<u>710,166</u>	<u>(84,389)</u>
Expenditures:				
Current:				
Public Health Services:				
Office on Aging:				
Personal Service	586,315	586,315	583,566	2,749
Other	<u>529,614</u>	<u>529,614</u>	<u>429,312</u>	<u>100,302</u>
Total Expenditures	<u>1,115,929</u>	<u>1,115,929</u>	<u>1,012,878</u>	<u>103,051</u>
Excess of Revenues Over (Under) Expenditures	(321,374)	(321,374)	(302,712)	18,662
Other Financing Sources:				
Transfers - In	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>0</u>
Net Change in Fund Balance	(71,374)	(71,374)	(52,712)	18,662
Fund Balance at Beginning of Year	173,871	173,871	173,871	0
Prior Year Encumbrances Appropriated	<u>38,994</u>	<u>38,994</u>	<u>38,994</u>	<u>0</u>
Fund Balance at End of Year	\$ <u>141,491</u>	\$ <u>141,491</u>	\$ <u>160,153</u>	\$ <u>18,662</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, 2017

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ <u>37,400</u>	\$ <u>37,400</u>	\$ <u>30,000</u>	\$ <u>(7,400)</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Marine Patrol:				
Personal Service	27,995	27,995	27,251	744
Other	<u>24,859</u>	<u>24,859</u>	<u>19,044</u>	<u>5,815</u>
Total Security of Persons and Property	52,854	52,854	46,295	6,559
Capital Outlay	<u>1,156</u>	<u>1,156</u>	<u>1,156</u>	<u>0</u>
Total Expenditures	<u>54,010</u>	<u>54,010</u>	<u>47,451</u>	<u>6,559</u>
Excess of Revenues Over (Under) Expenditures	(16,610)	(16,610)	(17,451)	(841)
Other Financing Sources:				
Transfers - In	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>0</u>
Net Change in Fund Balance	(6,610)	(6,610)	(7,451)	(841)
Fund Balance at Beginning of Year	15,969	15,969	15,969	0
Prior Year Encumbrances Appropriated	<u>1,890</u>	<u>1,890</u>	<u>1,890</u>	<u>0</u>
Fund Balance at End of Year	\$ <u><u>11,249</u></u>	\$ <u><u>11,249</u></u>	\$ <u><u>10,408</u></u>	\$ <u><u>(841)</u></u>

City of Rocky River, Ohio

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

Community Impacts Fund

For the Year Ended December 31, 2017

	<u>Budget</u>		<u>Actual</u>	Variance With Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
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>3,312</u>	\$ <u>3,312</u>	\$ <u>3,312</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

Refuse and Recycling Fund

For the Year Ended December 31, 2017

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 735,110	\$ 735,110	\$ 661,359	\$ (73,751)
Intergovernmental	0	0	91,166	91,166
Charges for Services	7,000	7,000	10,743	3,743
Other	<u>27,400</u>	<u>27,400</u>	<u>10,328</u>	<u>(17,072)</u>
Total Revenues	<u>769,510</u>	<u>769,510</u>	<u>773,596</u>	<u>4,086</u>
Expenditures:				
Current:				
Basic Utilities Service:				
Refuse and Recycling:				
Personal Service	1,329,326	1,329,326	1,089,577	239,749
Other	<u>854,614</u>	<u>854,614</u>	<u>666,614</u>	<u>188,000</u>
Total Expenditures	<u>2,183,940</u>	<u>2,183,940</u>	<u>1,756,191</u>	<u>427,749</u>
Excess of Revenues Over (Under) Expenditures	(1,414,430)	(1,414,430)	(982,595)	431,835
Other Financing Sources:				
Transfers - In	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,100,000</u>	<u>(100,000)</u>
Net Change in Fund Balance	(214,430)	(214,430)	117,405	331,835
Fund Balance at Beginning of Year	394,430	394,430	394,430	0
Prior Year Encumbrances Appropriated	<u>76,704</u>	<u>76,704</u>	<u>76,704</u>	<u>0</u>
Fund Balance at End of Year	\$ <u>256,704</u>	\$ <u>256,704</u>	\$ <u>588,539</u>	\$ <u>331,835</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, 2017

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ <u>141,000</u>	\$ <u>141,000</u>	\$ <u>140,077</u>	\$ <u>(923)</u>
Expenditures:				
Current:				
Transportation:				
Motor Vehicle License Tax:				
Personal Service	325,447	325,447	279,301	46,146
Other	<u>80,238</u>	<u>87,238</u>	<u>69,828</u>	<u>17,410</u>
Total Transportation	405,685	412,685	349,129	63,556
Capital Outlay	<u>34,000</u>	<u>27,000</u>	<u>22,316</u>	<u>4,684</u>
Total Expenditures	<u>439,685</u>	<u>439,685</u>	<u>371,445</u>	<u>68,240</u>
Excess of Revenues Over (Under) Expenditures	(298,685)	(298,685)	(231,368)	67,317
Other Financing Sources:				
Transfers - In	<u>200,000</u>	<u>200,000</u>	<u>200,156</u>	<u>156</u>
Net Change in Fund Balance	(98,685)	(98,685)	(31,212)	67,473
Fund Balance at Beginning of Year	172,731	172,731	172,731	0
Prior Year Encumbrances Appropriated	<u>31</u>	<u>31</u>	<u>31</u>	<u>0</u>
Fund Balance at End of Year	\$ <u><u>74,077</u></u>	\$ <u><u>74,077</u></u>	\$ <u><u>141,550</u></u>	\$ <u><u>67,473</u></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, 2017

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ <u>740,000</u>	\$ <u>740,000</u>	\$ <u>744,339</u>	\$ <u>4,339</u>
Expenditures:				
Current:				
Transportation:				
Street Repair and Maintenance:				
Personal Service	1,081,236	1,081,236	871,198	210,038
Other	<u>360,130</u>	<u>360,130</u>	<u>255,495</u>	<u>104,635</u>
Total Transportation	1,441,366	1,441,366	1,126,693	314,673
Capital Outlay	<u>44,000</u>	<u>44,000</u>	<u>20,329</u>	<u>23,671</u>
Total Expenditures	<u>1,485,366</u>	<u>1,485,366</u>	<u>1,147,022</u>	<u>338,344</u>
Excess of Revenues Over (Under) Expenditures	(745,366)	(745,366)	(402,683)	342,683
Other Financing Sources:				
Transfers - In	<u>450,000</u>	<u>450,000</u>	<u>450,000</u>	<u>0</u>
Net Change in Fund Balance	(295,366)	(295,366)	47,317	342,683
Fund Balance at Beginning of Year	277,879	277,879	277,879	0
Prior Year Encumbrances Appropriated	<u>8,416</u>	<u>8,416</u>	<u>8,416</u>	<u>0</u>
Fund Balance at End of Year	\$ <u><u>(9,071)</u></u>	\$ <u><u>(9,071)</u></u>	\$ <u><u>333,612</u></u>	\$ <u><u>342,683</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, 2017

	<u>Budget</u>		<u>Actual</u>	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 57,000	\$ 57,000	\$ 60,194	\$ 3,194
Expenditures:				
Current:				
Transportation:				
State Highway Patrol:				
Other	<u>67,000</u>	<u>67,000</u>	<u>0</u>	<u>67,000</u>
Net Change in Fund Balance	(10,000)	(10,000)	60,194	70,194
Fund Balance at Beginning of Year	<u>33,263</u>	<u>33,263</u>	<u>33,263</u>	<u>0</u>
Fund Balance at End of Year	\$ <u>23,263</u>	\$ <u>23,263</u>	\$ <u>93,457</u>	\$ <u>70,194</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, 2017

	<u>Budget</u>		<u>Actual</u>	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 35,000	\$ 35,000	\$ 29,815	\$ (5,185)
Expenditures:				
Capital Outlay	<u>75,056</u>	<u>75,056</u>	<u>49,502</u>	<u>25,554</u>
Net Change in Fund Balance	(40,056)	(40,056)	(19,687)	20,369
Fund Balance at Beginning of Year	54,139	54,139	54,139	0
Prior Year Encumbrances Appropriated	<u>56</u>	<u>56</u>	<u>56</u>	<u>0</u>
Fund Balance at End of Year	\$ <u><u>14,139</u></u>	\$ <u><u>14,139</u></u>	\$ <u><u>34,508</u></u>	\$ <u><u>20,369</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, 2017

