

City of Rocky River, Ohio

Comprehensive Annual Financial Report

December 31, 2007

Issued by:

City of Rocky River
Department of Finance

Michael A. Thomas
Director of Finance



Mary Taylor, CPA
Auditor of State

City Council
City of Rocky River
21012 Hilliard Blvd.
Rocky River, 44116

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

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

August 21, 2008

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City of Rocky River, Ohio

Comprehensive Annual Financial Report
For The Year Ended December 31, 2007

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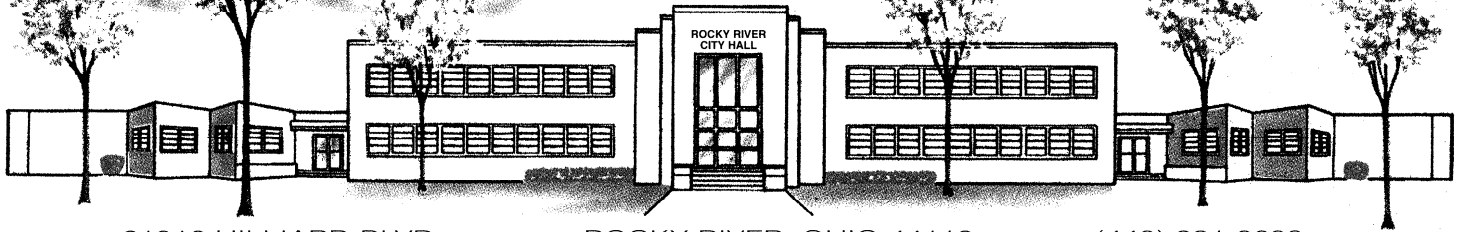
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CITY OF ROCKY RIVER



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

June 27, 2008

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

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, 2007. The CAFR is a more extensive report than basic financial statements and it is believed that the CAFR demonstrates the City's ongoing commitment to be accountable to its citizenry and to excellence in financial reporting. While no single report can be all things to all people, the goal in presenting this report 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 Comprehensive Annual Financial Report for the year ended December 31, 2007 therefore.

The CAFR consists of managements 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 it has established for that purpose. To provide a reasonable for making these representations, management of the City has established a thorough internal control framework that is designed to both protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in accordance with GAAP. 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 financial statements of the City have been audited by the Ciuni & Panichi, Inc.. The goal of the independent audit was to provide reasonable assurance that the financial statements are free of material misstatement. The independent 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, the independent auditor concluded that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the year ended December 31, 2007 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 2007 population according to the 2000 Census was 20,735. The City is a home rule municipal corporation established pursuant to the general laws of the State of Ohio and its own charter. The current charter, which provides for the Mayor/Council form of government, was originally adopted in 1960.

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

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

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

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

Downtown Cleveland also is home to the Cleveland Browns of the National Football League who play in Cleveland Browns Stadium; Progressive Field is hosts Major League Baseball's Cleveland Indians; the Cleveland Cavaliers of the National Basketball Association play at the Quicken Loans Arena. The "Q" is also a venue of concerts by major recording artists, circuses, ice shows, and a variety of other professional attractions.

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

Economic Conditions

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

The City has a diverse base of residents working in many professions and industries. The City's economic strength is directly linked to this diversity and the strength of northeast Ohio's economy.

The tax base of the City's municipal income tax consists of business (and employees) located within the City as well as individual, resident taxpayers. Calculated from Ohio Department of Taxation statistics, the per capita income and median family income of City residents are 165% and 144.6% of the State of Ohio averages, respectively. 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 banking; insurance (including health); and retail. Revenue realized from the City's municipal income tax increased a modest 2.67% from 2006.

The City's administration has made every effort to encourage expansion and relocation of commercial and residential development. Through a productive relationship with the Rocky River Chamber of Commerce, the City has exceptional working relations within the business community and extends every effort possible to ensure the City's future growth and development.

As a primarily residential community, a good indicator of the economic strength of the community is its property values. The Cuyahoga County Auditor oversees property appraisals within the City. The City's full value per capita is approximately \$90,635, mainly attributable to quality housing stock with a median value of \$188,700 or 182% of the State of Ohio average. The City has experienced growth in assessed valuation of the real estate portion of just over four percent over the last five years.

Recent construction values of the building permits issued follows

Year	Amount	Change
2007	\$22,667,175	(22.9%)
2006	\$29,382,511	(13.0%)
2005	\$33,782,249	27.7%
2004	\$26,444,508	

Major Initiatives During 2007, the City completed or made substantial progress toward several major goals and projects.

The Don Umerley Civic Facility Improvement pool and fitness addition opened in October 2007. In addition to amounts paid in 2005 and 2006, payments to building and related contractors totaled \$5,179,935 in 2007 for a to-date cost of approximately \$7,974,160 as of December 31, 2007. The Improvement project was financed by the issuance, in February 2005, of \$8,400,000 Don Umerley Civic Facility Improvement, General Obligation Bonds, Series 2005. Building construction contracts for the project were let in April 2006; site improvements and construction began in 2005 and wound up in and 2007.

The City progressed on a project on Westover Avenue for curb, sanitary sewer, storm sewer, street surface and water main improvements or replacement expending \$788,303 in 2007. The City also expended \$281,345 in 2007 on Roslyn Drive to finalize a project that includes curb, sanitary sewer, storm sewer, street surface and water main improvements or replacement, as necessary. (Retained amounts for both projects exist at year end.) Also, the City expended \$159,592 on other various street resurfacing and sidewalk projects throughout the City. Local funds only were expended toward the projects described in this paragraph.

The City expended \$188,214 for Phase Two of improvements to the Hamilton Ice Arena, including \$124,775 for dasher board replacement.

In 2007, the City established comprehensive sewer maintenance and rehabilitation plan, by Michael Mackay, P.E, P.S., the City Engineer, to address critical infrastructure needs, including ongoing maintenance; a thorough evaluation of the system; to determine needs and priorities, and short term and long term efforts to effectively build capacity and eliminate infiltration.

The first significant project is being undertaken in an area known as the Valley View Sewer District. Original clay tile sanitary sewer lines dating from the late 1920's or early 1930's will be replaced with polyvinyl chloride (PVC) and a pump station will be replaced. The total estimated project cost of \$4,900,000 will be partially funded through a 30 year interest-free loan of \$2,987,712 to the City from the Ohio Public Works Commission and the resources provided by a sewer rate increase (described below). Engineering began in 2007 and will be ongoing through 2008: construction will start as soon as 2009 – 2010.

Long-term Financial Planning

The City expects its financial position will remain sound given a history of stable financial operations and moderately healthy reserves. Municipal Income Taxes account for approximately to 45% of total General Fund revenues. While this revenue source is economically sensitive and has remained relatively flat in recent years, it has not negatively impacted the City's financial position due to conservative budgeting: collections have been within budget expectations. Some financial flexibility is provided by estate tax receipts (Intergovernmental Revenue); of which collections have ranged from \$1.9 to \$4.0 million in the most recent five years.

Property tax revenue accounts for approximately to 21% of total General Fund revenue. The sexennial property revaluation, last undertaken by the Cuyahoga County Auditor in 2006, on behalf of all taxing districts in Cuyahoga County, resulted in an increase in the Total Tax Valuation of property in the City of approximately 10%. However, due to the phase out of the tangible personal property tax by the State of Ohio, that component of the City's Total Tax Valuation decreased by over 60% from 2006 to 2007. That statutory reduction was offset by a slight increase in the residential component of which makes up about 83% of the City's Total Tax Valuation. Finally, the City is monitoring the effects on its Total Tax Valuation by the current real estate market.

The City uses on-going analysis of these and other revenue sources as a basis for its annual budget while balancing the need for reserves. In the most recent five years, the General Fund reserve has fallen within a range of 23% to 39% with an average of just over 27%.

To address the aging infrastructure needs of the sanitary sewer collection system identified by the sewer maintenance and rehabilitation plan, the City established a Sewer Rehabilitation Fund that will be used for "...the accumulation of resources to rehabilitate through acquisition, construction, or improvement the City's sanitary sewer infrastructure" (City of Rocky River Ordinance No. 9-08). To support this newly established fund, effective March 1, 2008, a fixed fee of \$25.00 per quarter per household will be assessed to address the challenges of the sanitary sewer system.

Other sources of revenue directed towards this fund include grants, loan contributions and participation from Cuyahoga County and the State of Ohio. Also, if needed, portion of the existing Sanitary Sewer Fund may be transferred to a new Sewer Rehabilitation Fund. The funding sources for infrastructure projects will be analyzed on a case-by-case basis depending on the variable factors of each project.

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

Awards and Acknowledgements

Certificate of Achievement The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement of Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the year ending December 31, 2006. This was the twentieth year that the City has received this prestigious award. A “Certificate of Achievement” is awarded to the City when its publication is issued with easily readable language; is efficiently organized and comprehensive; and conforms to the programs standards for an annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a one year period only. The City believes the current CAFR continues to meet the award program requirements, and will submit it to determine its eligibility for another certificate.

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

The City would like to express its appreciation to the firm of Ciuni & Panichi, Inc. for its professional services for assistance with the preparation of the 2007 CAFR. Finally, the CAFR represents a coordinated effort among departments of the City; each department takes pride and care managing the assets of the public that are under its control. This report is meant to demonstrate and document such effort.

Respectfully submitted,

/s/ Michael A. Thomas

Michael A. Thomas, CPA
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Rocky River
Ohio

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

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



Oliver S. Cox

President

Jeffrey R. Emer

Executive Director

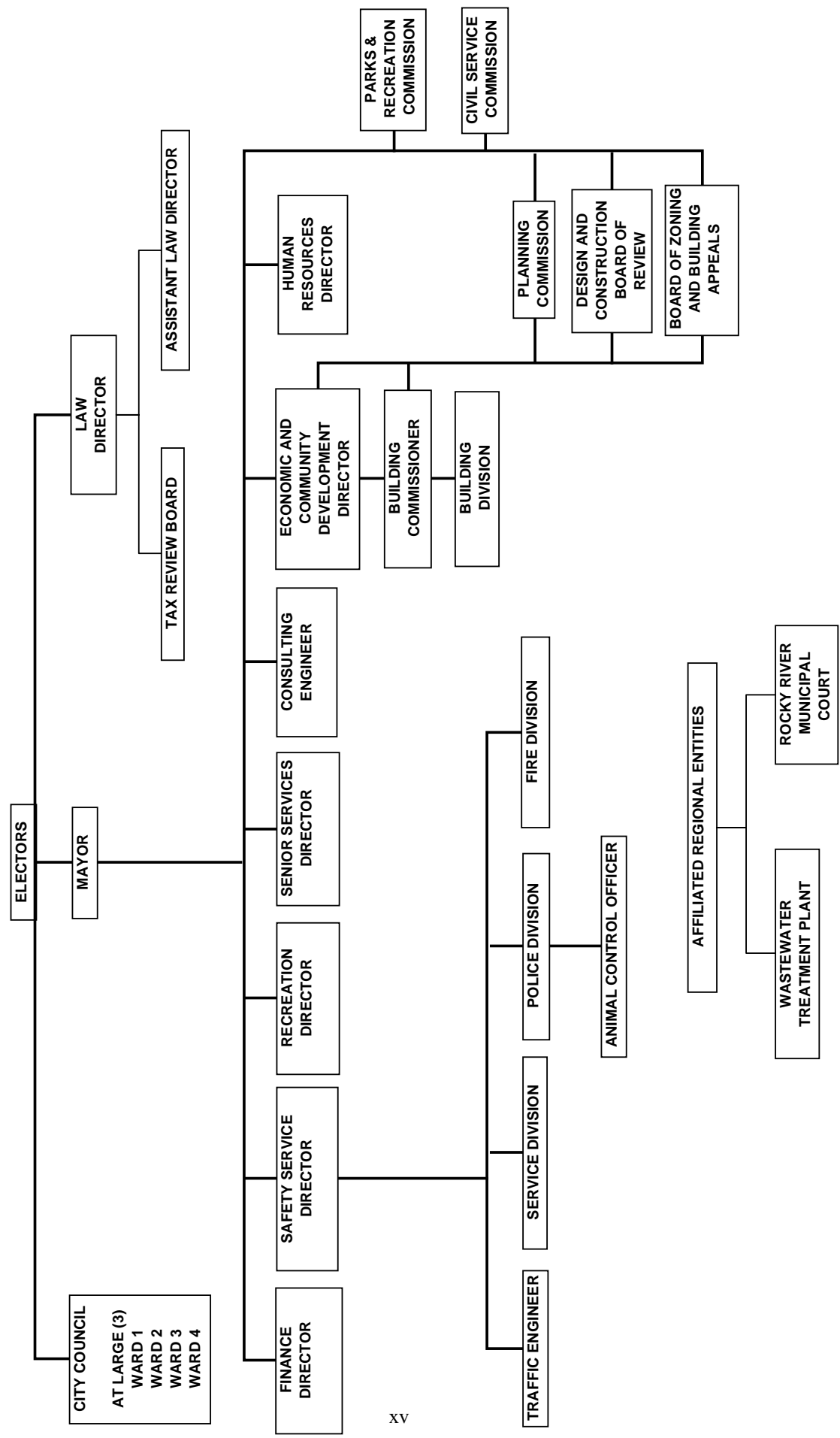
City of Rocky River, Ohio

List of Elected Officials

December 31, 2007

<u>TITLE</u>	<u>NAME</u>
Mayor	Pamela E. Bobst
Law Director	Andrew D. Bemer
Council Member – At-Large	Thomas T. Long
Council Member – At-Large	Brian A. Hurtuk
Council Member – At-Large	Linda S. Bartolozzi
Council Member – Ward 1	Thomas J. Hunt
Council Member – Ward 2	James W. Moran
Council Member – Ward 3	Frank B. Gollinger
Council President – Ward 4	Brian F. Hagan

CITY OF ROCKY RIVER ORGANIZATIONAL CHART



Independent Auditors' Report

Members of the City Council
Rocky River, Ohio

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rocky River, as of December 31, 2007, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparison for the General and Recreation Center Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, during the year ended December 31, 2007, the City of Rocky River implemented GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans other than Pension Plans* and GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2008 on our consideration of the City of Rocky River's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Members of the City Council
Rocky River, Ohio

The management's discussion and analysis on pages 3 through 13, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Cini & Panichi, Inc.