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 220,534	\$ 220,534	\$ 198,424	\$ (22,110)
Intergovernmental	<u>0</u>	<u>0</u>	<u>27,353</u>	<u>27,353</u>
Total Revenues	<u>220,534</u>	<u>220,534</u>	<u>225,777</u>	<u>5,243</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Fire:				
Personal Service	676,000	676,000	623,777	52,223
Debt Service:				
Principal Retirement	20,140	20,140	10,290	9,850
Interest and Fiscal Charges	<u>0</u>	<u>0</u>	<u>9,848</u>	<u>(9,848)</u>
Total Expenditures	<u>696,140</u>	<u>696,140</u>	<u>643,915</u>	<u>52,225</u>
Excess of Revenues Over (Under) Expenditures	(475,606)	(475,606)	(418,138)	57,468
Other Financing Sources:				
Transfers - In	<u>395,000</u>	<u>395,000</u>	<u>395,000</u>	<u>0</u>
Net Change in Fund Balance	(80,606)	(80,606)	(23,138)	57,468
Fund Balance at Beginning of Year	<u>185,293</u>	<u>185,293</u>	<u>185,293</u>	<u>0</u>
Fund Balance at End of Year	\$ <u>104,687</u>	\$ <u>104,687</u>	\$ <u>162,155</u>	\$ <u>57,468</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, 2017

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 220,534	\$ 220,534	\$ 198,424	\$ (22,110)
Intergovernmental	<u>0</u>	<u>0</u>	<u>27,353</u>	<u>27,353</u>
Total Revenues	<u>220,534</u>	<u>220,534</u>	<u>225,777</u>	<u>5,243</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Police:				
Personal Service	566,000	566,000	554,391	11,609
Debt Service:				
Principal Retirement	33,034	33,034	27,400	5,634
Interest and Fiscal Charges	<u>0</u>	<u>0</u>	<u>5,633</u>	<u>(5,633)</u>
Total Expenditures	<u>599,034</u>	<u>599,034</u>	<u>587,424</u>	<u>11,610</u>
Excess of Revenues Over (Under) Expenditures	(378,500)	(378,500)	(361,647)	16,853
Other Financing Sources:				
Transfers - In	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>	<u>0</u>
Net Change in Fund Balance	21,500	21,500	38,353	16,853
Fund Balance at Beginning of Year	<u>138,090</u>	<u>138,090</u>	<u>138,090</u>	<u>0</u>
Fund Balance at End of Year	\$ <u>159,590</u>	\$ <u>159,590</u>	\$ <u>176,443</u>	\$ <u>16,853</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, 2017

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Special Assessments	\$ <u>58,000</u>	\$ <u>58,000</u>	\$ <u>48,702</u>	\$ <u>(9,298)</u>
Expenditures:				
Debt Service:				
Principal Retirement	40,000	40,000	40,000	0
Interest and Fiscal Charges	<u>18,200</u>	<u>18,200</u>	<u>16,806</u>	<u>1,394</u>
Total Expenditures	<u>58,200</u>	<u>58,200</u>	<u>56,806</u>	<u>1,394</u>
Excess of Revenues Over (Under) Expenditures	(200)	(200)	(8,104)	(7,904)
Other Financing Sources:				
Transfers - In	<u>10,000</u>	<u>10,000</u>	<u>8,000</u>	<u>(2,000)</u>
Net Change in Fund Balance	9,800	9,800	(104)	(9,904)
Fund balance at Beginning of Year	<u>1,166</u>	<u>1,166</u>	<u>1,166</u>	<u>0</u>
Fund balance at End of Year	\$ <u>10,966</u>	\$ <u>10,966</u>	\$ <u>1,062</u>	\$ <u>(9,904)</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, 2017

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Municipal Income Taxes	\$ 1,450,000	\$ 1,450,000	\$ 1,653,162	\$ 203,162
Intergovernmental	<u>1,065,000</u>	<u>1,065,000</u>	<u>74,893</u>	<u>(990,107)</u>
Total Revenues	<u>2,515,000</u>	<u>2,515,000</u>	<u>1,728,055</u>	<u>(786,945)</u>
Expenditures:				
General Government:				
Other	58,000	58,000	36,130	21,870
Capital Outlay	<u>4,527,475</u>	<u>4,527,475</u>	<u>1,442,958</u>	<u>3,084,517</u>
Total Expenditures	<u>4,585,475</u>	<u>4,585,475</u>	<u>1,479,088</u>	<u>3,106,387</u>
Excess of Revenues Over (Under) Expenditures	(2,070,475)	(2,070,475)	248,967	2,319,442
Other Financing Sources:				
Transfers - In	<u>450,000</u>	<u>450,000</u>	<u>200,000</u>	<u>(250,000)</u>
Net Change in Fund Balance	(1,620,475)	(1,620,475)	448,967	2,069,442
Fund Balance at Beginning of Year	1,744,976	1,744,976	1,744,976	0
Prior Year Encumbrances Appropriated	<u>319,300</u>	<u>319,300</u>	<u>319,300</u>	<u>0</u>
Fund Balance at End of Year	\$ <u>443,801</u>	\$ <u>443,801</u>	\$ <u>2,513,243</u>	\$ <u>2,069,442</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, 2017

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 544,000	\$ 544,000	\$ 466,531	\$ (77,469)
Investment Income	5,500	5,500	6,982	1,482
Total Revenues	<u>549,500</u>	<u>549,500</u>	<u>473,513</u>	<u>(75,987)</u>
Expenditures:				
Current:				
General Government:				
Personal Service	393,128	395,128	261,231	133,897
Other	<u>275,873</u>	<u>275,873</u>	<u>149,928</u>	<u>125,945</u>
Total General Government	669,001	671,001	411,159	259,842
Capital Outlay	86,500	86,500	14,964	71,536
Debt Service:				
Principal Retirement	215,000	215,000	215,000	0
Interest and Fiscal Charges	<u>30,500</u>	<u>30,500</u>	<u>30,406</u>	<u>94</u>
Total Expenditures	<u>1,001,001</u>	<u>1,003,001</u>	<u>671,529</u>	<u>331,472</u>
Net Change in Fund Balance	(451,501)	(453,501)	(198,016)	255,485
Fund Balance at Beginning of Year	1,063,177	1,063,177	1,063,177	0
Prior Year Encumbrances Appropriated	<u>1,581</u>	<u>1,581</u>	<u>1,581</u>	<u>0</u>
Fund Balance at End of Year	\$ <u>613,257</u>	\$ <u>611,257</u>	\$ <u>866,742</u>	\$ <u>255,485</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, 2017

	Budget		Actual	Variance With
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Municipal Income Taxes	\$ 1,075,000	\$ 1,075,000	\$ 1,225,620	\$ 150,620
Charges for Services	6,735,476	6,735,476	5,108,106	(1,627,370)
Intergovernmental	<u>5,147,006</u>	<u>5,147,006</u>	<u>1,191,963</u>	<u>(3,955,043)</u>
Total Revenues	<u>12,957,482</u>	<u>12,957,482</u>	<u>7,525,689</u>	<u>(5,431,793)</u>
Expenses:				
Sewer Operations:				
Personal Service	735,519	754,519	599,965	154,554
Materials And Supplies	90,292	93,292	81,534	11,758
Contractual Services	15,803,156	15,921,156	8,551,893	7,369,263
Heat, Light, And Power	21,000	21,000	20,668	332
Other	<u>17,291</u>	<u>17,291</u>	<u>14,971</u>	<u>2,320</u>
Total Sewer Operations	16,667,258	16,807,258	9,269,031	7,538,227
Capital Outlay	2,359,416	2,353,416	1,524,375	829,041
Debt Service:				
Principal Retirement	313,200	313,200	312,881	319
Interest and Fiscal Charges	<u>2,800</u>	<u>2,800</u>	<u>2,768</u>	<u>32</u>
Total Expenses	<u>19,342,674</u>	<u>19,476,674</u>	<u>11,109,055</u>	<u>8,367,619</u>
Excess of Revenues Over (Under) Expenditures	(6,385,192)	(6,519,192)	(3,583,366)	2,935,826
Other Financing Sources:				
Transfers - In	<u>1,900,000</u>	<u>1,900,000</u>	<u>400,000</u>	<u>(1,500,000)</u>
Net Change in Fund Equity	(4,485,192)	(4,619,192)	(3,183,366)	1,435,826
Fund Equity at Beginning of Year	2,586,584	2,586,584	2,586,584	0
Prior Year Encumbrances Appropriated	<u>3,387,022</u>	<u>3,387,022</u>	<u>3,387,022</u>	<u>0</u>
Fund Equity at End of Year	\$ <u>1,488,414</u>	\$ <u>1,354,414</u>	\$ <u>2,790,240</u>	\$ <u>1,435,826</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, 2017

	<u>Budget</u>		<u>Actual</u>	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charge for Services	\$ <u>2,901,150</u>	\$ <u>2,901,150</u>	\$ <u>2,607,012</u>	\$ <u>(294,138)</u>
Expenses:				
Contractual Services	583,011	583,011	572,803	10,208
Claims	<u>2,942,079</u>	<u>2,942,079</u>	<u>2,152,203</u>	<u>789,876</u>
Total Expenses	<u>3,525,090</u>	<u>3,525,090</u>	<u>2,725,006</u>	<u>800,084</u>
Net Change in Fund Equity	(623,940)	(623,940)	(117,994)	505,946
Fund Equity at Beginning of Year	<u>749,219</u>	<u>749,219</u>	<u>749,219</u>	<u>0</u>
Fund Equity at End of Year	\$ <u><u>125,279</u></u>	\$ <u><u>125,279</u></u>	\$ <u><u>631,225</u></u>	\$ <u><u>505,946</u></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, 2017