Cleveland, Ohio
June 27, 2008

City of Rocky River, Ohio
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended December 31, 2007

This Management Discussion and Analysis of the City of Rocky River (City) provides an overall review of the City's financial activities for the year ended December 31, 2007. The intent of the Management Discussion and Analysis is to look at the City's financial performance as a whole; readers should also review the Transmittal Letter and the Basic Financial Statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2007 are:

- Total revenues were \$30,523,566, an increase of 6.8 percent from 2006. Total expenses were \$29,277,779, an increase of 2.9 percent over 2006 levels. This resulted in a increase in total net assets of \$1,245,787 or 2.0 percent.
- Total assets increased by \$282,038 or 0.3 percent from 2006.
- Total liabilities decreased by \$963,749 or 2.7 percent from 2006.
- Total capital assets increased by \$5,597,576 or 9.6 percent from 2006.
- Total outstanding long-term liabilities decreased \$1,071,495 from 2006, a decrease of 4.1 percent.

Using This Comprehensive Annual Financial Report

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

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

Reporting the City of Rocky River as a Whole

Statement of Net Assets and Statement of Activities

While this document contains information about the funds used by the City to provide services to citizens, the view of the City as a whole looks at all financial transactions and asks the question, "How did the City do financially during 2007?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting method used by the private sector. The basis of this accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

City of Rocky River, Ohio
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended December 31, 2007

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

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

Reporting the Most Significant Funds of the City of Rocky River

Fund Financial Statements

The presentation of the City's major funds begins on page 18. Fund financial statements provide detailed information about the City's major funds based on the restrictions on the use of monies. The City has established many funds that account for the multitude of services, facilities and infrastructure provided to City residents. However, these fund financial statements focus on the City's most significant funds. In the case of the City, the major funds are the General, Sanitary Sewer, Recreation Center, General Obligation Bond Retirement and Capital Improvement.

Government Funds

Most of the City's activities are reported in the governmental funds that focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. Governmental funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that are expected to be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general operations and the basic services it provides. Government fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future on services provided to residents. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

City of Rocky River, Ohio
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended December 31, 2007

Proprietary Funds

The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities. The City uses an enterprise fund to account for the operations of its sanitary sewer charges. 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 for its self-insurance of health related employee benefits. Because this predominantly affects governmental rather than business functions, it has been included within the governmental activities in the government-wide financial statements.

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

Fiduciary Funds

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

Notes to the Financial Statements

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

The City of Rocky River as a Whole

The Statement of Net Assets looks at the City as a whole. Table 1 provides a summary of the City's net assets for 2007 compared to 2006.

City of Rocky River, Ohio
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended December 31, 2007

Table 1
Net Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Assets						
Current and Other Assets	\$ 28,438,798	\$ 33,436,428	\$ 6,880,939	\$ 7,198,847	\$ 35,319,737	\$ 40,635,275
Capital Assets, Net	<u>47,638,914</u>	<u>41,836,432</u>	<u>16,440,956</u>	<u>16,645,862</u>	<u>64,079,870</u>	<u>58,482,294</u>
Total Assets	<u>76,077,712</u>	<u>75,272,860</u>	<u>23,321,895</u>	<u>23,844,709</u>	<u>99,399,607</u>	<u>99,117,569</u>
Liabilities						
Current and Other Liabilities	9,481,192	9,396,848	80,606	57,204	9,561,798	9,454,052
Long-Term Liabilities						
Due Within One Year	1,262,179	1,303,474	26,879	25,903	1,289,058	1,329,377
Due In More Than One Year	<u>23,237,131</u>	<u>24,258,761</u>	<u>344,907</u>	<u>354,453</u>	<u>23,582,038</u>	<u>24,613,214</u>
Total Liabilities	<u>33,980,502</u>	<u>34,959,083</u>	<u>452,392</u>	<u>437,560</u>	<u>34,432,894</u>	<u>35,396,643</u>
Net Assets						
Invested in Capital Assets						
Net of Related Debt	26,993,766	24,996,254	16,178,646	16,369,129	43,172,412	41,365,383
Restricted for:						
Capital Projects	4,038,732	8,538,517	0	0	4,038,732	8,538,517
Debt Service	299,208	370,924	0	0	299,208	370,924
Recreation	0	825,367	0	0	0	825,367
Municipal Probation	381,081	380,220	0	0	381,081	380,220
Aging	354,143	800,380	0	0	354,143	800,380
Street Construction and						
Maintenance	696,805	505,658	0	0	696,805	505,658
Other Purposes	364,080	848,768	0	0	364,080	848,768
Unrestricted	<u>8,969,395</u>	<u>3,047,689</u>	<u>6,690,857</u>	<u>7,038,020</u>	<u>15,660,252</u>	<u>10,085,709</u>
Total Net Assets	<u>\$ 42,097,210</u>	<u>\$ 40,313,777</u>	<u>\$ 22,869,503</u>	<u>\$ 23,407,149</u>	<u>\$ 64,966,713</u>	<u>\$ 63,720,926</u>

Net Assets may serve over time as a useful indicator of a government's financial position. For the City, Total Assets exceed Total Liabilities by \$64,966,713 as of December 31, 2007.

\$43,172,412 reflects the investments in capital assets (land, construction in progress, buildings, improvements, machinery and equipment, furniture and fixtures and infrastructure) less any related debt to acquire those assets that is still outstanding. These capital assets are used to provide services to the City's citizens; consequently, these assets are not available for future spending. Although, the City's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Total Assets for 2007 increased by \$282,038 or 0.3 percent when compared to 2006. The increase in Total Assets was due to an increase in Intergovernmental Receivable and Capital Assets; a decrease in Cash and Cash Equivalents moderated that increase. The issuance of general obligation bonds in February 2005 continues to influence Cash and Cash Equivalent balances as of December 31, 2007. The City's Total Liabilities decreased

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For the Fiscal Year Ended December 31, 2007

\$963,749 or 2.7 percent when compared to 2006. The largest decreases were due to contracts becoming completed during 2007 and unearned revenue accrued in relation to intergovernmental receivable.

Table 2 shows the changes in net assets for the year ended December 31, 2007 compared to 2006.

Table 2
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Program Revenues:						
Charges for Services	\$ 5,344,027	\$ 5,549,170	\$ 1,862,049	\$ 1,882,034	\$ 7,206,076	\$ 7,431,204
Operating Grants and Contributions	802,553	840,519	0	0	802,553	840,519
Capital Grants and Contributions	<u>874,200</u>	<u>623,353</u>	<u>54,603</u>	<u>219,730</u>	<u>928,803</u>	<u>843,083</u>
Total Program Revenues	<u>7,020,780</u>	<u>7,013,042</u>	<u>1,916,652</u>	<u>2,101,764</u>	<u>8,937,432</u>	<u>9,114,806</u>
General Revenues:						
Property and Other Local Taxes	7,082,032	6,360,222	0	0	7,082,032	6,360,222
Municipal Income Taxes	8,893,894	8,203,978	0	0	8,893,894	8,203,978
Franchise Tax	149,384	139,215	0	0	149,384	139,215
Admissions Tax	40,874	45,929	0	0	40,874	45,929
Grants and Entitlements	3,837,407	3,453,555	0	0	3,837,407	3,453,555
Investment Income	1,110,881	1,202,568	0	0	1,110,881	1,202,568
Miscellaneous	<u>471,662</u>	<u>71,946</u>	<u>0</u>	<u>0</u>	<u>471,662</u>	<u>71,946</u>
Total General Revenues	<u>21,586,134</u>	<u>19,477,413</u>	<u>0</u>	<u>0</u>	<u>21,586,134</u>	<u>19,477,413</u>
Total Revenues	<u>28,606,914</u>	<u>26,490,455</u>	<u>1,916,652</u>	<u>2,101,764</u>	<u>30,523,566</u>	<u>28,592,219</u>
Program Expenses:						
General Government	6,808,557	8,818,319	0	0	6,808,557	8,818,319
Security of Persons and Property	8,893,601	9,202,339	0	0	8,893,601	9,202,339
Public Health	1,363,640	1,220,577	0	0	1,363,640	1,220,577
Transportation	2,314,773	3,244,883	0	0	2,314,773	3,244,883
Community Development	790,060	257,600	0	0	790,060	257,600
Basic Utility Service	1,693,864	1,934,737	0	0	1,693,864	1,934,737
Leisure Time Activities	4,076,680	783,730	0	0	4,076,680	783,730
Interest and Fiscal Charges	882,306	925,760	0	0	882,306	925,760
Sanitary Sewer Charges	<u>0</u>	<u>0</u>	<u>2,454,298</u>	<u>2,078,404</u>	<u>2,454,298</u>	<u>2,454,298</u>
Total Program Expenses	<u>26,823,481</u>	<u>26,387,945</u>	<u>2,454,298</u>	<u>2,078,404</u>	<u>29,277,779</u>	<u>28,466,349</u>
Increase (Decrease) in Net Assets	<u>1,783,433</u>	<u>102,510</u>	<u>(537,646)</u>	<u>23,360</u>	<u>1,245,787</u>	<u>125,870</u>
Net Assets January 1	<u>40,313,777</u>	<u>40,211,267</u>	<u>23,407,149</u>	<u>23,383,789</u>	<u>63,720,926</u>	<u>63,595,056</u>
Net Assets December 31	<u>\$ 42,097,210</u>	<u>\$ 40,313,777</u>	<u>\$ 22,869,503</u>	<u>\$ 23,407,149</u>	<u>\$ 64,966,713</u>	<u>\$ 63,720,926</u>

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Governmental Activities

Governmental activities increased the City's Net Assets by \$1,783,433 during 2007, compared to an increase in 2006 of \$102,510. The primary reason for the difference between 2007 and 2006 change in Net Assets was primarily due to an increase in taxes collected, both Property and Other Local Taxes as well as Municipal Income Taxes.

Several revenue sources fund the City's governmental activities with City income tax being the largest contribution. The income tax rate of 1/2 percent was established by City Ordinance No. 81-67, passed August 28, 1967. The Income Tax Ordinance was amended on June 24, 1968 by City Ordinance No. 82-68 to increase the income tax rate to 1 percent and then on March 28, 1977, City Ordinance No. 5-77 approved an increase in the income tax rate to 1-1/2 percent and a change in the tax credit for residents having income taxable in another community. The income tax revenue amount for 2007 was \$8,893,894, a \$689,916 increase from 2006. The City monitors its sources of revenue very closely to react to any changes or fluctuations.

Income tax collections fluctuate year to year, however, overall, the City has enjoyed a consistent revenue stream in income tax collections for the past several years. This consistency has been especially important to the City because income tax revenue provided the City the funds needed to maintain streets, make infrastructure improvements and strengthen the safety forces. The City continues to be very aggressive in collecting delinquent income tax. The City records income tax revenues in the General Fund.