	<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	\$ 93,440	\$ 214,400	\$ 0	\$ 14,251	\$ 322,091
Cash and Cash Equivalents: In Segregated Accounts	<u>0</u>	<u>0</u>	<u>362,812</u>	<u>0</u>	<u>362,812</u>
Total Assets	\$ <u>93,440</u>	\$ <u>214,400</u>	\$ <u>362,812</u>	\$ <u>14,251</u>	\$ <u>684,903</u>
Liabilities:					
Deposits Held and Due To Others	\$ <u>93,440</u>	\$ <u>214,400</u>	\$ <u>362,812</u>	\$ <u>14,251</u>	\$ <u>684,903</u>

City of Rocky River, Ohio

Combining Statement of Changes in Assets and Liabilities – Agency Funds

For the Year Ended December 31, 2017

	<u>Balance</u> <u>12/31/16</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12/31/17</u>
Deposits, Fees and Tri-City				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ <u>86,374</u>	\$ <u>29,363</u>	\$ <u>22,297</u>	\$ <u>93,440</u>
Liabilities:				
Deposits Held and Due to Others	\$ <u>86,374</u>	\$ <u>29,363</u>	\$ <u>22,297</u>	\$ <u>93,440</u>
Donations and Bequests				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ <u>208,925</u>	\$ <u>33,697</u>	\$ <u>28,222</u>	\$ <u>214,400</u>
Liabilities:				
Deposits Held and Due to Others	\$ <u>208,925</u>	\$ <u>33,697</u>	\$ <u>28,222</u>	\$ <u>214,400</u>
Municipal Court				
Assets:				
Cash and Cash Equivalents: In Segregated Accounts	\$ <u>441,722</u>	\$ <u>4,721,414</u>	\$ <u>4,800,324</u>	\$ <u>362,812</u>
Liabilities:				
Deposits Held and Due to Others	\$ <u>441,722</u>	\$ <u>4,721,414</u>	\$ <u>4,800,324</u>	\$ <u>362,812</u>
S.A.F.E.				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ <u>14,468</u>	\$ <u>0</u>	\$ <u>217</u>	\$ <u>14,251</u>
Liabilities:				
Deposits Held and Due to Others	\$ <u>14,468</u>	\$ <u>0</u>	\$ <u>217</u>	\$ <u>14,251</u>
All Agency Funds				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ 309,767	\$ 63,060	\$ 50,736	\$ 322,091
Cash and Cash Equivalents: In Segregated Accounts	<u>441,722</u>	<u>4,721,414</u>	<u>4,800,324</u>	<u>362,812</u>
Total Assets	\$ <u>751,489</u>	\$ <u>4,784,474</u>	\$ <u>4,851,060</u>	\$ <u>684,903</u>
Liabilities:				
Deposits Held and Due to Others	\$ <u>751,489</u>	\$ <u>4,784,474</u>	\$ <u>4,851,060</u>	\$ <u>684,903</u>

Statistical Section



Rocky River Park Pavilion - artist concept

City of Rocky River, Ohio

December 31, 2017

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.	S2 – S10
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	S11 – S17
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.	S18 – S23
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.	S24 – S26
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.	S27 – S32

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 Position by Component – Last Ten Fiscal Years

Accrual Basis of Accounting

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013 (a)</u>	<u>2014 (b)</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Governmental Activities:										
Net Investment in										
Capital Assets	\$ 30,592,575	\$ 31,254,205	\$ 31,781,713	\$ 30,680,267	\$ 33,293,005	\$ 36,713,198	\$ 41,586,463	\$ 42,891,009	\$ 45,354,753	\$ 49,427,948
Restricted for:										
Capital Projects	4,463,366	6,208,401	6,304,738	5,136,504	2,568,095	5,500,388	4,801,489	5,165,910	5,634,447	6,121,210
Debt Services	434,148	295,558	129,556	735,700	264,133	863,940	869,385	944,069	698,441	540,879
Refuse and Recycling	0	0	0	0	157,985	230,386	119,601	377,763	456,101	680,801
Office on Aging	218,952	124,001	51,446	71,622	93,676	115,703	159,197	243,704	291,038	286,539
Street Construction and										
Maintenance	415,917	406,063	414,993	413,966	0	1,012,978	881,576	821,270	951,838	1,014,243
Law Enforcement and										
Education	0	0	0	0	0	225,320	225,765	300,154	257,589	223,914
Fire and Police Pension	0	0	0	0	0	0	0	0	4,101	66,532
Security of Persons an										
Property	0	0	0	0	0	689,792	573,715	464,107	402,214	379,282
Municipal Probation	416,388	421,063	387,247	353,444	0	0	0	0	0	0
Community Impact	0	0	0	0	0	3,312	3,312	3,312	3,312	3,312
Other Purposes	816,857	539,121	224,268	556,500	6,464,168	0	0	0	0	0
Unrestricted (Deficit)	<u>5,210,492</u>	<u>3,227,747</u>	<u>2,162,461</u>	<u>1,107,586</u>	<u>2,360,231</u>	<u>3,229,728</u>	<u>(12,221,978)</u>	<u>(10,876,056)</u>	<u>(12,079,600)</u>	<u>(12,978,181)</u>
Total Net Position –										
Governmental Activities	<u>42,568,695</u>	<u>42,476,159</u>	<u>41,456,422</u>	<u>39,055,589</u>	<u>45,201,293</u>	<u>48,584,745</u>	<u>36,998,525</u>	<u>40,335,242</u>	<u>41,974,234</u>	<u>45,766,479</u>
Business-Type Activities:										
Net Investment in										
Capital Assets	17,184,178	17,800,190	18,945,660	21,806,517	17,349,730	14,018,823	12,478,608	13,678,763	14,686,663	12,418,716
Unrestricted	<u>6,668,185</u>	<u>6,619,718</u>	<u>6,177,103</u>	<u>6,237,369</u>	<u>5,830,241</u>	<u>8,492,454</u>	<u>8,735,194</u>	<u>8,189,432</u>	<u>10,417,609</u>	<u>11,404,396</u>
Total Net Position –										
Business-Type Activities	<u>23,852,363</u>	<u>24,419,908</u>	<u>25,122,763</u>	<u>28,043,886</u>	<u>23,179,971</u>	<u>22,511,277</u>	<u>21,213,802</u>	<u>21,868,195</u>	<u>25,104,272</u>	<u>23,823,112</u>

(a) Balances as of December 31, 2013 were restated due to City's decision to reclassify the Sewer Rehabilitation Fund from governmental activities to business-type activities.

(b) Balances as of December 31, 2014 were restated for implementation of GASB Statement No. 68.

Source: City financial records

(Continued)

City of Rocky River, Ohio

Net Position by Component – Last Ten Fiscal Years (Continued)

Accrual Basis of Accounting

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013 (a)</u>	<u>2014 (b)</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Primary Government:										
Net Investment in										
Capital Assets	47,776,753	49,054,395	50,727,373	52,486,784	50,642,735	50,732,021	54,065,071	56,569,772	60,041,416	61,846,664
Restricted for:										
Office on Aging	218,952	124,001	51,446	71,622	93,676	115,703	159,197	243,704	291,038	286,539
Refuse and Recycling	0	0	0	0	157,985	230,386	119,601	377,763	456,101	680,801
Capital Projects	4,463,366	6,208,401	6,304,738	5,136,504	2,568,095	5,500,388	4,801,489	5,165,910	5,634,447	6,121,210
Debt Services	434,148	295,558	129,556	735,700	264,133	863,940	869,385	944,069	698,441	540,879
Municipal Probation	416,388	421,063	387,247	353,444	0	0	0	0	0	0
Street Construction and										
Maintenance	415,917	406,063	414,993	413,966	0	1,012,978	881,576	821,270	951,838	1,014,243
Law Enforcement and										
Education	0	0	0	0	0	225,320	225,765	300,154	257,589	223,914
Fire and Police Pensions	0	0	0	0	0	0	0	0	4,101	66,532
Security of Persons and										
Property	0	0	0	0	0	689,792	573,715	464,107	402,214	379,282
Community Impact	0	0	0	0	0	3,312	3,312	3,312	3,312	3,312
Other Purposes	816,857	539,121	224,268	556,500	6,464,168	0	0	0	0	0
Unrestricted	<u>11,878,677</u>	<u>9,847,465</u>	<u>8,339,564</u>	<u>7,344,955</u>	<u>8,190,472</u>	<u>11,722,182</u>	<u>(3,486,784)</u>	<u>(2,686,624)</u>	<u>(1,661,991)</u>	<u>(1,573,785)</u>
Total Primary Government										
Net Position	\$ <u>66,421,058</u>	\$ <u>66,896,067</u>	\$ <u>66,579,185</u>	\$ <u>67,099,475</u>	\$ <u>68,381,264</u>	\$ <u>71,096,022</u>	\$ <u>58,212,327</u>	\$ <u>62,203,437</u>	\$ <u>67,078,506</u>	\$ <u>69,589,591</u>

Note – In 2012, the Restricted for classifications were updated and the Recreation and Street Construction and Maintenance restriction are included in Restricted for Other Purposes.

In 2014, the Restricted for classifications were updated and restated for 2013 to allow Restricted for Other Purposes to be defined into their restrictions within Street Construction and Maintenance, Law Enforcement and Education, Security of Persons and Property, and Community Impact restrictions.

City of Rocky River, Ohio

Changes in Net Position – Last Ten Fiscal Years

Accrual Basis of Accounting

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013 (a)</u>	<u>2014 (b)</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Program revenues:										
Governmental Activities:										
Charges for Services:										
General Government	\$ 2,293,658	\$ 2,761,052	\$ 2,533,392	\$ 2,688,561	\$ 2,237,380	\$ 3,629,679	\$ 2,432,809	\$ 2,088,114	\$ 2,472,472	\$ 2,483,792
Security of Persons and Property	1,175,625	740,665	1,105,984	1,056,599	1,640,185	148,966	1,045,198	1,196,046	1,118,100	1,097,312
Public Health	467,691	369,997	495,138	542,072	536,596	610,187	578,496	371,903	347,508	381,637
Transportation	425	75	350	400	325	625	325	975	700	1,750
Leisure Time Activities	1,987,167	1,979,316	2,118,323	2,067,741	2,163,408	2,238,886	2,255,732	2,381,887	2,277,701	2,233,472
Community Development	180	260	175	200	250	150	225	325	175	350
Basic Utility Service	700,345	995,455	1,040,871	1,103,942	1,044,484	8,839	6,025	9,310	9,608	10,743
Operating Grants and Contributions:										
General Government	63,921	35,857	45,122	44,331	47,288	44,799	35,811	111,317	21,420	33,182
Security of Persons and Property	27,352	25,263	26,864	25,707	25,021	24,424	24,626	30,925	31,231	30,000
Transportation	777,503	781,961	775,539	777,312	791,552	874,364	888,696	902,937	911,659	944,656
Basic Utility Service	90,523	90,956	86,861	86,220	86,123	86,083	83,952	85,407	91,485	91,166
Capital Grants and Contributions:										
General Government	929,746	824,696	823,491	864,849	936,187	606,549	3,579,488	512,763	551,723	536,375
Public Health	0	0	0	0	0	1,700	2,286	150,000	0	0
Transportation	0	0	0	0	1,976,093	0	0	0	0	0
Basic Utility Service	0	220,091	463,209	0	366,391	0	0	0	0	0
Total Governmental Activities										
Program Revenues	<u>8,514,136</u>	<u>8,825,644</u>	<u>9,515,319</u>	<u>9,257,934</u>	<u>11,851,283</u>	<u>8,275,251</u>	<u>10,933,669</u>	<u>7,841,909</u>	<u>7,833,782</u>	<u>7,844,435</u>
Business-Type Activities:										
Charges for Services:										
Sanitary Sewer Charges	2,012,434	1,979,436	1,758,085	1,865,441	1,867,073	2,989,388	4,203,128	4,553,885	6,058,487	6,315,728
Capital Grants and Contributions:										
Sanitary Sewer Charges	195,846	903,127	1,501,035	3,158,259	437,437	28,107	0	0	0	0
Total Business-Type Activities										
Program Revenues	<u>2,208,280</u>	<u>2,882,563</u>	<u>3,259,120</u>	<u>5,023,700</u>	<u>2,304,510</u>	<u>3,017,495</u>	<u>4,203,128</u>	<u>4,553,885</u>	<u>6,058,487</u>	<u>6,315,728</u>
Total Primary Government										
Program Revenues	<u>10,722,416</u>	<u>11,708,207</u>	<u>12,774,439</u>	<u>14,281,634</u>	<u>14,155,793</u>	<u>11,292,746</u>	<u>15,136,797</u>	<u>12,395,794</u>	<u>13,892,269</u>	<u>14,160,163</u>

(continued)

City of Rocky River, Ohio

Changes in Net Position – Last Ten Fiscal Years (Continued)

Accrual Basis of Accounting

	2008	2009	2010	2011	2012	2013 (a)	2014 (b)	2015	2016	2017
Expenses										
Governmental activities:										
General Government	8,051,702	6,932,356	7,598,480	9,384,315	5,294,037	5,913,026	5,668,787	5,591,132	6,005,870	7,179,207
Security of Persons and Property	9,396,241	9,623,866	9,010,010	9,472,809	8,983,880	9,207,482	9,306,477	9,391,822	11,044,627	10,765,969
Public Health	1,347,437	1,437,857	1,428,688	1,386,701	1,185,768	1,335,546	1,175,476	1,092,402	1,058,578	1,188,400
Transportation	3,195,503	2,758,278	2,385,058	2,459,672	2,279,856	2,508,065	3,754,446	4,005,442	2,898,876	3,783,233
Leisure Time Activities	3,937,438	4,268,822	3,948,809	4,527,664	3,657,902	3,531,071	3,174,829	3,497,102	4,276,788	4,417,291
Community Development	801,140	720,892	816,485	673,807	760,476	714,344	651,553	509,093	444,184	565,535
Basic Utility Services	1,609,178	1,772,114	2,127,597	2,111,718	2,521,711	1,704,807	1,516,591	1,941,569	1,832,793	2,257,068
Interest and Fiscal Charges	854,095	824,261	790,980	687,642	677,987	703,744	411,086	306,989	301,011	271,054
Total Governmental Activities Expenses	29,192,734	28,338,446	28,106,107	30,704,328	25,361,617	25,618,085	25,659,245	26,335,551	27,862,727	30,427,757
Business-Type Activities:										
Sanitary Sewer Charges	2,308,075	2,315,018	2,450,068	2,102,577	2,431,473	2,339,335	3,862,901	3,965,030	4,822,410	4,622,700
Total Primary Government Program Expenses	31,500,809	30,653,464	30,556,175	32,806,905	27,793,090	27,957,420	29,522,146	30,300,581	32,685,137	35,050,457
General Revenues:										
Governmental Activities:										
Property Taxes Levied for:										
General Purposes	4,018,607	4,093,251	3,872,423	3,788,172	3,815,055	3,700,797	3,765,359	3,756,030	4,146,236	4,146,550
Recreation	318,938	324,861	307,335	300,648	281,777	295,395	299,553	298,146	326,994	330,679
Office on Aging	318,938	324,861	307,335	300,648	281,777	295,395	299,553	298,146	326,994	330,679
Refuse and Recycling	637,881	649,723	614,670	601,297	563,557	590,792	599,103	596,288	653,990	661,359
Fire Levy	191,365	194,916	184,401	180,663	170,963	178,222	183,804	179,415	196,176	198,424
Police Levy	191,365	194,916	184,401	181,671	170,963	178,222	181,945	179,415	196,176	198,424
Capital Improvements	637,881	649,723	614,670	601,297	563,557	590,792	599,103	596,289	653,990	661,359
General Obligation Bond Retirement	626,790	634,889	599,627	597,831	563,557	592,792	599,103	596,289	653,990	595,231
Municipal Taxes Levied for:										
General Purposes	8,673,869	7,661,534	7,959,539	8,606,720	8,906,264	9,734,666	10,246,564	13,304,985	14,444,530	14,194,524
Franchise Tax	207,503	128,163	236,114	201,531	159,268	214,782	229,792	264,187	326,606	254,200
Admissions Tax	36,715	34,981	33,855	32,638	35,522	31,131	58,572	89,504	107,976	94,973
Grants and Entitlements not Restricted to Specific Programs	4,156,898	4,195,197	2,477,912	2,852,477	3,122,384	2,668,592	1,556,143	1,355,228	1,312,623	1,360,654
Investment Earnings	516,771	140,058	31,050	8,162	7,499	8,083	21,536	27,452	81,375	190,263

(continued)

City of Rocky River, Ohio

Changes in Net Position – Last Ten Fiscal Years (Continued)