Grants and Entitlements increased \$383,852 during 2007. The amounts collected by the City under provisions of the Ohio Revised Code Chapter 5731, Estate Tax are recorded as Entitlements. During 2007, \$1,406,789 from current distributions from estates and \$588,963 from revised distributions was received. The City allocates Estate Tax revenue to the General Fund.

Total expenses for 2007 were \$26,823,481, a 1.7 percent increase over 2006 levels. The increase in expenditures from 2006 resulted from expending bond proceeds in 2007 for the Don Umerley Civic Facility Improvement project. The 2005 bond proceeds did not greatly impact 2005 or 2006 expenditures as most of the proceeds were unspent at December 31, 2005 and 2006. The construction contracts were let and construction began for that project in April 2006 and was completed in October 2007.

During 2007, the largest program function for the City relates to Security of Persons and Property, which includes police and fire protection. This program accounts for 33.2 percent of expenses. The decrease of \$308,738 was the result of decreased prisoner expenses and benefit payments. The Police Division, which is funded from the General Fund, operated within its operating budget during 2007. The Police Division capital budget allowed for the purchase of three new police vehicles from the Equipment Purchase Fund that receives State of Ohio Liquor Permit revenue. The Division continues to upgrade the vehicles and other safety equipment to better serve the community.

In 2007, the Fire Division operated with 28 full-time firefighters/paramedics, including officers. The Fire Division is funded with General Fund revenues. The Division continues to upgrade other emergency fire and rescue equipment to better serve the community.

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Transportation accounts for 8.6 percent of expenses. Expenses under the Transportation heading were made for the maintenance and repairs to the City's roads and infrastructure. The City was impacted by fair weather in early 2007 in several ways: lower expenditures for road salt, lower employee overtime costs related to clearing streets; lower street repair costs for materials and labor. The result in 2007 was a decrease of \$930,110 for Transportation expenses. The City pays for its road and infrastructure projects primarily from the City's general revenues, a part of which is provided by the City's income tax. The City takes great pride in maintaining its streets in above average condition and continues to set aside money towards future capital improvements. The City may either pay cash for street improvement projects or issue short-term debt and complete repayment within one or two years. The City annually designates dollars toward capital projects.

Business-Type Activities

Charges for services is the primary source of revenue for the Sanitary Sewer Fund. The Sanitary Sewer Fund's expenses increased over 2006 by 18.1 percent. The increase in expenses was primarily related to higher contractual services paid to the Rocky River Wastewater Treatment Plant for sanitary sewer expenses.

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, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Information about the City's governmental funds begins on page 18. These funds are accounted for by using the modified accrual basis of accounting.

As of December 31, 2007, the City's governmental funds reported combining ending fund balances of \$15,327,235. Of that amount, \$13,657,730 constitutes unreserved fund balances, which is available for spending at the City's discretion. The \$1,669,505 remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchases of prior period(s).

All governmental funds had total revenues of \$27,814,177 and expenditures of \$33,624,031, leaving a \$5,809,854 current year deficit, after consideration of \$32,740 in other financing sources and uses.

The General Fund is the most significant fund as it is the source for providing a significant portion of major governmental activities such as police, fire, service, legislative and administrative functions. In 2007, the general fund had total revenues and other financing sources of \$19,456,329 and expenditures and other financing uses of \$19,168,835 resulting in an increase in fund balance at December 31, 2007 of \$287,494. This represents 1.5 percent of the current year general fund expenditures. Revenues ended approximately \$183,991 above last year's revenues while expenditures were approximately \$3,476,755 less than last year's expenditures primarily due to a decrease in transfers out of \$3,897,000.

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The Recreation Center Fund accounts for the operation and maintenance of the City's recreation activities. In 2007, the Recreation Center Fund had total revenues of \$2,237,466 and expenditures of \$3,121,646 resulting in a decrease in fund balance of \$884,180 at December 31, 2007. Revenues ended approximately \$624,811 below last year's revenues mainly due to transfers of \$1,100,000 in 2006 while expenditures were approximately \$631,197 more than last year's expenditures.

The General Obligation Bond Retirement Fund accounts for the repayment of general obligation bonds of the City. In 2007, the General Obligation Bond Retirement Fund had total revenues of \$1,645,298 and expenditures of \$1,675,922 resulting in a decrease in fund balance of \$30,624 at December 31, 2007. Revenues ended approximately \$121,436 below last year's revenues while expenditures were approximately \$21,251 less than last year's expenditures due to the repayment of bond principal and interest.

The Capital Improvement Fund accounts for the various projects of the City financed by tax monies and general fund subsidies. In 2007, the Capital Improvement Fund had total revenues of \$2,525,654 and expenditures of \$7,006,078 resulting in a decrease in fund balance of \$4,480,424 at December 31, 2007. Revenues ended approximately \$1,085,218 under last year's revenues mainly due to receiving a larger amount of transfers in the prior year. Expenditures were approximately \$1,308,715 more than last year's expenditures due to the increase in capital outlay as bond proceeds were spent.

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 2007, the City supplemented the General Fund budget three times for a total increase in budgeted expenditures of \$71,081. The General Fund's actual expenditures, not including other financing uses, were \$1,353,102 under the final budgeted amount of \$15,398,229. All capital projects and requests for capital type purchases are included in the annual appropriations ordinance and any supplemental appropriations ordinance(s) as necessary. Recommendations for budget changes are presented to City Council as a supplemental appropriations ordinance. The City administration may make budget changes that modify line items within departments within the same fund. The General Fund supports many major activities such as the Police Division, Fire Division, Engineer/Building, Finance, Rocky River Municipal Court and Economic/Community Development Departments as well as the legislative and most executive activities. Some major capital projects are funded with General Fund dollars. By Ordinance, these funds are transferred from the General Fund to Capital Improvement Fund where the revenue and expenditures for the capital improvement project are tracked and monitored. For the General Fund, the original and final budgeted revenues were \$17,893,538, not including sale of capital assets, transfers, and advances. The City continued to maintain a comfortable level of liquidity in the General Fund by maintaining unrestricted cash at year-end of 39.52 percent of General Fund revenue.

City of Rocky River, Ohio
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For the Fiscal Year Ended December 31, 2007

Capital Assets and Debt Administration

Capital Assets

Table 3 shows fiscal 2007 balances of Capital Assets as compared to 2006:

Table 3
 Capital Assets at December 31

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land	\$1,455,114	\$1,455,114	\$39,516	\$39,516	\$1,494,630	\$1,494,630
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	955,207	3,207,280	151,566	219,730	1,106,773	3,427,010
Land Improvements	2,630,617	2,673,275	0	0	2,630,617	2,673,275
Buildings	24,631,397	16,563,165	0	0	24,631,397	16,563,165
Equipment	325,359	313,839	32,978	9,874	358,337	323,713
Vehicles	1,192,646	907,384	8,487	11,316	1,201,133	918,700
Infrastructure:						
Roads	7,668,768	7,985,346	0	0	7,668,768	7,985,346
Sidewalks	438,517	251,750	0	0	438,517	251,750
Traffic Signals	1,013,649	1,141,429	0	0	1,013,649	1,141,429
Storm Sewers	3,092,510	3,020,965	0	0	3,092,510	3,020,965
Sewer Lines	0	0	15,958,409	16,115,426	15,958,409	16,115,426
Water Mains	3,089,876	3,133,695	0	0	3,089,876	3,133,695
Parks	942,096	980,032	0	0	942,096	980,032
Total Capital Assets	\$47,638,914	\$41,836,432	\$16,440,956	\$16,645,862	\$64,079,870	\$58,482,294

Total Capital Assets for the City as of December 31, 2007 were \$64,079,870, a \$5,597,576 increase over 2006. Capital asset additions of \$8,276,165 were offset by \$396,750 in deletions and \$2,596,421 of depreciation expense.

The City seeks grants for infrastructure projects as well as improving City facilities and was able to secure grant funding in 2005 for a portion of the Orchard Park/ Bates Road neighborhood project. It is through these grants as well as loans and careful use of debt that the City proved able to improve upon capital assets and at the same time maintain revenue at a level that enables debt service loads at comfortable margins. See Note 9 for additional information on capital assets.

City of Rocky River, Ohio
Management's Discussion and Analysis (Unaudited)
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Debt

On December 31, 2007, the City had \$20,940,271 in bonds and loans outstanding. Table 4 summarizes bonds and loans outstanding.

Table 4
 Outstanding Debt at Year End

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
General Obligation Bonds	\$20,007,961	\$21,120,782	\$ 0	\$ 0	\$20,007,961	\$21,120,782
Special Assessment Bonds	670,000	710,000	0	0	670,000	710,000
OWDA Loan	0	0	262,310	276,733	262,310	276,733
Total Outstanding Debt	\$20,677,961	\$21,830,782	\$262,310	\$276,733	\$20,940,271	\$22,107,515

The General Obligation Bonds are composed of the Various Purpose General Obligation Bonds, Series 2004, of \$8,875,000, Rocky River Municipal Court Facility, Series 2002, of \$3,210,000 and Civic Facility Improvements, Series 2005 of \$7,535,000. The Series 2004 Bonds are paid from monies transferred from the General Fund into the Debt Service Fund. The Series 2002 Bonds are paid from court costs assessed and collected in accordance with Ohio Revised Code Section 1901.26(B)(1) from the Municipal Court Capital Improvement Fund. The Series 2005 Bonds are paid from property tax levy proceeds approved for that purpose.

The Special Assessment Bonds consist of Erosion Control A & B Bonds: one for \$400,000 (Series 1998) and one for \$270,000 (Series 2000). The principal and interest for these bonds are paid from the Special Assessment Fund with monies collected through the Cuyahoga County Auditor from the affected taxpayers.

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

The City's overall legal debt margin was \$55,698,619 on December 31, 2007.

See Note 16 of the Basic Financial Statements for additional information on the City's debt.

City of Rocky River, Ohio
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Current Financial Related Activities

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

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

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

The City has committed itself to financial excellence which is proven by the bond rating Aa2 by Moody's Investors Service that was affirmed in 2005.

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.

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City of Rocky River, Ohio

Statement of Net Assets

December 31, 2007

	Governmental Activities	Business - Type Activities	Total
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$ 15,887,253	\$ 649,113	\$ 16,536,366
Accrued Interest Receivable	162,444	0	162,444
Accounts Receivable, Net of Allowance			
For Doubtful Accounts	308,439	278,581	587,020
Intergovernmental Receivable	1,642,561	0	1,642,561
Interfund Receivable	16,097	0	16,097
Materials and Supplies Inventory	202,159	19,692	221,851
Taxes Receivable	9,472,350	0	9,472,350
Special Assessments Receivable	714,682	0	714,682
Investment in Joint Venture	0	5,933,553	5,933,553
Deferred Charges	32,813	0	32,813
Nondepreciable Capital Assets	2,613,479	441,082	3,054,561
Depreciable Capital Assets, Net	<u>45,025,435</u>	<u>15,999,874</u>	<u>61,025,309</u>
Total Assets	<u>76,077,712</u>	<u>23,321,895</u>	<u>99,399,607</u>
Liabilities:			
Accounts Payable	551,604	10,888	562,492
Contracts Payable	232,778	0	232,778
Accrued Wages and Benefits	344,440	15,825	360,265
Intergovernmental Payable	812,428	47,807	860,235
Interfund Payable	16,097	0	16,097
Unearned Revenue	6,807,197	0	6,807,197
Retainage Payable	480,689	0	480,689
Accrued Interest Payable	75,039	6,086	81,125
Claims Payable	160,920	0	160,920
Long-Term Liabilities:			
Due within One Year	1,262,179	26,879	1,289,058
Due in More than One Year	<u>23,237,131</u>	<u>344,907</u>	<u>23,582,038</u>
Total Liabilities	<u>33,980,502</u>	<u>452,392</u>	<u>34,432,894</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	26,993,766	16,178,646	43,172,412
Restricted for:			
Capital Projects	4,038,732	0	4,038,732
Debt Service	299,208	0	299,208
Municipal Probation Services	381,081	0	381,081
Aging	354,143	0	354,143
Street Construction and Maintenance	696,805	0	696,805
Other Purposes	364,080	0	364,080
Unrestricted	<u>8,969,395</u>	<u>6,690,857</u>	<u>15,660,252</u>
Total Net Assets	<u>\$ 42,097,210</u>	<u>\$ 22,869,503</u>	<u>\$ 64,966,713</u>

See Accompanying Notes to the Basic Financial Statements

City of Rocky River, Ohio

Statement of Activities

For The Year Ended December 31, 2007

	Expenses	Charges for Services	Program Revenues	
			Operating Grants and Contributions	Capital Grants and Contributions
Government activities:				
General Government	\$ 6,808,557	\$ 2,130,604	\$ 0	\$ 873,945
Security of Persons and Property	8,893,601	804,196	24,107	0
Public Health	1,363,640	489,380	0	255
Transportation	2,314,773	75	737,192	0
Leisure Time Activities	4,076,680	1,907,655	0	0
Community Development	790,060	270	0	0
Basic Utility Service	1,693,864	11,847	41,254	0
Interest and Fiscal Charges	882,306	0	0	0
Total Governmental Activities	<u>26,823,481</u>	<u>5,344,027</u>	<u>802,553</u>	<u>874,200</u>
Business-Type Activities:				
Sewer	<u>2,454,298</u>	<u>1,862,049</u>	<u>0</u>	<u>54,603</u>
Total	<u>\$ 29,277,779</u>	<u>\$ 7,206,076</u>	<u>\$ 802,553</u>	<u>\$ 928,803</u>

General Revenues:

Property Taxes Levied for:

 General Purposes

 Recreation

 Office on Aging

 Refuse and Recycling

 Fire Levy

 Police Levy

 Capital Improvements

 General Obligation Bond Retirement

Municipal Income Taxes Levied for:

 General Purposes

 Franchise Tax

 Admissions Tax

 Grants and Entitlements not Restricted to Specific Programs

 Investment Income

 Other

Total General Revenues

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See Accompanying Notes to the Basic Financial Statements

<u>Primary Government</u>		
<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
\$ (3,804,008)	\$ 0	\$ (3,804,008)
(8,065,298)	0	(8,065,298)
(874,005)	0	(874,005)
(1,577,506)	0	(1,577,506)
(2,169,025)	0	(2,169,025)
(789,790)	0	(789,790)
(1,640,763)	0	(1,640,763)
<u>(882,306)</u>	<u>0</u>	<u>(882,306)</u>
<u>(19,802,701)</u>	<u>0</u>	<u>(19,802,701)</u>
<u>0</u>	<u>(537,646)</u>	<u>(537,646)</u>
<u>(19,802,701)</u>	<u>(537,646)</u>	<u>(20,340,347)</u>
4,210,179	0	4,210,179
293,591	0	293,591
331,210	0	331,210
624,749	0	624,749
187,441	0	187,441
267,410	0	267,410
624,801	0	624,801
542,651	0	542,651
8,893,894	0	8,893,894
149,384	0	149,384
40,874	0	40,874
3,837,407	0	3,837,407
1,110,881	0	1,110,881
<u>471,662</u>	<u>0</u>	<u>471,662</u>
<u>21,586,134</u>	<u>0</u>	<u>21,586,134</u>
1,783,433	(537,646)	1,245,787
<u>40,313,777</u>	<u>23,407,149</u>	<u>63,720,926</u>
\$ <u>42,097,210</u>	\$ <u>22,869,503</u>	\$ <u>64,966,713</u>

See Accompanying Notes to the Basic Financial Statements

City of Rocky River, Ohio

Balance Sheet Governmental Funds

December 31, 2007

	General	Recreation Center	General Obligation Bond Retirement
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$ 8,025,448	\$ 166,430	\$ 329,176
Accrued Interest Receivable	144,098	0	0
Accounts Receivable, Net of Allowance			
For Doubtful Accounts	240,634	14,088	0
Intergovernmental Receivable	1,045,042	28,722	40,702
Interfund Receivable	16,097	0	0
Materials and Supplies Inventory	29,362	6,250	0
Municipal Income Taxes Receivable	2,391,223	0	0
Property Taxes Receivable	4,092,761	324,824	649,644
Special Assessments Receivable	<u>0</u>	<u>0</u>	<u>0</u>
 Total Assets	 \$ <u>15,984,665</u>	 \$ <u>540,314</u>	 \$ <u>1,019,522</u>
 Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	\$ 221,942	\$ 95,175	\$ 0
Contracts Payable	0	0	0
Accrued Wages and Benefits	202,747	57,821	0
Intergovernmental Payable	310,170	93,736	0
Interfund Payable	0	0	0
Deferred Revenue	6,084,420	353,546	690,346
Retainage Payable	<u>0</u>	<u>0</u>	<u>0</u>
 Total Liabilities	 <u>6,819,279</u>	 <u>600,278</u>	 <u>690,346</u>
 Fund Balances:			
Reserve for Encumbrances	95,033	41,028	0
Reserve for Inventory	29,362	6,250	0
Unreserved, Undesignated (Deficit), Reported In:			
General Fund	9,040,991	0	0
Special Revenue Funds	0	(107,242)	0
Debt Service Funds	0	0	329,176
Capital Project Funds	<u>0</u>	<u>0</u>	<u>0</u>
 Total Fund Balances	 <u>9,165,386</u>	 <u>(59,964)</u>	 <u>329,176</u>
 Total Liabilities and Fund Balances	 \$ <u>15,984,665</u>	 \$ <u>540,314</u>	 \$ <u>1,019,522</u>

See Accompanying Notes to the Basic Financial Statements

<u>Capital Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 2,462,798	\$ 4,465,244	\$ 15,449,096
2,804	15,542	162,444
0	53,717	308,439
77,636	450,459	1,642,561
0	0	16,097
0	166,547	202,159
0	0	2,391,223
649,644	1,364,254	7,081,127
<u>0</u>	<u>714,682</u>	<u>714,682</u>
\$ <u>3,192,882</u>	\$ <u>7,230,445</u>	\$ <u>27,967,828</u>
\$ 0	\$ 234,362	\$ 551,479
232,778	0	232,778
0	83,872	344,440
0	408,522	812,428
0	16,097	16,097
688,278	2,386,092	10,202,682
<u>480,689</u>	<u>0</u>	<u>480,689</u>
<u>1,401,745</u>	<u>3,128,945</u>	<u>12,640,593</u>
1,180,149	151,136	1,467,346
0	166,547	202,159
0	0	9,040,991
0	1,606,223	1,498,981
0	(8,575)	320,601
<u>610,988</u>	<u>2,186,169</u>	<u>2,797,157</u>
<u>1,791,137</u>	<u>4,101,500</u>	<u>15,327,235</u>
\$ <u>3,192,882</u>	\$ <u>7,230,445</u>	\$ <u>27,967,828</u>

City of Rocky River, Ohio

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

December 31, 2007

Total Governmental Funds Balance \$ 15,327,235

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 47,638,914

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

Delinquent Property Taxes	\$ 273,931
Other Local Taxes	95,123
Municipal Income Taxes	1,322,178
Special Assessments	714,682
Charges for Services	68,414
Intergovernmental	<u>921,157</u>

Total 3,395,485

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (75,039)

Internal service funds are used by management to charge the costs of certain activities, such as insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets. 277,112

Bond issuance costs will be amortized over the life of the bonds on the statement of assets. 32,813

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

General Obligation Bonds	(20,007,961)
Special Assessments	(670,000)
Compensated Absences	(3,218,927)
Police and Fire Pension Liability	<u>(602,422)</u>

Total (24,499,310)

Net Assets of Governmental Activities \$ 42,097,210

See Accompanying Notes to the Basic Financial Statements

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City of Rocky River, Ohio

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

For The Year Ended December 31, 2007

	General	Recreation Center	General Obligation Bond Retirement
Revenues:			
Property Taxes	\$ 4,071,025	\$ 304,288	\$ 564,044
Municipal Income Taxes	8,524,272	0	0
Other Local Taxes	40,874	0	0
Intergovernmental	3,181,576	39,436	41,254
Charges for Services	33,029	1,845,361	0
Fines, Fees and Permits	2,585,460	0	0
Special Assessments	0	0	0
Investment Income	796,134	0	0
Rentals	82,302	48,381	0
Other	108,917	0	0
Total Revenues	<u>19,423,589</u>	<u>2,237,466</u>	<u>605,298</u>
Expenditures:			
Current:			
Security of Persons and Property	7,392,408	0	0
Public Health	0	0	0
Leisure Time Activities	412,174	3,109,975	0
Community Development	965,311	0	0
Basic Utility Service	0	0	0
Transportation	614,045	0	0
General Government	4,598,005	0	0
Capital Outlay	71,892	11,671	0
Debt Service:			
Principal Retirement	0	0	985,000
Interest and Fiscal Charges	0	0	690,922
Total Expenditures	<u>14,053,835</u>	<u>3,121,646</u>	<u>1,675,922</u>
Excess of Revenues Over (Under) Expenditures	<u>5,369,754</u>	<u>(884,180)</u>	<u>(1,070,624)</u>
Other Financing Sources (Uses):			
Sale of Capital Assets	32,740	0	0
Transfers - In	0	0	1,040,000
Transfers - Out	(5,115,000)	0	0
Total Other Financing Sources (Uses)	<u>(5,082,260)</u>	<u>0</u>	<u>1,040,000</u>
Net Change in Fund Balances	287,494	(884,180)	(30,624)
Fund Balances at Beginning of Year	<u>8,877,892</u>	<u>824,216</u>	<u>359,800</u>
Fund Balances (Deficit) at End of Year	\$ <u>9,165,386</u>	\$ <u>(59,964)</u>	\$ <u>329,176</u>

See Accompanying Notes to the Basic Financial Statements

<u>Capital Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 646,194	\$ 1,455,788	\$ 7,041,339
0	0	8,524,272
149,384	0	190,258
80,256	1,724,581	5,067,103
1,785	482,083	2,362,258
440	209,998	2,795,898
9,932	59,613	69,545
262,482	52,265	1,110,881
0	0	130,683
<u>375,181</u>	<u>5,102</u>	<u>489,200</u>
 <u>1,525,654</u>	 <u>3,989,430</u>	 <u>27,781,437</u>
 0	1,266,730	8,659,138
0	1,258,586	1,258,586
0	0	3,522,149
0	0	965,311
0	1,601,443	1,601,443
0	1,553,481	2,167,526
0	32,029	4,630,034
7,006,078	1,669,535	8,759,176
 0	169,751	1,154,751
<u>0</u>	<u>214,995</u>	<u>905,917</u>
 <u>7,006,078</u>	 <u>7,766,550</u>	 <u>33,624,031</u>
 <u>(5,480,424)</u>	 <u>(3,777,120)</u>	 <u>(5,842,594)</u>
 0	0	32,740
1,000,000	3,075,000	5,115,000
<u>0</u>	<u>0</u>	<u>(5,115,000)</u>
 <u>1,000,000</u>	 <u>3,075,000</u>	 <u>32,740</u>
 (4,480,424)	 (702,120)	 (5,809,854)
 <u>6,271,561</u>	 <u>4,803,620</u>	 <u>21,137,089</u>
\$ <u><u>1,791,137</u></u>	\$ <u><u>4,101,500</u></u>	\$ <u><u>15,327,235</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, 2007

Net Change in Fund Balances - Total Governmental Funds \$ (5,809,854)

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

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

Capital Outlay	\$	8,204,292	
Depreciation		<u>(2,319,642)</u>	
Total			5,884,650

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the Statement of Activities, a gain or loss is reported for each disposal. (82,168)

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

Property and Other Taxes	40,693		
Municipal Income Taxes	369,622		
Special Assessments	(50,881)		
Charges for Services	68,414		
Intergovernmental	<u>447,057</u>		
Total			874,905

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 1,130,000

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	2,431		
Amortization of Bond Premium	22,821		
Amortization of Issuance Costs	<u>(1,641)</u>		
Total			23,611

(continued)

City of Rocky River, Ohio

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

For The Year Ended December 31, 2007

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	(114,647)	
Police and Fire Pension Liability	<u>24,751</u>	
Total		(89,896)

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

(147,815)