Accrual Basis of Accounting

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013 (a)</u>	<u>2014 (b)</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Revenues (Continued):										
Governmental activities (Continued):										
Other	466,811	193,193	41,522	791,806	831,526	299,771	400,006	354,523	240,281	184,060
Transfers	0	0	106,197	0	4,736,952	0	1,365,188	(65,538)	(2,000,000)	2,974,188
Special Item	0	0	0	0	(4,554,583)	0	0	0	0	0
Total Governmental Activities										
General Revenues, Transfers, and Special Items	<u>21,000,332</u>	<u>19,420,266</u>	<u>17,571,051</u>	<u>19,045,561</u>	<u>19,656,038</u>	<u>19,379,432</u>	<u>20,405,324</u>	<u>21,830,359</u>	<u>21,667,937</u>	<u>26,375,567</u>
Business-Type Activities:										
Transfers	0	0	(106,197)	0	(4,736,952)	0	(1,365,188)	65,538	2,000,000	(2,974,188)
Total General Revenues, Transfers, and Special Items	<u>21,000,332</u>	<u>19,420,266</u>	<u>17,464,854</u>	<u>19,045,561</u>	<u>14,919,086</u>	<u>19,379,432</u>	<u>19,040,136</u>	<u>21,895,897</u>	<u>23,667,937</u>	<u>23,401,379</u>
Change in Net Position:										
Governmental Activities	321,734	(92,536)	(1,019,737)	(2,400,833)	6,145,704	2,036,598	5,679,748	3,336,717	1,638,992	3,792,245
Business-Type Activities	(99,795)	567,545	702,855	2,921,123	(4,863,915)	678,160	(1,024,961)	654,393	3,236,077	(1,281,160)
Total Primary Government										
Change in Net Position	\$ <u>221,939</u>	\$ <u>475,009</u>	\$ <u>(316,882)</u>	\$ <u>520,290</u>	\$ <u>1,281,789</u>	\$ <u>2,714,758</u>	\$ <u>4,654,787</u>	\$ <u>3,991,110</u>	\$ <u>4,875,069</u>	\$ <u>2,511,085</u>

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City of Rocky River, Ohio

Fund Balances, Governmental Funds – Last Ten Fiscal Years

Modified Accrual Basis of Accounting

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011 (b)</u>	<u>2012</u>	<u>2013 (a)</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Fund										
Nonspendable	\$ 0	\$ 0	\$ 0	\$ 20,082	\$ 39,224	\$ 20,105	\$ 41,608	\$ 60,058	\$ 68,794	\$ 308,225
Assigned	0	0	0	73,625	2,530,242	1,332,986	3,752,213	3,221,848	3,262,222	3,419,408
Unassigned	0	0	0	3,503,175	1,825,725	3,619,420	2,694,990	3,783,076	4,673,864	5,405,983
Reserved	235,188	118,863	370,707	0	0	0	0	0	0	0
Unreserved	<u>6,278,579</u>	<u>4,363,415</u>	<u>3,183,940</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total General Fund	<u>6,513,767</u>	<u>4,482,278</u>	<u>3,554,647</u>	<u>3,596,882</u>	<u>4,395,191</u>	<u>4,972,511</u>	<u>6,488,811</u>	<u>7,064,982</u>	<u>8,004,880</u>	<u>9,133,616</u>
All Other Governmental Funds										
Nonspendable	0	0	0	117,404	134,826	97,529	160,495	159,099	189,435	286,568
Restricted	0	0	0	6,054,235	8,233,110	7,471,528	6,608,029	7,485,009	7,879,652	8,449,837
Unassigned (Deficit)	0	0	0	(627,575)	(504,079)	(385,379)	(482,711)	(289,493)	(307,565)	(99,613)
Reserved	740,155	2,615,314	4,893,122	0	0	0	0	0	0	0
Unreserved, Undesignated, Reported in:										
Special Revenue Funds	1,494,900	722,896	375,705	0	0	0	0	0	0	0
Debt Service Funds	434,703	296,748	129,711	0	0	0	0	0	0	0
Capital Projects Funds	<u>4,043,671</u>	<u>3,971,943</u>	<u>1,766,381</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total All Other Governmental Funds	<u>6,713,429</u>	<u>7,606,901</u>	<u>7,164,919</u>	<u>5,544,064</u>	<u>7,863,857</u>	<u>7,183,678</u>	<u>6,285,813</u>	<u>7,354,615</u>	<u>7,730,451</u>	<u>8,636,792</u>
Total Governmental Funds	\$ <u>13,227,196</u>	\$ <u>12,089,179</u>	\$ <u>10,719,566</u>	\$ <u>9,140,946</u>	\$ <u>12,259,048</u>	\$ <u>12,156,189</u>	\$ <u>12,774,624</u>	\$ <u>14,419,597</u>	\$ <u>15,735,331</u>	\$ <u>17,770,408</u>

(a) Balances as of December 31, 2013 were restated due to City's decision to reclassify the Sewer Rehabilitation Fund from governmental funds to proprietary funds.

(b) In 2011, the City implemented GASB Statement No. 54.

City of Rocky River, Ohio

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

Modified Accrual Basis of Accounting

	2008	2009	2010	2011	2012	2013 (a)	2014 (b)	2015	2016	2017
Revenues										
Property Taxes	\$ 6,947,816	\$ 7,080,115	\$ 6,686,547	\$ 6,472,059	\$ 6,479,941	\$ 6,443,601	\$ 6,536,524	\$ 6,500,467	\$ 7,128,340	\$ 7,142,839
Municipal Income taxes	8,506,159	7,748,760	8,106,509	8,570,317	8,697,295	9,621,455	10,194,101	13,075,238	14,535,231	13,823,124
Other Local Taxes	244,218	163,144	269,969	234,169	194,790	245,913	288,364	353,691	434,582	349,173
Intergovernmental	5,900,572	6,285,727	4,683,905	4,749,825	5,356,419	4,451,998	3,199,672	3,120,298	2,893,176	3,013,818
Charges for Services	3,188,107	3,317,448	3,635,605	3,711,407	3,829,615	2,837,298	2,835,023	2,744,317	2,622,330	2,580,736
Fines, Fees, and Permits	3,348,071	3,357,804	3,405,319	3,504,950	3,652,640	3,766,444	3,432,285	3,442,054	3,464,180	3,422,995
Special Assessments	67,171	66,757	61,788	60,120	58,421	68,198	53,920	54,353	51,032	109,868
Investment Income	516,771	140,058	31,050	8,162	7,499	8,083	21,536	11,173	61,366	226,551
Rentals	94,133	104,387	104,047	86,230	93,229	91,044	92,875	96,495	108,389	97,587
Other	480,433	209,371	107,372	792,765	834,019	300,334	400,006	354,523	240,740	184,060
Total Revenues	29,293,451	28,473,571	27,092,111	28,190,004	29,203,868	27,834,368	27,054,306	29,752,609	31,539,366	30,950,751
Expenditures										
Current:										
General Government	4,933,287	4,991,465	4,983,015	4,888,964	5,106,984	4,461,355	4,972,508	5,210,524	5,835,805	5,060,314
Security of Persons and Property	8,876,601	9,246,320	8,985,847	9,104,294	8,785,151	9,245,442	9,180,199	8,992,682	9,213,697	9,663,674
Public Health	1,260,327	1,173,737	1,298,805	1,281,566	1,061,178	1,239,240	1,153,116	993,557	899,726	963,653
Transportation	2,514,664	2,268,740	2,206,182	2,138,947	1,702,865	1,736,448	1,963,888	2,080,847	2,046,662	2,233,537
Leisure Time Activities	3,818,666	3,641,297	3,387,478	3,188,335	3,170,232	3,172,881	3,159,934	3,314,950	3,368,485	3,430,564
Community Development	932,862	917,692	792,068	807,866	766,902	737,752	669,155	655,520	478,221	512,785
Basic Utility Services	1,639,711	2,056,568	3,387,129	4,592,412	4,481,802	1,613,539	1,511,655	1,551,473	1,389,284	1,646,872
Capital Outlay	5,203,465	3,595,408	2,125,399	2,997,396	1,035,843	1,352,306	2,081,172	4,225,764	3,434,268	3,460,696
Debt Service										
Principal	1,100,814	1,116,923	1,138,080	1,909,286	1,268,289	1,271,855	1,338,224	739,651	1,226,139	1,257,690
Interest	877,823	848,319	815,274	716,098	685,370	626,374	423,666	354,653	331,358	302,630
Bond Issuance Costs	0	0	0	74,864	0	0	128,353	0	0	0
Total Expenditures	31,158,220	29,856,469	29,119,277	31,700,028	28,064,616	25,457,192	26,581,870	28,119,621	28,223,645	28,532,415
Excess of Revenues Over (Under) Expenditures	(1,864,769)	(1,382,898)	(2,027,166)	(3,510,024)	1,139,252	2,377,176	472,436	1,632,988	3,315,721	2,418,336

(continued)

City of Rocky River, Ohio

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

Modified Accrual Basis of Accounting

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013 (a)</u>	<u>2014 (b)</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<u>Other Financing Sources (Uses)</u>										
Proceeds from Sale of										
Capital Assets	29,730	16,127	11,537	0	14,615	2,059	17,646	11,985	13	16,741
Issuance of Debt	0	228,754	646,016	4,691,540	1,964,235	0	9,180,000	0	0	0
Premium on General										
Obligation Debt	0	0	0	52,694	0	0	592,633	0	0	0
Payment to Escrow	0	0	0	(2,812,830)	0	0	(9,644,280)	0	0	0
Transfers - In	7,650,000	5,487,764	4,471,000	3,680,000	3,994,000	5,108,000	3,353,300	4,798,300	3,030,000	4,123,000
Transfers - Out	(7,915,000)	(5,487,764)	(4,471,000)	(3,680,000)	(3,994,000)	(5,108,000)	(3,353,300)	(4,798,300)	(5,030,000)	(4,523,000)
Total Other Financing Sources (Uses)	<u>(235,270)</u>	<u>244,881</u>	<u>657,553</u>	<u>1,931,404</u>	<u>1,978,850</u>	<u>2,059</u>	<u>145,999</u>	<u>11,985</u>	<u>(1,999,987)</u>	<u>(383,259)</u>
Net Change in Fund Balances	\$ <u>(2,100,039)</u>	\$ <u>(1,138,017)</u>	\$ <u>(1,369,613)</u>	\$ <u>(1,578,620)</u>	\$ <u>3,118,102</u>	\$ <u>2,379,235</u>	\$ <u>618,435</u>	\$ <u>1,644,973</u>	\$ <u>1,315,734</u>	\$ <u>2,035,077</u>
Debt Service as a Percentage of Noncapital Expenditures	7.19%	7.18%	7.21%	8.56%	7.88%	8.26%	8.43%	4.36%	6.37%	5.82%

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)
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	7,724,057
2012/2013	675,604,330	1,930,298,086	7,420,390	8,432,261
2013/2014	677,436,550	1,935,533,000	8,289,730	9,420,148
2014/2015	680,005,610	1,942,873,171	8,706,580	9,893,841
2015/2016	737,074,070	2,105,925,914	8,855,180	10,062,704
2016/2017	740,435,050	2,115,528,714	9,372,340	10,650,386
2017/2018	740,455,520	2,115,587,200	10,034,290	11,402,602

Source: Cuyahoga County, Ohio; County Fiscal Officer

(1) This amount is calculated for 2017 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 was 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 was assessed at 18.75, 12.5, and 6.25 percent of true value for all property inventory for 2006, 2007, and 2008 respectively.

The tangible personal property tax was phased out completely after 2008 for nearly all taxpayers.

(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>		
\$ 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	35.20	10.90
0	0	689,293,310	1,958,165,300	35.20	10.90
0	0	685,503,080	1,946,883,800	35.21	10.90
0	0	683,024,720	1,938,730,347	35.23	10.90
0	0	685,726,280	1,944,953,148	35.26	10.90
0	0	688,712,190	1,952,767,012	35.26	10.90
0	0	745,929,250	2,115,988,618	35.25	10.90
0	0	749,807,390	2,126,179,100	35.26	10.80
0	0	750,489,810	2,126,989,802	35.28	10.80

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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	Total					
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	
2012	6.30	2.60	1.00	1.00	10.90	95.35	13.42	5.08	124.75	
2013	6.30	2.60	1.00	1.00	10.90	95.65	14.05	5.98	126.58	
2014	6.30	2.60	1.00	1.00	10.90	95.65	14.05	6.88	127.48	
2015	6.30	2.60	1.00	1.00	10.90	95.65	14.05	6.88	127.48	
2016	6.30	2.60	1.00	0.90	10.80	95.65	14.05	6.88	127.38	
2017	6.30	2.60	1.00	0.90	10.80	96.57	14.05	7.38	128.80	

Source: Cuyahoga County, Ohio; County Fiscal Officer

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

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>
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
2012	7,822,646	7,212,012	92.19	271,795
2013	7,678,031	7,218,630	94.02	157,763
2014	7,697,980	7,276,041	94.52	148,083
2015	7,660,093	7,252,808	94.68	177,485
2016	8,312,742	7,978,215	95.98	147,000
2017	8,375,791	7,951,509	94.93	175,946

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: Cuyahoga 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>
\$	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	3.24
	7,364,842	94.93	333,387	4.30
	7,483,807	95.67	264,653	3.38
	7,376,393	96.07	232,038	3.02
	7,424,124	96.44	234,457	3.05
	7,430,293	97.00	234,007	3.05
	8,125,215	97.74	260,215	3.13
	8,127,455	97.04	240,079	2.87

City of Rocky River, Ohio

Principal Taxpayers: Real Property and Public Utility Tax

As of December 31, 2017 and December 31, 2008

<u>Taxpayer</u>	2017	
	Real Property and Public Utility Assessed Value	Percent of Total Assessed Value
Rocky River Apartments, LLC	\$ 8,301,830	1.11%
Westwood Town Center	7,258,590	0.97
Normandy Association, LP	4,998,290	0.67
Beachcliff Properties, LP	4,051,740	0.54
Inland Westgate, LLC	3,640,000	0.49
SRK Perrysburg Association, LLC	3,453,870	0.46
Westwood Country Club, Co.	2,899,760	0.39
Presidential Apartments, LTD	2,884,040	0.38
Gross Management, Inc.	2,712,300	0.36
Linden Apartment, Inc.	2,483,710	0.33
<i>Totals</i>	\$ <u>42,684,130</u>	<u>5.69%</u>

Total City Assessed Valuation \$ 750,489,810

<u>Taxpayer</u>	2008	
	Real and Tangible Personal Property Assessed Value	Percent of Total Assessed Value
Westwood Town Center	\$ 7,274,720	1.01%
Normandy Association, LTD.	4,850,980	0.67
Westgate Mall, LLC	4,452,250	0.62
Cleveland Electric Illuminating Company	4,431,800	0.61
Presidential Apartments, LTD	3,992,940	0.55
Beachcliff Properties, LP	3,916,680	0.54
W & F Plaza Investments	2,624,310	0.36
Linden Apartment, Inc.	2,548,600	0.35
Gross Management, Inc.	2,500,790	0.35
SRK Perrysburg Association, LLC	2,456,580	0.34
<i>Totals</i>	\$ <u>39,049,650</u>	<u>5.40%</u>

Total City Assessed Valuation \$ 722,829,575

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	OWDA Loan	OPWC Loan	OWDA Loan			
2008	\$ 18,950,140	\$ 630,000	\$ 0	\$ 0	\$ 0	\$ 247,210	\$ 19,827,350	2.76 %	\$ 915.72
2009	17,877,319	590,000	288,754	0	0	231,400	18,987,473	2.64	911.50
2010	16,784,498	550,000	874,770	0	0	214,850	18,424,118	2.63	919.10
2011	14,996,541	510,000	2,731,310	0	0	339,843	18,577,694	2.65	961.82
2012	13,986,760	470,000	4,660,827	144,293	0	179,383	19,441,263	2.77	956.82
2013 (a)	12,759,145	430,000	0	0	6,199,329	237,698	19,626,172	2.80	970.97
2014	11,790,949	390,000	0	0	8,700,960	224,202	21,106,111	3.01	1,044.18
2015	11,061,896	350,000	0	0	9,264,658	132,247	20,808,801	2.97	1,029.48
2016	9,847,843	310,000	0	0	12,246,779	97,897	22,502,519	3.21	1,113.27
2017	8,603,790	270,000	0	0	13,154,483	75,080	22,103,353	3.15	1,093.52

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 S25 for personal income and population data.

(a) Balances as of December 31, 2013 were restated due to City's decision to reclassify the Sewer Rehabilitation Fund from governmental activities to business-type activities.

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>	
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
2012	174,446	147,289	84.43	40,000	26,463	2.22
2013	283,462	165,560	58.41	40,000	24,475	2.57
2014	354,583	194,403	54.82	40,000	22,476	3.11
2015	296,401	144,183	48.64	40,000	20,462	2.38
2016	342,452	215,899	63.05	40,000	18,400	3.69
2017	377,209	201,007	53.28	40,000	16,325	3.56

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>
2008	20,735	\$ 18,537,073	\$ 724,866,570	2.56%	\$ 894.00
2009	20,735	17,592,670	693,135,430	2.54	848.45
2010	20,213	16,657,273	689,293,310	2.42	824.09
2011	20,213	14,260,841	685,503,080	2.08	705.53
2012	20,213	13,556,418	683,024,720	1.98	670.68
2013 (c)	20,213	11,895,205	685,726,280	1.73	588.49
2014	20,213	10,921,564	688,712,190	1.59	540.32
2015	20,213	10,117,827	745,929,250	1.36	500.56
2016	20,213	9,149,402	749,807,390	1.22	452.65
2017	20,213	8,062,911	750,489,810	1.07	398.90

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

(a) 2010 Federal Census

(b) 2000 Federal Census

Note: The Net Position Restricted for Debt Service in the Statement of Net Position represents constraints placed on net position use imposed by law through constitutional provisions or enabling legislation, there are no externally imposed constraints.

(c) Balances as of December 31, 2013 were restated due to City's decision to reclassify the Sewer Rehabilitation Fund from governmental activities to business-type activities.