Change in Net Assets of Governmental Activities

\$ 1,783,433

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, 2007

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property and Other Taxes	\$ 4,519,411	\$ 4,519,411	\$ 4,071,025	\$ (448,386)
Municipal Income Taxes	7,800,000	7,800,000	8,723,392	923,392
Other Local Taxes	42,000	42,000	40,874	(1,126)
Intergovernmental	1,820,377	1,820,377	3,357,673	1,537,296
Charges for Services	51,800	51,800	33,029	(18,771)
Rentals	75,000	75,000	82,302	7,302
Fines, Fees, and Permits	2,951,450	2,951,450	2,756,060	(195,390)
Investment Income	600,000	600,000	780,611	180,611
Miscellaneous Income	33,500	33,500	108,917	75,417
Total Revenues	<u>17,893,538</u>	<u>17,893,538</u>	<u>19,953,883</u>	<u>2,060,345</u>
Expenditures:				
Current:				
General Government	5,364,891	5,196,959	4,542,911	654,048
Security of Persons and Property	7,732,555	7,806,240	7,404,814	401,426
Transportation	695,073	695,460	640,618	54,842
Community Environment	1,021,770	1,053,227	968,497	84,730
Leisure Time Activities	442,642	442,882	413,137	29,745
Capital Outlay	100,217	203,461	75,150	128,311
Total Expenditures	<u>15,357,148</u>	<u>15,398,229</u>	<u>14,045,127</u>	<u>1,353,102</u>
Excess of Revenues Over (Under) Expenditures	<u>2,536,390</u>	<u>2,495,309</u>	<u>5,908,756</u>	<u>3,413,447</u>
Other Financing Sources (Uses):				
Sale of Capital Assets	15,000	15,000	32,740	17,740
Transfers - Out	<u>(6,885,000)</u>	<u>(6,915,000)</u>	<u>(5,115,000)</u>	<u>1,800,000</u>
Total Other Financing Sources (Uses)	<u>(6,870,000)</u>	<u>(6,900,000)</u>	<u>(5,082,260)</u>	<u>1,817,740</u>
Net Change in Fund Balance	(4,333,610)	(4,404,691)	826,496	5,231,187
Fund Balance at Beginning of Year	6,896,302	6,896,302	6,896,302	0
Prior Year Encumbrances Appropriated	<u>175,951</u>	<u>175,951</u>	<u>175,951</u>	<u>0</u>
Fund Balance at End of Year	\$ <u>2,738,643</u>	\$ <u>2,667,562</u>	\$ <u>7,898,749</u>	\$ <u>5,231,187</u>

See Accompanying Notes to the Basic Financial Statements

City of Rocky River, Ohio

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

Recreation Center Fund

For The Year Ended December 31, 2007

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 358,684	\$ 358,684	\$ 304,288	\$ (54,396)
Charges for Services	2,288,333	2,288,333	1,842,028	(446,305)
Intergovernmental	0	0	56,394	56,394
Rentals	<u>35,000</u>	<u>35,000</u>	<u>37,626</u>	<u>2,626</u>
Total Revenues	<u>2,682,017</u>	<u>2,682,017</u>	<u>2,240,336</u>	<u>(441,681)</u>
Expenditures:				
Current:				
Leisure Time Activities	3,248,282	3,255,782	3,017,508	238,274
Capital Outlay	<u>27,410</u>	<u>19,910</u>	<u>11,710</u>	<u>8,200</u>
Total Expenditures	<u>3,275,692</u>	<u>3,275,692</u>	<u>3,029,218</u>	<u>246,474</u>
Net Change in Fund Balance	(593,675)	(593,675)	(788,882)	(195,207)
Fund Balance at Beginning of Year	859,408	859,408	859,408	0
Prior Year Encumbrances Appropriated	<u>36,236</u>	<u>36,236</u>	<u>36,236</u>	<u>0</u>
Fund Balance at End of Year	\$ <u>301,839</u>	\$ <u>301,969</u>	\$ <u>106,762</u>	\$ <u>(195,207)</u>

City of Rocky River, Ohio

Statement of Fund Net Assets Proprietary Funds

December 31, 2007

	Business Type Activities - Sewer	Governmental Activities - Internal Service Fund
Assets:		
Current Assets:		
Equity in Pooled Cash and Cash Equivalents	\$ 649,113	\$ 438,157
Accounts Receivable	278,581	0
Materials and Supplies Inventory	<u>19,692</u>	<u>0</u>
Total Current Assets	<u>947,386</u>	<u>438,157</u>
Noncurrent Assets:		
Investment in Joint Venture	5,933,553	0
Nondepreciable Capital Assets	441,082	0
Depreciable Capital Assets, Net	<u>15,999,874</u>	<u>0</u>
Total Noncurrent Assets	<u>22,374,509</u>	<u>0</u>
Total Assets	<u>23,321,895</u>	<u>438,157</u>
Liabilities:		
Current Liabilities:		
Accounts Payable	10,888	125
Accrued Wages and Benefits	15,825	0
Intergovernmental Payable	47,807	0
Claims Payable	0	160,920
Accrued Interest Payable	6,086	0
Compensated Absences Payable	11,779	0
OWDA Loans Payable	<u>15,100</u>	<u>0</u>
Total Current Liabilities	<u>107,485</u>	<u>161,045</u>
Long-term Liabilities:		
Accrued Compensated Absences (Net of Current Portion)	97,697	0
OWDA Loans Payable (Net of Current Portion)	<u>247,210</u>	<u>0</u>
Total Long-Term Liabilities	<u>344,907</u>	<u>0</u>
Total Liabilities	<u>452,392</u>	<u>161,045</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	16,178,646	0
Unrestricted	<u>6,690,857</u>	<u>277,112</u>
Total Net Assets	\$ <u>22,869,503</u>	\$ <u>277,112</u>

See Accompanying Notes to the Basic Financial Statements

City of Rocky River, Ohio

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

For The Year Ended December 31, 2007

	Business-Type Activities <u>Sewer</u>	Governmental Activities - Internal <u>Fund</u>
Operating Revenues:		
Charges for Services	\$ <u>1,862,049</u>	\$ <u>1,608,977</u>
Operating Expenses:		
Personal Service	590,820	0
Materials and Supplies	186,177	0
Contractual Services	1,045,475	244,864
Capital Outlay	1,827	0
Heat, Light and Power	19,299	0
Depreciation	276,779	0
Other	1,263	0
Claims	<u>0</u>	<u>1,511,928</u>
Total Operating Expenses	<u>2,121,640</u>	<u>1,756,792</u>
Operating Loss	<u>(259,591)</u>	<u>(147,815)</u>
Non-Operating Revenue (Expenses):		
Equity in Loss of Joint Venture	(320,317)	0
Interest Expense	<u>(12,341)</u>	<u>0</u>
Total Nonoperating Revenues (Expenses)	<u>(332,658)</u>	<u>0</u>
Loss before Capital Contributions	(592,249)	(147,815)
Contributed Capital	<u>54,603</u>	<u>0</u>
Change in Net Assets	(537,646)	(147,815)
Net Assets at Beginning of Year	<u>23,407,149</u>	<u>424,927</u>
Net Assets at End of Year	\$ <u><u>22,869,503</u></u>	\$ <u><u>277,112</u></u>

See Accompanying Notes to the Basic Financial Statements

City of Rocky River, Ohio

Statement of Cash Flows Proprietary Fund Types

For The Year Ended December 31, 2007

	Business-Type Activities <u>Sewer</u>	Governmental Activities - Internal <u>Fund</u>
Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 1,886,081	\$ 1,769,897
Cash Payments for Goods and Services	(1,139,229)	(244,739)
Cash Payments to Employees for Services and Benefits	(609,701)	0
Cash Payments for Claims	0	(1,656,120)
Cash Payments for Other Operating Expenses	<u>(1,263)</u>	<u>0</u>
Net Cash Provided by (Used for) Operating Activities	<u>135,888</u>	<u>(130,962)</u>
Cash Flows from Capital and Related Financing Activities:		
Capital Acquisitions	(17,270)	
Principal Paid on OWDA Loan	(14,423)	0
Interest Paid on OWDA Loan	<u>(12,675)</u>	<u>0</u>
Net Cash Used for Capital Financing Activities	<u>(44,368)</u>	<u>0</u>
Cash Flows from Investing Activities:		
Capital Contributed to Joint Venture	<u>(186,984)</u>	<u>0</u>
Net Decrease Cash and Cash Equivalents	(95,464)	(130,962)
Cash and cash Equivalents at Beginning of Year	<u>744,577</u>	<u>569,119</u>
Cash and Cash Equivalents at End of Year	\$ <u>649,113</u>	\$ <u>438,157</u>
Reconciliation of Operating Loss to Net Cash from Operating Activities:		
Operating Loss	\$ (259,591)	\$ (147,815)
Adjustments:		
Depreciation	276,779	0
Change in Operating Assets and Liabilities:		
Accounts Receivable	24,032	0
Materials and Supplies Inventory	65,079	0
Accounts Payable	(14,398)	(18,964)
Accrued Wages and Benefits	552	0
Compensated Absences Payable	5,853	0
Intergovernmental Payable	37,582	0
Claims Payable	<u>0</u>	<u>35,817</u>
Total Adjustments	<u>395,479</u>	<u>16,853</u>
Net Cash Provided by (Used for) Operating Activities	\$ <u>135,888</u>	\$ <u>(130,962)</u>

Noncash investing, capital and financing activities:

During the year, the Sewer Fund acquired capital assets in the amount of \$54,603 via capital contributions.

See Accompanying Notes to the Basic Financial Statements

City of Rocky River, Ohio

Statement of Fiduciary Net Assets Fiduciary Funds

December 31, 2007

	<u>Investment Trust</u>	
	<u>Individual Investment Account</u>	<u>Agency</u>
Assets:		
Equity in Pooled Cash and Cash Equivalents	\$ 0	\$ 376,436
Cash and cash equivalents:		
In segregated accounts	<u>6,759,353</u>	<u>441,208</u>
Total assets	<u>6,759,353</u>	\$ <u>817,644</u>
Liabilities:		
Undistributed Monies	0	\$ 305,924
Deposits Held and Due to Others	<u>0</u>	<u>511,720</u>
Total Liabilities	<u>0</u>	\$ <u>817,644</u>
Net assets:		
Held in trust for participants	\$ <u>6,759,353</u>	

See Accompanying Notes to the Basic Financial Statements

City of Rocky River, Ohio

Statement of Changes in Fiduciary Net Assets Investment Trust Funds

For The Year Ended December 31, 2007

	<u>Individual Investment Account</u>
Additions:	
Interest	\$ 315,199
Capital transaction - purchases	<u>11,749,884</u>
Total additions	<u>12,065,083</u>
Deductions:	
Capital transaction - redemption	11,340,065
Distributions to participants	<u>301,901</u>
Total deductions	<u>11,641,966</u>
Changes in net assets	423,117
Net assets beginning of year	<u>6,336,236</u>
Net assets end of year	\$ <u><u>6,759,353</u></u>

See Accompanying Notes to the Basic Financial Statements

City of Rocky River, Ohio

Notes to Basic Financial Statements

For The Year Ended December 31, 2007

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 its own charter. The current charter, which provides for a Council/Mayor form of government, was adopted in 1960. The Mayor, Law Director and seven member Council all serve two year terms.

Reporting Entity

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 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 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 complete authority over all aspects of the plant's operation. The City serves as fiscal agent for the Plant.

The City has an explicit and measurable equity interest in the Plant. There exists a residual interest in the assets upon dissolution of the joint venture. The City also has an ongoing financial responsibility for its share of the joint venture liabilities. Additionally, the City has an ongoing financial responsibility since the City's participation is essential to the continued existence of the Plant. This organization is further explained in Note 10 of the basic financial statements.

The City is associated with the West Shore, Tri-City Park, and Safe Air For The Environment (S.A.F.E.) Council of Governments as jointly governed organizations. These organizations are presented in Note 18 to the basic financial statements.

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2007

Note 2: Summary of Significant Accounting Policies

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

A. Basis of Presentation

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

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

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

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

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2007

Note 2: Summary of Significant Accounting Policies (continued)

B. Fund Accounting

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

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

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

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

General Obligation Bond Retirement Fund 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.

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

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

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2007

Note 2: Summary of Significant Accounting Policies (continued)

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

Fiduciary Funds Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. The City's 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, donations and bequests, Municipal Court, and the S.A.F.E. Council of Governments.

C. Measurement Focus

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

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

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

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2007

Note 2: Summary of Significant Accounting Policies (continued)

D. Basis of Accounting

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

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

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

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

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

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

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2007

Note 2: Summary of Significant Accounting Policies (continued)

D. Basis of Accounting (continued)

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

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

E. Cash and Cash Equivalents

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

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

During 2007, investments of the cash management pool were limited to nonnegotiable certificates of deposits which are reported at cost.

Investment procedures are restricted by the provisions of the City Charter and the general laws of the State of Ohio. Interest revenue credited to the general fund during 2007 amounted to \$796,134, which includes \$341,154 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 as "cash and cash equivalents in segregated accounts" and represent deposits or nonnegotiable certificates of deposit which are reported at cost. During 2007, investments purchased through this account were limited to a money market mutual fund and nonnegotiable certificates of deposit and are reported at fair value, which is determined by the fund's current share price.

F. Inventory

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

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2007

Note 2: Summary of Significant Accounting Policies (continued)

G. Deferred Charges

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

H. Investment in Joint Venture

The investment in the Rocky River Wastewater Treatment Plant joint venture is reported using the equity method of accounting.

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2007 are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. There are no prepaid items noted at December 31, 2007.

J. Capital Assets

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

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

All capital assets are depreciated except for land; certain land improvements; rights of way and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. For 2007, the City's infrastructure consists of roads, traffic signals, sidewalks, storm sewers, water mains and parks. In addition, the City has recorded construction in progress for City road and sewer projects initiated in 2007. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

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

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2007

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 receivables/payables”. Interfund loans which do not represent available expendable resources are offset by a fund balance reserve account. Interfund balance amounts are eliminated in the statement of net assets, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances. There were no interfund receivables/payables as of December 31, 2007.

L. Compensated Absences

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

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those that the City has identified as probable of receiving payment in the future (those employees who will be eligible to receive termination payments in the next twenty years). The amount is based on accumulated sick leave and employee wage rates at year end taking into consideration any limits specified in the City's termination policy and employees with two or more years of service.

M. Accrued Liabilities and Long-term Obligations

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

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

N. Fund Balance Reserves

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

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2007

Note 2: Summary of Significant Accounting Policies (continued)

O. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes include miscellaneous State and Federal grants.

The government-wide Statement of Net Assets reports \$6,134,049 of Restricted Net Assets, none of which are restricted by enabling legislation. Net assets restricted for other purposes include resources for police and fire programs, refuse and recycling programs, and streets and highways. The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

P. Operating Revenues and Expenses

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

Q. Interfund Activity

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

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

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City and that are either unusual in nature or infrequent in occurrence. Neither occurred in 2007.

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2007

Note 2: Summary of Significant Accounting Policies (continued)

S. Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

T. Budgetary Data

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the Alternative Tax Budget Information, the Certificate of Estimated Resources, and the Appropriations Ordinance, all of which are prepared on the budgetary basis of accounting. The Alternative Tax Budget Information demonstrates a need for existing or increased tax rates. The Certificate of Estimated Resources establishes a limit on the amount Council may appropriate. The Appropriations Ordinance is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of control has been established by Council 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 Finance Director. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the Certificate of Estimated Resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended Certificate of Estimated Resources in effect at the time the final appropriations were enacted by Council.

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

U. Reclassification

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2007

Note 3: Change in Accounting Principles

For 2007, the City implemented GASB Statements No. 43, “*Financial Reporting for Postemployment Benefit Plans other than Pension Plans*” and No. 48, “*Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*”.

GASB Statement No. 43 applies for other postemployment benefit (OPEB) trust funds included in the financial reports of plan sponsors or employers and provides requirements for reporting OPEB funds by administrators of multiple-employer OPEB plans, when the fund used to accumulate assets and pay benefits or premiums when due is not a trust fund.

GASB Statement No. 48 establishes criteria that governments will use to ascertain whether certain transactions should be regarded as sales or a collateralized borrowings. The statement also includes disclosure requirements for future revenues that are pledged and sold.

Implementation of GASB Statement No. 43 and No. 48 did not affect the presentation of the financial statements of the City.

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 major special revenue fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).

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

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2007

Note 4: Budgetary Basis of Accounting (continued)

Net Change in Fund Balance

	<u>General</u>	<u>Recreation Center</u>
GAAP Basis	\$ 287,494	\$ (884,180)
Net Adjustment for Revenue Accruals	530,294	2,870
Net Adjustment for Expenditure Accruals	151,504	152,096
Encumbrances	<u>(142,796)</u>	<u>(59,668)</u>
Budget Basis	\$ <u>826,496</u>	\$ <u>(788,882)</u>

Note 5: Deposits and Investments

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

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

Ohio Revised Code Section 135.01 classifies public money of the City into three categories: 1) active deposits; 2) inactive deposits and 3) interim deposits. Because of the enacted City of Rocky River Charter provisions described above, the City is not subject to certain investment restrictions defined in Ohio Revised Code Section 135.01. The City is subject to other Ohio Rev. Code Chapter 135 prohibitions and maturity limitations.

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2007

Note 5: Deposits and Investments (continued)

Deposits

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

At year-end, the carrying amount of the City's deposits was \$24,113,363 and the bank balance was \$24,173,282. Of the bank balance \$900,000 was covered by Federal depository insurance and \$23,273,282 was uninsured. Of the uninsured bank balance, \$20,981,645 was collateralized with securities held by the pledging institution's agent in the City's name and \$2,291,637 was collateralized with securities held by the pledging institution's trust department, not in the City's name.

Investments

Investments are reported at fair value. As of December 31, 2007, the City had no investments.

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's investment guidelines address 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 City investment guidelines also limits security purchases to those that mature 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 the Ohio Revised Code and be periodically reviewed.

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

Concentration of Credit Risk is defined by the Governmental Accounting Standards Board as five percent or more in the securities of a single issuer. The City's investment guidelines provide for diversification of the portfolio but do not indicate specific percentage allocations.

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2007

Note 6: Property Taxes

Property taxes include amounts levied against real, public utility and tangible personal property located in the City. Property tax revenue received during 2007 for real and public utility property taxes represents collections of the 2006 taxes. Property tax payments received during 2007 for tangible personal property (other than public utility property) and for 2007 taxes.

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

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

2007 tangible personal property taxes are levied after October 1, 2006, on the values as of December 31, 2006. Collections are made in 2007. In prior years, tangible personal property used in business (except for public utilities) was assessed for ad valorem taxation purposes at 25 percent of its true value and 18.75 percent for 2006. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory for 2007 is 12.5 percent. This will be reduced to 6.25 percent for 2008 and zero for 2009.

The full tax rate for all City operations for the year ended December 31, 2007, was \$10.90 per \$1,000 of assessed value. The full rate for the City is the same as the effective rate. The assessed values of real and tangible personal property upon which 2007 property tax receipts were based as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Property	\$ 707,992,790
Public Utility Real	5,790,110
Tangible Personal	<u>4,097,141</u>
Total	\$ <u>717,880,041</u>

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

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

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

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2007

Note 6: Property Taxes (continued)

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

The Cuyahoga County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City. The County Auditor periodically remits to the City its portion of the taxes. Property taxes receivable represents real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2007 and for which there is an enforceable legal claim. In the governmental funds, the entire receivable has been offset by deferred revenue since current taxes were not levied to finance 2007 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and a revenue while on the modified accrual basis the revenue is deferred.

Note 7: Income Taxes

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

The Central Collection Agency, a division of the City of Cleveland, administers and collects income taxes for the City. Amounts collected are remitted monthly to the City. Collection fees for 2007 were \$266,549.

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2007

Note 8: Receivables

Receivables at December 31, 2007, consisted of taxes, accounts (billings for user charged services), special assessments, interest, and intergovernmental receivables. All receivables recorded are deemed collectible in full, as they are recorded net of any uncollectible portions. The City has approximately \$191,000 in uncollectible billings for user charged services.

A summary of the principal items of intergovernmental receivables follows:

	<u>Amount</u>
Gasoline Tax	\$ 194,919
Auto Registration	57,867
Municipal Cents Per Gallon	103,918
Permissive Tax	3,267
Local Government	420,871
Estate Tax	380,492
Other Local Taxes	42,400
Law Enforcement Grant	18,762
Homestead and Rollback	<u>420,065</u>
Total	\$ <u><u>1,642,561</u></u>

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

Special assessments expected to be collected beyond one year amount to \$630,000 in the special assessment bond retirement fund. The amount of delinquent special assessments outstanding is \$54,859 at December 31, 2007.

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2007

Note 9: Capital Assets

A summary of changes in capital assets during 2007 follows:

	Balance 12/31/06	Additions	Deletions	Balance 12/31/07
Governmental Activities				
<i>Capital Assets not Being Depreciated</i>				
Land	\$ 1,455,114	\$ 0	\$ 0	\$ 1,455,114
Land Improvements	203,158	0	0	203,158
Construction in Progress	<u>3,207,280</u>	<u>6,087,836</u>	<u>(8,339,909)</u>	<u>955,207</u>
<i>Total Capital Assets not Being Depreciated</i>	<u>4,865,552</u>	<u>6,087,836</u>	<u>(8,339,909)</u>	<u>2,613,479</u>
<i>Capital Assets Being Depreciated</i>				
Land Improvements	2,803,945	29,309	0	2,833,254
Buildings	24,701,797	8,647,432	0	33,349,229
Furniture, Fixtures and Equipment	3,743,580	208,808	0	3,952,388
Vehicles	6,043,116	847,762	(292,954)	6,597,924
Infrastructure:				
Roads	21,225,476	382,765	(101,949)	21,506,292
Sidewalks	269,256	195,654	0	464,910
Traffic Signals	2,555,220	0	0	2,555,220
Storm Sewers	4,241,014	126,519	(947)	4,366,586
Water Mains	5,998,221	18,116	0	6,016,337
Parks	<u>1,517,425</u>	<u>0</u>	<u>0</u>	<u>1,517,425</u>
<i>Total Capital Assets Being Depreciated</i>	<u>73,099,050</u>	<u>10,456,365</u>	<u>(395,850)</u>	<u>83,159,565</u>
Less Accumulated Depreciation:				
Land Improvements	(130,670)	(71,967)	0	(202,637)
Building	(8,138,632)	(579,200)	0	(8,717,832)
Furniture, Fixtures and Equipment	(3,429,741)	(197,288)	0	(3,627,029)
Vehicles	(5,135,732)	(480,332)	210,786	(5,405,278)
Infrastructure:				
Roads	(13,240,130)	(699,343)	101,949	(13,837,524)
Sidewalks	(17,506)	(8,887)	0	(26,393)
Traffic Signals	(1,413,791)	(127,780)	0	(1,541,571)
Storm Sewers	(1,220,049)	(54,974)	947	(1,274,076)
Water Mains	(2,864,526)	(61,935)	0	(2,926,461)
Parks	<u>(537,393)</u>	<u>(37,936)</u>	<u>0</u>	<u>(575,329)</u>
<i>Total Capital Assets Being Depreciated</i>	<u>(36,128,170)</u>	<u>(2,319,642)</u>	<u>313,682</u>	<u>(38,134,130)</u>
Total Capital Assets Being Depreciated, Net	<u>36,970,880</u>	<u>8,136,723</u>	<u>(82,168)</u>	<u>45,025,435</u>
Governmental Activities Capital Assets, Net	\$ <u>41,836,432</u>	\$ <u>14,224,559</u>	\$ <u>(8,422,077)</u>	\$ <u>47,638,914</u>

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2007

Note 9: Capital Assets (continued)

	Balance 12/31/06	Additions	Deletions	Balance 12/31/07
Business-Type Activities				
<i>Capital Assets not Being Depreciated</i>				
Land	\$ 39,516	\$ 0	\$ 0	\$ 39,516
Right of Way	250,000	0	0	250,000
Construction in Progress	219,730	0	(68,164)	151,566
<i>Total Capital Assets not Being Depreciated</i>	<u>509,246</u>	<u>0</u>	<u>(68,164)</u>	<u>441,082</u>
<i>Capital Assets Being Depreciated</i>				
Furniture, Fixtures and Equipment	15,142	29,819	0	44,961
Vehicles	644,312	0	0	644,312
Sewer Lines	20,224,944	110,218	(900)	20,334,262
<i>Total Capital Assets Being Depreciated</i>	<u>20,884,398</u>	<u>140,037</u>	<u>(900)</u>	<u>21,023,535</u>
Less Accumulated Depreciation				
Furniture, Fixtures and Equipment	(5,268)	(6,715)	0	(11,983)
Vehicles	(632,996)	(2,829)	0	(635,825)
Sewer Lines	(4,109,518)	(267,235)	900	(4,375,853)
<i>Total Capital Assets Being Depreciated</i>	<u>(4,747,782)</u>	<u>(276,779)</u>	<u>900</u>	<u>(5,023,661)</u>
Total Capital Assets Being Depreciated, Net	<u>16,136,616</u>	<u>(136,742)</u>	<u>0</u>	<u>15,999,874</u>
Total Business-Type Activities Capital Assets, Net	\$ <u>16,645,862</u>	\$ <u>(136,742)</u>	\$ <u>(68,164)</u>	\$ <u>16,440,956</u>

*Depreciation expense was charged to governmental functions as follows:

General Government	\$ 152,173
Security of Persons and Property	402,041
Public Health	52,969
Transportation	825,910
Community Environment	27,164
Basic Utility Service	305,746
Leisure Time Activities	<u>553,639</u>
Total	\$ <u>2,319,642</u>

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2007

Note 10: Joint Venture - Rocky River Wastewater Treatment Plant

The Rocky River Wastewater Treatment Plant (Plant) is a joint venture among the cities of Rocky River, Bay Village, Fairview Park and Westlake. The Plant is governed by a management committee consisting of the elected mayors of the four member cities and a fifth person nominated and elected by the mayors. The committee has authority over all aspects of the Plant's operation. The Plant supplies all participating residents of the member cities with sanitary sewer services. Each city owns the sewage lines located in its city and bills its residents for usage. Continued existence of the Plant is dependent on the City's continued participation, and the City does have an equity interest in the Plant. The City's equity interest is \$5,933,553 which represents 29.40 percent of the total equity in the Plant. The Plant is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit to or burden on the City. Complete financial statements can be obtained from the Director of Finance, City of Rocky River, 21012 Hilliard Boulevard, Rocky River, Ohio 44116, who serves as fiscal agent.