City of Rocky River, Ohio

Computation of Legal Debt Margin

Last Ten Years

	2008	2009	2010	2011	2012	2013 (a)	2014 (b)	2015	2016	2017
Assessed Valuation	\$ <u>724,866,570</u>	\$ <u>693,135,430</u>	\$ <u>689,293,310</u>	\$ <u>685,503,080</u>	\$ <u>683,024,720</u>	\$ <u>685,726,280</u>	\$ <u>688,712,190</u>	\$ <u>745,929,250</u>	\$ <u>749,807,390</u>	\$ <u>750,489,810</u>
Debt Limit - 10.5% of Assessed Valuation	\$ 76,110,990	\$ 72,779,220	\$ 72,375,798	\$ 71,977,823	\$ 71,717,596	\$ 72,001,259	\$ 72,314,780	\$ 78,322,571	\$ 78,729,776	\$ 78,801,430
Gross Indebtedness	19,827,350	18,927,473	18,424,118	18,577,694	19,275,054	19,626,172	21,106,111	20,808,801	22,502,519	22,103,353
Less: Debt Outside Limitation										
Special Assessment Bonds	(630,000)	(590,000)	(550,000)	(510,000)	(470,000)	(430,000)	(390,000)	(350,000)	(310,000)	(270,000)
OPWC Loans	0	(228,754)	(874,770)	(2,731,310)	(4,660,827)	(6,199,329)	(8,700,960)	(9,264,658)	(12,246,779)	(13,154,483)
OWDA Loans	(247,210)	(231,400)	(214,850)	(339,843)	(323,676)	(237,698)	(224,202)	(132,247)	(97,897)	(75,080)
Less: Amount Available In Debt Service Funds	<u>(413,067)</u>	<u>(284,649)</u>	<u>(127,225)</u>	<u>(735,700)</u>	<u>(264,133)</u>	<u>(863,940)</u>	<u>(869,385)</u>	<u>(944,069)</u>	<u>(698,441)</u>	<u>(540,879)</u>
Net Debt Within 10.5% Limitation	<u>18,537,073</u>	<u>17,592,670</u>	<u>16,657,273</u>	<u>14,260,841</u>	<u>13,556,418</u>	<u>11,895,205</u>	<u>10,921,564</u>	<u>10,117,827</u>	<u>9,149,402</u>	<u>8,062,911</u>
Legal Debt Margin	\$ <u>57,573,917</u>	\$ <u>55,186,550</u>	\$ <u>55,718,525</u>	\$ <u>57,716,982</u>	\$ <u>58,161,178</u>	\$ <u>60,106,054</u>	\$ <u>61,393,216</u>	\$ <u>68,204,744</u>	\$ <u>69,580,374</u>	\$ <u>70,738,519</u>
Debt Limit - 5.5% of Assessed Unvoted Value	\$ 39,867,661	\$ 38,122,449	\$ 37,911,132	\$ 37,702,669	\$ 37,566,360	\$ 37,714,945	\$ 37,879,170	\$ 41,026,109	\$ 41,239,406	\$ 41,276,940
Gross Indebtedness Authorized by Council	19,827,350	18,927,473	18,424,118	18,577,694	19,275,054	19,626,172	21,106,111	20,808,801	22,502,519	22,103,353
Less: Debt Outside Limitation										
Limitation	(8,228,725)	(8,057,824)	(8,293,445)	(9,871,133)	(11,370,638)	(12,399,317)	(14,699,605)	(14,663,904)	(17,084,231)	(17,426,674)
Less: Amount Available in Debt Service Funds Related to Unvoted Debt	<u>(321,603)</u>	<u>(194,019)</u>	<u>(76,937)</u>	<u>(695,009)</u>	<u>(219,222)</u>	<u>(820,740)</u>	<u>(869,385)</u>	<u>(944,069)</u>	<u>(619,941)</u>	<u>(463,472)</u>
Net Debt Within 5.5% Limitation	<u>11,227,022</u>	<u>10,675,630</u>	<u>10,053,736</u>	<u>8,011,552</u>	<u>7,685,194</u>	<u>6,406,115</u>	<u>5,537,121</u>	<u>5,200,828</u>	<u>4,798,347</u>	<u>4,213,207</u>
Unvoted Debt Margin	\$ <u>28,590,639</u>	\$ <u>27,446,819</u>	\$ <u>27,857,396</u>	\$ <u>29,691,117</u>	\$ <u>29,881,166</u>	\$ <u>31,308,830</u>	\$ <u>32,342,049</u>	\$ <u>35,825,281</u>	\$ <u>36,441,059</u>	\$ <u>37,063,733</u>

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

(a) Balances as of December 31, 2013 were restated due to City's decision to reclassify the Sewer Rehabilitation Fund from governmental activities to business-type activities.

City of Rocky River, Ohio

Computation of Direct and Overlapping General Obligation Bonded Debt

December 31, 2017

	<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	\$ 8,603,790	100.00%	\$ 8,603,790
Special Assessment Bonds	<u>270,000</u>	100.00	<u>270,000</u>
Total Direct Debt	<u>8,873,790</u>		<u>8,873,790</u>
<u>Overlapping:</u>			
Cuyahoga County	207,485,000	2.72	5,637,012
Greater Cleveland Regional Transit Authority	1,995,000	2.72	54,201
Rocky River School District	<u>37,151,607</u>	95.78	<u>35,584,809</u>
Total Overlapping	<u>246,631,607</u>		<u>41,276,022</u>
Total	\$ <u>255,505,397</u>		\$ <u>50,149,812</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>
2008	\$ 1,978,637	\$ 31,158,220	6.35
2009	1,965,242	29,856,469	6.58
2010	1,953,354	29,119,277	6.71
2011	2,625,384	31,700,028	8.28
2012	1,953,659	28,064,616	6.96
2013 (a)	1,898,229	25,457,192	7.46
2014	1,761,890	26,581,870	6.63
2015	1,094,304	28,119,621	3.89
2016	1,557,497	28,223,645	5.52
2017	1,560,320	28,532,415	5.47

Source: City Financial Records

- (a) Balances as of December 31, 2013 were restated due to City's decision to reclassify the Sewer Rehabilitation Fund from governmental activities to business-type activities.

City of Rocky River, Ohio

Principal Employers

Current Year and Ten Years Ago

2017		
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
City of Rocky River	559	3.8%
Rocky River Board of Education	546	3.7
Riser Foods Co.	313	2.1
Heinens Inc.	286	1.9
Magnificat High School	264	1.8
Cleveland Yacht Club Inc.	254	1.7
Whole Foods Market Group, Inc.	250	1.7
Cuyahoga County Auditor Payroll	245	1.7
Westwood Country Club Co.	233	1.6
JP Recovery Services, Inc.	223	1.5
Total	<u>3,173</u>	<u>21.4%</u>
Total City Employment	<u>14,848</u>	

2008		
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
City of Rocky River	603	4.2 %
Rocky River Board of Education	573	4.0
Normandy Manor of Rocky River	386	2.7
Riser Foods Co.	326	2.3
Cuyahoga County Auditor Payroll	286	2.0
Target Stores	284	2.0
Westwood Country Club Co.	279	2.0
Marc Glassman Inc.	277	1.9
Heinens Inc.	241	1.7
Cleveland Yacht Club Inc.	237	1.7
Total	<u>3,492</u>	<u>24.5 %</u>
Total City Employment	<u>14,310</u>	

Source: Regional Income Tax Agency (RITA) and Central Collection Agency (CCA). Total City employment based upon the estimated number of W-2's filed with RITA in 2017 and CCA in 2008.

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> ⁽⁴⁾
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	7.10
2012	20,213 a	700,643,219	34,663	51,636	2,636	6.60
2013	20,213 a	700,643,219	34,663	51,636	2,635	7.20
2014	20,213 a	700,643,219	34,663	51,636	2,693	6.40
2015	20,213 a	700,643,219	34,663	51,636	2,770	4.00
2016	20,213 a	700,643,219	34,663	51,636	2,749	5.30
2017	20,213 a	700,643,219	34,663	51,636	2,693	4.80

(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

(4) Ohio Department of Job and Family Services

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
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
2012	289,195,857	1,641,014,942	1,930,210,799	8	3,624,000	2	2,164,000
2013	291,472,742	1,644,060,257	1,935,532,999	11	28,772,065	2	750,000
2014	292,850,428	1,650,022,742	1,942,873,170	13	3,896,800	3	8,840,000
2015	295,212,286	1,810,713,628	2,105,925,914	12	5,625,350	0	0
2016	299,519,886	1,816,008,828	2,115,528,714	4	3,119,000	1	1,366,000
2017	296,106,258	1,819,480,942	2,115,587,200	14	6,070,000	1	830,000

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	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government:										
Mayor	2	2	2	2	2	2	2	2	2	2
Finance Department	3	3	3	3	3	3	3	3	3	3
Building Maintenance	5	5	5	5	5	5	5	5	5	6
Human Resources	1	1	1	1	1	1	1	1	1	1
Municipal Courts	26	24	29	29	24	24	25	25	24	26
Building	6	6	6	6	6	6	6	4	4	4
Security of Persons and Property:										
Police Department	38	38	38	36	36	35	34	37	37	37
Fire Department	30	30	30	30	30	30	30	30	30	29
Safety Service Director	2	2	2	2	2	2	2	2	3	3
Traffic Signal	4	4	3	3	3	3	2	3	3	3
Transportation:										
Equipment Repair and Garage	8	8	7	7	6	6	7	7	7	7
Street Repair and Maintenance	13	12	10	9	7	8	10	10	10	11
Leisure Time Activities:										
Parks	4	4	4	4	2	3	3	3	3	5
Recreation Center	16	17	16	14	14	14	14	14	14	12
Community Development:										
Community Center	1	1	1	1	1	0	0	0	0	0
Public Health:										
Office on Aging	8	8	8	8	6	6	5	5	5	6
Basic Utilities Services:										
Refuse and Recycling	15	15	16	15	15	14	13	12	11	15
Total Governmental Activities:	<u>182</u>	<u>180</u>	<u>181</u>	<u>175</u>	<u>163</u>	<u>162</u>	<u>162</u>	<u>163</u>	<u>162</u>	<u>170</u>
Sanitary Sewer	9	9	9	7	8	8	6	7	8	9
Total Business-Type Activities:	<u>9</u>	<u>9</u>	<u>9</u>	<u>7</u>	<u>8</u>	<u>8</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>
Total Primary Government:	<u>191</u>	<u>189</u>	<u>190</u>	<u>182</u>	<u>171</u>	<u>170</u>	<u>168</u>	<u>170</u>	<u>170</u>	<u>179</u>

Source: City Records

City of Rocky River, Ohio

Operating Indicators by Function/Program

Last Ten Years

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Government:										
Council:										
Total Ordinances/Resolutions:										
Introduced	144	106	58	89	89	95	101	91	83	90
Passed on 1 st Reading	N/A	N/A	N/A	N/A	N/A	N/A	11	9	3	1
Passed on 2 nd Reading	N/A	N/A	N/A	N/A	N/A	N/A	8	10	7	5
Passed on 3 rd Reading	N/A	N/A	N/A	N/A	N/A	N/A	82	65	73	82
Tabled/Postponed	N/A	N/A	N/A	N/A	0	2	1	2	1	2
Passed with Emergency Provision	N/A	N/A	N/A	N/A	74	78	91	58	61	46
Building Department:										
New Single Family Home Permits	1	4	5	3	8	11	13	12	4	14
Commercial Building/Structures										
New	2	1	2	1	2	2	3	0	1	1
Additions	22	13	26	11	15	25	20	25	25	27
Increase in Dwelling Units	0	17	13	9	17	285	17	9	1	12
Total Receipts – Building Permits	\$ 221,535	\$ 220,606	\$ 258,561	\$ 267,940	\$ 277,229	\$ 459,542	\$ 461,583	\$ 305,143	\$ 286,553	\$ 395,181
Municipal Court:										
Jurisdiction Population	120,226	120,226	120,226	118,137	118,137	118,137	118,137	118,137	118,137	118,137
Cases Filed:137										
Criminal/Traffic	25,536	23,592	23,574	23,820	25,175	16,532	13,735	13,005	13,931	11,394
Civil/Small Claims	2,702	3,887	3,106	2,771	2,751	2,188	2,391	2,126	2,364	2,729
Security of Persons and Property:										
Police Protection:										
Motor Vehicle Accidents	363	336	374	311	260	541	605	596	625	629
BAC Licensed Operators	23	22	24	23	20	17	17	17	17	19
Community Diversion Cases	192	240	140	167	105	147	N/A	N/A	N/A	50
Marine Patrol Boat Hours	520	609	922	143	449	437	516	652	534	569
Total Prisoners	930	972	909	901	911	997	816	771	841	739

(continued)

City of Rocky River, Ohio

Operating Indicators by Function/Program (Continued)

Last Ten Years

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Fire Protection:										
Emergency Responses:										
Building Fire Calls	13	29	23	29	28	35	33	38	30	30
Emergency Medical Care	1,956	1,936	2,008	2,240	2,113	2,074	2,173	2,403	2,380	2,437
System Tests Witnessed:										
Commercial Kitchen	15	14	N/A	2	13	6	24	38	16	28
Sprinkler / Standpipe	10	14	N/A	6	8	19	64	31	14	29
Fire Alarm	18	25	N/A	3	20	18	24	30	10	26
General Inspections for Licensure	62	58	52	128	91	95	53	103	84	75
Public Health Services:										
Senior Center:										
Volunteers	150	150	158	171	183	168	167	180	130	100
Volunteer Hours	12,910	12,910	15,352	15,352	15,832	16,172	13,000	15,000	15,000	9,400
Senior Transportation Trips	7,958	8,578	8,178	8,156	7,772	7,772	6,897	6,761	6,854	6,927
Lunches Served	14,778	15,825	16,612	18,085	N/A	75 / day	N/A	N/A	13,000	13,000
Gift Shop Sales	\$ 57,662	\$ 52,169	\$ 63,152	\$ 59,666	\$ 53,100	\$ 53,969	\$ 49,553	\$ 42,343	\$ 44,688	\$ 37,178
Flu and Pneumonia shots	706	572	436	436	270	N/A	N/A	N/A	N/A	N/A
Transportation:										
Safety Service:										
Snowfall in Inches [1]	77.2	79.7	63.1	59.8	63.3	58.4	84.2	20.9	24.3	68.1
Road Salt Purchased (tons)	4,800	4,000	4,800	4,800	NA	3,100	3,300	3,300	2,600	3,500
Cold Patch Purchased (tons)	N/A	25	NA	NA	NA	NA	327	355	233	163
Trees Planted	270	89	92	89	37	113	62	82	55	121
Trees Removed	100	47	43	123	43	47	59	82	75	54

(continued)

City of Rocky River, Ohio

Operating Indicators by Function/Program (Continued)

Last Ten Years

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Leisure Time Activities:										
Recreation Center:										
Summer Camp – Recreation	532	476	450	457	395	426	342	351	368	355
Summer Camp – Sports	572	453	518	832	901	722	584	565	348	296
Summer Sunset Concerts	5	5	5	5	5	5	8	8	9	8
Concert Attendance	1,850	3,500	N/A	N/A	1,750	N/A	N/A	N/A	N/A	N/A
Outdoor Pool Attendance	43,955	32,721	46,697	45,000	N/A	N/A	18,144	37,309	34,062	24,467
Hockey Spectator Admissions	N/A	N/A	2,672	2,325	2,408	2,357	2,210	2,160	2,262	2,450
Learn-to-Skate Participants	1,898	1,843	2,075	1,936	N/A	N/A	N/A	2,962	N/A	N/A
Swim Team Participants	155	144	127	138	151	146	128	140	129	125
Basic Utilities Service:										
Refuse Collection:										
Refuse Truck Collections (tons)	9,823	9,093	8,853	8,920	8,790	8,576	8,114	7,519	7,354	7,485
Blue Bag Collections (tons)	255	337	375	378	390	590	968	928	1,019	1,013
Leaf Collections (tons)	1,481	1,287	1,288	1,097	1,140	1,388	1,434	1,149	1,252	859
Paper Collections (tons)	240	195	155	98	79	37	0	0	0	0
Cardboard Collections (tons)	183	183	173	174	189	185	128	136	116	117
Sanitary Sewer:										
Quantity and Strength Percent of Wastewater Treatment Plant	29.40	29.40	25.43	25.43	25.43	25.43	25.31	25.31	25.31	25.3

Source: City Records

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

N/A – Information is not available

City of Rocky River, Ohio

Capital Asset Statistics by Function/Program

Last Ten Years

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Government:										
Other Departmental Vehicles	10	10	10	10	10	10	10	9	9	9
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:										
Police Protection:										
Number of Stations	1	1	1	1	1	1	1	1	1	1
Number of Vehicles	25	25	25	25	25	23	23	26	26	26
Marine Patrol Boat	1	1	1	1	1	1	1	1	1	1
Canine Unit(s)	2	2	2	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	1,805
Fire Protection:										
Number of Stations	1	1	1	1	1	1	1	1	1	1
Number of Vehicles	10	10	10	10	10	10	10	9	9	9
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	1,003	1,003	1,041	1,041	1,041	1,041	1,041	1,016	1,016	1,016
Public Health Services:										
Senior Transportation:										
Number of Vehicles	6	6	5	5	5	5	5	5	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
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

(continued)

City of Rocky River, Ohio

Capital Asset Statistics by Function/Program (continued)

Last Ten Years

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Leisure Time Activities:										
Recreation and Culture:										
Number of Parks	9	9	9	9	9	9	9	9	9	9
Acres of Parks	106	106	106	106	106	106	106	106	106	106
Number of Vehicles	10	10	10	10	10	10	10	12	12	12
Square Footage of Recreation Facilities	84,379	84,379	84,379	84,379	84,379	81,379	81,379	81,379	81,379	81,379
Miles of Shoreline	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Basic Utilities Service:										
Refuse Collection:										
Refuse Vehicles	24	24	24	24	24	24	24	22	22	22
Transit Scooters	20	19	19	17	12	10	10	11	11	11
Transfer Station	1	1	1	1	1	1	1	1	1	1
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	7,091	7,038	7,038	7,043	6,806	6,806	6,840	6,840	6,893	6,854

Source: City Records

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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
JULY 12, 2018