Note 11: Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2007, the City procured insurance through the St. Paul Insurance Company, except for the umbrella policy which is through the Philadelphia Indemnity Company, for the following types of insurance:

<u>Type of Coverage</u>	<u>Coverage Amount</u>
Automobile Liability, Each Accident	\$ 1,000,000
Building and Personal Property	38,577,696
Commercial General Liability, Each Event	1,000,000
Commercial Umbrella	10,000,000
Contractor's Equipment	1,044,314
Depositors Forgery or Alteration	100,000
Employee Benefit Plan	1,000,000
Employee Theft, per loss	100,000
Employment Practices Liability, Total	1,000,000
Excess Umbrella, Aggregate	10,000,000
Fine Arts Property, Per Occurrence	75,564
Fire Department Equipment, without vehicles	88,193
General Aggregate, Total	2,000,000
Inland Marine	1,248,018
Law Enforcement Liability, Total	2,000,000
Miscellaneous Property	63,465
Personal and Advertising Injury	1,000,000
Police Department Equipment, without vehicles	247,161
Products/Completed Operations Aggregate	2,000,000
Public Officials Liability, Annual Aggregate	2,000,000
Small Computer Coverage	600,000
Theft, Disappearance and Destruction	25,000
Valuable Papers	250,000

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2007

Note 11: Risk Management (continued)

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

Since May 2002, the City elected to provide employees (and eligible dependents) medical and prescription drug benefits on a partially self-insured basis. Medical Mutual of Ohio Inc. served as third party administrator to process and pay claims. The City purchased stop loss coverage for claims in excess of \$75,000 per individual and \$1,103,495 aggregate per year. The City pays a monthly premium into the Self Insurance Fund for each employee that varies according to employee group. These rates are paid by the fund from which the employees' salary is paid. Incurred but not reported claims of \$160,920 have been accrued as a liability at December 31, 2007 based on an estimate by Medical Mutual.

The claims liability of \$160,920 reported in the funds at December 31, 2007, was estimated by reviewing current claims and is based on the requirements of GASB No. 30 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claims adjustment expenses. Changes in the fund's claims liability amount in 2007 were:

	<u>Balance at</u>	<u>Current Year</u>	<u>Claim</u>	<u>Balance at</u>
	<u>Beginning of Year</u>	<u>Claims</u>	<u>Payments</u>	<u>End of Year</u>
2006	\$ 76,204	\$ 1,593,421	\$ 1,544,522	\$ 125,103
2007	125,103	1,566,834	1,531,017	160,920

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

Effective January 1, 2006, the City provides dental insurance benefits to employees (and eligible dependents) on a fully insured basis through CIGNA Healthcare Inc.

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2007

Note 12: Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

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

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

For the year ended December 31, 2007, the members of all three plans, except those in law enforcement participating in the traditional plan, were required to contribute 9.5 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 9.75 percent of their annual covered salary. The City's contribution rate for pension benefits for 2007 was 13.85 percent, except for those plan members in law enforcement or public safety. For those classifications, the City's pension contributions were 17.17 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The City's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 were \$750,260, \$762,795, and \$775,358 respectively; 73.49 percent has been contributed for 2007 and 100 percent for 2006 and 2005. Contributions to the member-directed plan for 2007 were \$23,745 made by the City and \$16,287 made by the plan members.

B. Ohio Police and Fire Pension Fund

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

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2007

Note 12: Defined Benefit Pension Plans (continued)

B. Ohio Police and Fire Pension Fund (continued)

Members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the City is required to contribute 19.5 percent for police officers and 24 percent for firefighters. Contributions are authorized by Ohio Revised Code. The City's contributions to the Pension Fund for police and firefighters were \$323,571 and \$359,451 for the year ended December 31, 2007, \$291,857 and \$329,273 for the year ended December 31, 2006 and \$285,535 and \$321,927 for the year ended December 31, 2005, equal to the required contributions for each year. The full amount has been contributed for 2006 and 2005. 71.51 and 71.01 percent, respectively, has been contributed for 2007 with the remainder being reported as a liability.

Note 13: Postemployment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the Traditional 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 provides retirement, disability, survivor and post-retirement health care benefits to qualifying members of both the Traditional and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for postretirement health care coverage, age and service retirees under the Traditional Pension and Combined Plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system meets the definition of an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by Ohio Revised Code. The 2007 City contribution rate was 13.85 percent of covered payroll (17.17 percent for public safety and law enforcement); 5.00 percent from January 1 through June 30, 2007 and 6.00 percent from July 1 through December 31, 2007 of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the individual entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2006, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care costs were assumed to increase between .50 percent to 5.00 percent for the next eight years and 4.00 percent annually after eight years.

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2007

Note 13: Postemployment Benefits (continued)

A. Ohio Public Employees Retirement System (continued)

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor.

The number of active contributing members in the traditional and combined plans was 374,979. The number of active contributing members for both plans used in the December 31, 2006, actuarial valuation was 362,130. Actual City contributions for 2007 which were used to fund postemployment benefits were \$495,799. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2006, (the latest information available) were \$12.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 billion and \$18.7 billion, respectively.

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

B. Ohio Police and Fire Pension Fund

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

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of the OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution rate is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the postemployment health care program during 2006 and 6.75 percent of covered payroll in 2007. In addition, since July 1, 1992, most retirees and survivors have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The City's actual contributions for 2007 that were used to fund postemployment benefits were \$171,226 for police and \$140,530 for firefighters. The OP&F's total health care expense for the year ended December 31, 2006, (the latest information available) was \$120,373,722, which was net of member contributions of \$58,532,848. The number of OP&F members eligible to receive health care benefits as of December 31, 2006, was 14,120 for police and 10,563 for firefighters.

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2007

Note 14: Compensated Absences

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

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

Note 15: Conduit Debt

A. Cleveland Lutheran High School Association, Inc.

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

The Bonds are special obligations of the City and the principal of and interest and any premiums thereon will be payable from revenues assigned by an indenture to secure such payment and are not payable from other funds of the City whether raised by taxation or otherwise received. Accordingly, the Bonds are not reported as a liability of the City in the accompanying financial statements. The Bonds are payable in annual payments from December 1, 2006 through December 1, 2022 inclusive.

<u>Description</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Outstanding 12/31/07</u>	<u>Date of Maturity</u>
Multi-Mode Variable Rate Revenue Bonds, Series 2002	\$ 7,000,000	Variable	\$ 6,575,000	December 1, 2022

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2007

Note 15: Conduit Debt (continued)

B. 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 not for profit corporation to acquire, construct, renovate, furnish and equip an approximately 12,000 square foot area of the Borrower's facility at 20401 Hilliard Boulevard, Rocky River, which will be used by the Borrower, acting as the "West Shore Child Care Center" in its operation of day care and pre-school facilities.

The Bond Service Charges are payable from revenue assigned to secure such payment are not payable from other funds of the City whether raised by taxation or otherwise received. Accordingly, the Bonds are not reported as a liability of the City in the accompanying financial statements. The Bonds are payable in 240 monthly payments from November 1, 2005 through October 1, 2010 inclusive.

<u>Description</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Outstanding 12/31/07</u>	<u>Date of Maturity</u>
Economic Development Revenue Bonds, Series 2005	\$ 1,350,000	Variable	\$ 1,261,040	October 1, 2010

Note 16: Long-Term Obligations

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

<u>Debt Issue</u>	<u>Interest Rate</u>	<u>Original Issue Amount</u>	<u>Date of Maturity</u>
General Obligation Bonds			
2005 Civic Facility Improvements	2.50-4.00%	\$ 8,400,000	December 1, 2024
2004 General Purpose	2.00-5.00	10,840,000	December 1, 2024
2002 Municipal Court Facility	3.00-4.75	3,700,000	December 1, 2026
Special Assessment Bonds			
2000 Erosion Control (B)	5.00-5.50	360,000	December 1, 2025
1998 Erosion Control (A)	4.75-5.10	605,000	December 1, 2023
OWDA Loan			
2000 Sewer Repair	4.64	328,239	July 1, 2020

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2007

Note 16: Long-Term Obligations (continued)

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

	Outstanding 12/31/06	Additions	Reductions	Outstanding 12/31/07	Amount Due in One Year
Governmental Activities					
General Obligation Bonds					
Civic Facility Improvements	\$ 7,850,000	\$ 0	\$ 315,000	\$ 7,535,000	\$ 325,000
Municipal Court Facility	3,315,000	0	105,000	3,210,000	110,000
General Purpose	9,545,000	0	670,000	8,875,000	600,000
Unamortized Premium	<u>410,782</u>	<u>0</u>	<u>22,821</u>	<u>387,961</u>	<u>0</u>
Total General Obligation Bonds	<u>21,120,782</u>	<u>0</u>	<u>1,112,821</u>	<u>20,007,961</u>	<u>1,035,000</u>
Special Assessment Bonds					
Erosion Control (B)	285,000	0	15,000	270,000	15,000
Erosion Control (A)	<u>425,000</u>	<u>0</u>	<u>25,000</u>	<u>400,000</u>	<u>25,000</u>
Total Special Assessment Bonds	710,000	0	40,000	670,000	40,000
Compensated Absences Payable	3,104,280	1,153,530	1,038,883	3,218,927	161,365
Police and Fire Pension Liability	<u>627,173</u>	<u>0</u>	<u>24,751</u>	<u>602,422</u>	<u>25,814</u>
Total Governmental Activities	\$ <u>25,562,235</u>	\$ <u>1,153,530</u>	\$ <u>2,216,455</u>	\$ <u>24,499,310</u>	\$ <u>1,262,179</u>
Business Type Activities					
OWDA Loan	\$ 276,733	\$ 0	\$ 14,423	\$ 262,310	\$ 15,100
Compensated Absences Payable	<u>103,623</u>	<u>50,853</u>	<u>45,000</u>	<u>109,476</u>	<u>11,779</u>
Total Business Type Activities	\$ <u>380,356</u>	\$ <u>50,853</u>	\$ <u>69,423</u>	\$ <u>371,786</u>	\$ <u>26,879</u>

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2007

Note 16: Long-Term Obligations (continued)

General purpose general obligation bonds will be paid from property taxes and money transferred to the Debt Service Fund. Municipal Court Facility 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 a property owner would fail to pay the assessment, payment would be made by the City. The police and fire pension liability will be paid from levied taxes in the Police and Fire Pension special revenue funds. Compensated absences will be paid from the general fund, the recreation center, office on aging, refuse and recycling, motor vehicle license tax and street construction and repair special revenue funds, and the sanitary sewer enterprise fund. The OWDA loan reported in the enterprise fund will be paid from revenues derived by the City from sanitary sewer charges.

The City's overall legal debt margin was \$55,698,619 at December 31, 2007. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2007, are as follows:

	<u>General Obligation Bonds</u>		<u>Special Assessment Bonds</u>		<u>Police and Fire Pension</u>		<u>Total Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 1,035,000	\$ 815,391	\$ 40,000	\$ 34,413	\$ 25,814	\$ 25,332	\$ 1,100,814	\$ 875,136
2009	1,050,000	789,016	40,000	32,425	26,923	24,223	1,116,923	845,664
2010	1,070,000	758,781	40,000	30,438	28,080	23,066	1,138,080	812,285
2011	1,090,000	725,818	40,000	28,450	29,286	21,860	1,159,286	776,128
2012	1,105,000	691,918	40,000	26,463	30,544	20,603	1,175,544	738,984
2013-2017	5,205,000	2,844,625	200,000	102,138	173,560	82,170	5,578,560	3,028,933
2018-2022	5,740,000	1,597,107	200,000	50,238	122,717	45,975	6,062,717	1,693,320
2023-2027	3,325,000	312,144	70,000	6,225	72,161	28,534	3,467,161	346,903
2028-2032	0	0	0	0	89,047	11,647	89,047	11,647
2033-2037	0	0	0	0	4,290	91	4,290	91
Total	\$ <u>19,620,000</u>	\$ <u>8,534,800</u>	\$ <u>670,000</u>	\$ <u>310,790</u>	\$ <u>602,422</u>	\$ <u>283,501</u>	\$ <u>20,892,422</u>	\$ <u>9,129,091</u>

<u>Business Type Activity</u>	
<u>OWDA Loan</u>	
	<u>Interest</u>
2008	\$ 11,997
2009	11,289
2010	10,547
2011	9,771
2012	8,956
2013-2017	31,186
2018-2022	6,213
Total	\$ <u>89,959</u>

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2007

Note 17: Litigation

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

Note 18: Jointly Governed Organizations

A. West Shore Council of Governments

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

The West Shore Council is governed by a board comprised of one member from each member city. The board exercised control over the operation of the West Shore Council including budgeting, appropriating, contracting and administration. The West Shore Council board adopts an annual budget governing its activities for that year. Each city's degree of control is limited to its representation on the board. In 2007, the City contributed \$44,160 to the West Shore Council.

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

B. Tri-City Park Council of Governments

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

Tri-City Park is governed by a board comprised of one member from each member city. The board exercises control over the operation of Tri-City Park including budgeting, appropriating, contracting and administration. The Tri-City Park board adopts an annual budget governing its activities for that year. Each city's degree of control is limited to its representation on the board. The City made no contributions to the Tri-City Park Council in 2007.

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

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2007

Note 18: Jointly Governed Organizations (continued)

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

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

The SAFE Council is governed by a board comprised of one member from each member city. The board exercises control over the operation of the SAFE Council including budgeting, appropriating, contracting and administration. The SAFE Council board adopts an annual budget governing its activities for that year. Each city's degree of control is limited to its representation on the board. The City made no contributions to the SAFE Council in 2007.

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

Note 19: Interfund Activity

A. Transfers

The transfers among City funds were made to provide additional resources for current operations and for the payment of debt. Transfers made during the year ended December 31, 2007 were as follows:

	<u>Transfer from</u> <u>General</u>
<u>Transfer to</u>	
General Obligation Bond Retirement	\$ 1,040,000
Capital Improvements	1,000,000
Other Governmental Funds	<u>3,075,000</u>
Total Governmental Activities	\$ <u>5,115,000</u>

B. Interfund Payable/Receivable

The interfund balances represent the elimination of negative cash balances at December 31, 2007. The interfund payables / receivables made during the year ended December 31, 2007 were as follows:

	<u>Interfund</u> <u>Receivable</u> <u>General</u>
<u>Interfund Payable</u>	
Police Levy Special Revenue Fund	\$ 7,522
Special Assessments Debt Service Fund	<u>8,575</u>
Total Governmental Activities	\$ <u>16,097</u>

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2007

Note 20: Contractual Commitments

At December 31, 2007, the City's significant contractual commitments consisted of:

<u>Project</u>	<u>Contract Amount</u>	<u>Amount Paid</u>	<u>Remaining on Contract</u>
Civic Center	\$ 8,503,987	\$ 7,646,535	\$ 857,452
911 System Upgrade	42,575	21,287	21,288
City Hall Roof Repair	98,900	0	98,900
Emergency Sewer Repairs	75,000	43,333	31,667
Lake Road Improvement Study	131,017	78,440	52,577
Rear Loading Refuse Packer	56,892	0	56,892
Roslyn Drive Sewers	512,473	467,177	45,296
Sewer Televising	64,000	18,865	45,135
Westover Avenue Sewer and Pavement	998,263	209,960	788,303
Yacht Club/Riverdale Drives Improvement Study	<u>78,050</u>	<u>21,518</u>	<u>56,532</u>
Total	\$ <u>10,561,157</u>	\$ <u>8,507,115</u>	\$ <u>2,054,042</u>

Both the Civic Center and Roslyn Drive Sewer projects have been completed and being depreciated in the Capital Asset schedule in Footnote 9 above. The above amounts for remaining on contract are included in the total being depreciated, they simply have not been paid as of December 31, 2007 but are completed.

Note 21: Accountability & Compliance

A. Fund Equity Deficit – Special Revenue Funds and Debt Service Fund

There are deficits in the Recreation Center, Fire Levy and Police Levy Special Revenue Funds of \$59,964, \$3,804 and \$134,679 respectively, and in the Special Assessment Debt Service Fund of \$8,575 caused by the application of accounting principles generally accepted in the United State of America to these funds. The General Fund is liable for any deficit in these funds and provides operating transfers when cash is required, not when accruals occur.

B. Compliance

The following fund had original appropriations in excess of the original estimated resources plus available balances for 2007, contrary to Ohio Revised Code, Section 5705.39:

	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Excess</u>
Special Revenue Funds:			
Police Levy Fund	\$ 412,532	\$ 506,008	\$ 93,476
Capital Improvement Funds:			
Capital Improvement Fund	11,056,398	11,032,955	345,200

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2007

Note 21: Accountability (continued)

B. Compliance (continued)

The following fund had final appropriations in excess of the final estimated resources plus available balances for 2007, contrary to Ohio Revised Code, Section 5705.39:

	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Excess</u>
Special Revenue Funds:			
Police Levy Fund	\$ 412,532	\$ 506,008	\$ 93,476
Capital Improvement Funds:			
Capital Improvement Fund	11,056,398	11,059,567	3,557

Budget review is an on-going monitoring process by all City departments. Management will communicate the matters disclosed to each affected department manager to achieve full compliance of the referenced Ohio Revised Code requirements.

The City had a negative cash balance in the following funds indicating that revenues from other sources were used to pay obligations of these funds contrary to Ohio Revised Code Section 5705.10:

<u>Fund</u>	<u>Amount</u>
Special Revenue Fund:	
Police Levy Fund	\$ 7,522
Debt Service Fund:	
Special Assessment Bond Retirement Fund	8,575

Note 22: Leases

A. Lessor

The City has entered into a lease agreement with Fairview Hospital (the Hospital) where the Hospital will operate a Wellness Center within the Don Umerley Civic Center commencing July 15, 2007 for 5 years. This lease qualifies as an operating lease. As the Civic Center was not completed until October 2007, the Hospital did not begin their occupancy until December 2007. Total revenue from this lease in 2007 was \$-0- due to the timing of the occupancy and invoicing.

Future minimum rents to be received from this lease are as follows:

2008	\$ 20,000
2009	20,000
2010	20,000
2011	20,000
2012	<u>11,667</u>
	<u>\$ 91,667</u>

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2007

Note 22: Leases (continued)

B. Lessee

The City has entered into a lease agreement with Beachcliff Properties Limited Partnership to lease a parking structure. This lease commenced in August of 2006 for 15 years. The lease qualifies as an operating lease.

Future minimum rental payments for this lease are as follows:

2008	\$	150,000
2009		100,000
2010		50,000
2011		40,000
2012		30,000
2013-2017		100,000
2018-2020		<u>60,000</u>
	\$	<u>530,000</u>

The total rental expense for year ended December 31, 2007 was \$200,000.

Note 23: Subsequent Events

Effective March 1, 2008, the City, with the approval of City Council, increased the sanitary sewer rates with an additional flat fee of \$25.00. It is expected that the rate increase will generate approximately \$670,000 annually and contribute local resources to address critical infrastructure needs, including ongoing maintenance of the sanitary sewer collection system to effectively build capacity and eliminate infiltration. The new Sewer Rehabilitation Fund was established to account for the additional fee and the related construction projects.

In April 2008, the City concluded negotiations and City Council authorized the purchase of approximately three acres of property adjacent to the municipal campus for a total amount of \$650,000. The property abuts the City Hall complex at the corner of Hilliard Boulevard and Wagar Road along the Wagar Road (northern) boundary. The use of the land for expanded City services is being considered.

In May 2008, the City was notified that its request for financial assistance from the Ohio Public Works Commission was approved for the Valleyview Storm and Sanitary Sewer Improvement project in the amount of \$2,987,212. The financial assistance is in the form of a 0% loan for a period of 30 years. The total estimated project cost is \$4,900,000 with other resources provided by a sewer rate increase (described above). Engineering began in 2007 and will be ongoing through 2008: construction will start as soon as 2009 – 2010.

City of Rocky River, Ohio

Combining Statements
Non-Major Government Funds
Fund Descriptions

Non-major Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

(continued)

City of Rocky River, Ohio

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

Fund Descriptions – Non-major Funds (continued)

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

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

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

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

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

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

Non-major Debt Service Funds

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

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

Non-major Capital Projects Fund

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

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

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

City of Rocky River, Ohio

Combining Balance Sheet Non-Major Governmental Funds

December 31, 2007

	Non-major Special Revenue Funds	Non-major Debt Service Fund	Non-major Capital Projects Funds	Total Non-major Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ 2,180,565	\$ 0	\$ 2,284,679	\$ 4,465,244
Accrued Interest Receivable	0	0	15,542	15,542
Accounts Receivable	6,861	0	46,856	53,717
Intergovernmental Receivable	450,459	0	0	450,459
Materials and Supplies Inventory	166,547	0	0	166,547
Taxes Receivable	1,364,254	0	0	1,364,254
Special Assessments Receivable	<u>0</u>	<u>714,682</u>	<u>0</u>	<u>714,682</u>
 Total Assets	 <u>\$ 4,168,686</u>	 <u>\$ 714,682</u>	 <u>\$ 2,347,077</u>	 <u>\$ 7,230,445</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	\$ 176,378	\$ 0	\$ 57,984	\$ 234,362
Accrued Wages and Benefits	78,082	0	5,790	83,872
Intergovernmental Payable	394,207	0	14,315	408,522
Interfund Payable	7,522	8,575	0	16,097
Deferred Revenue	<u>1,671,410</u>	<u>714,682</u>	<u>0</u>	<u>2,386,092</u>
 Total Liabilities	 <u>2,327,599</u>	 <u>723,257</u>	 <u>78,089</u>	 <u>3,128,945</u>
Fund Balances:				
Reserve for Encumbrances	68,317	0	82,819	151,136
Reserve for Inventory	166,547	0	0	166,547
Unreserved, Undesignated (Deficit), Reported In:				
Special Revenue Funds	1,606,223	0	0	1,606,223
Debt Service Fund	0	(8,575)	0	(8,575)
Capital Projects Funds	<u>0</u>	<u>0</u>	<u>2,186,169</u>	<u>2,186,169</u>
 Total Fund Balances	 <u>1,841,087</u>	 <u>(8,575)</u>	 <u>2,268,988</u>	 <u>4,101,500</u>
 Total Liabilities and Fund Balances	 <u>\$ 4,168,686</u>	 <u>\$ 714,682</u>	 <u>\$ 2,347,077</u>	 <u>\$ 7,230,445</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, 2007

	Non-major Special Revenue Funds	Non-major Debt Service Fund	Non-major Capital Projects Funds	Total Non-major Governmental Funds
Revenues:				
Property Taxes	\$ 1,455,788	\$ 0	\$ 0	\$ 1,455,788
Intergovernmental	850,636	0	873,945	1,724,581
Charges for Services	482,083	0	0	482,083
Fees, Fines and Permits	195,366	0	14,632	209,998
Special Assessments	0	59,613	0	59,613
Investment Income	0	0	52,265	52,265
Other	<u>5,102</u>	<u>0</u>	<u>0</u>	<u>5,102</u>
 Total Revenues	 <u>2,988,975</u>	 <u>59,613</u>	 <u>940,842</u>	 <u>3,989,430</u>
Expenditures:				
Current:				
Security of Persons and Property	1,266,730	0	0	1,266,730
Public Health	1,258,586	0	0	1,258,586
Basic Utility Service	1,601,443	0	0	1,601,443
Transportation	1,553,481	0	0	1,553,481
General Government	3,937	0	28,092	32,029
Capital Outlay	65,681	0	1,603,854	1,669,535
Debt Service:				
Principal Retirement	24,751	40,000	105,000	169,751
Interest and Fiscal Charges	<u>28,421</u>	<u>37,011</u>	<u>149,563</u>	<u>214,995</u>
 Total Expenditures	 <u>5,803,030</u>	 <u>77,011</u>	 <u>1,886,509</u>	 <u>7,766,550</u>
Excess of Revenues (Over) Expenditures	<u>(2,814,055)</u>	<u>(17,398)</u>	<u>(945,667)</u>	<u>(3,777,120)</u>
Other Financing Sources (Uses):				
Transfers – In	<u>2,125,000</u>	<u>0</u>	<u>950,000</u>	<u>3,075,000</u>
Net Change In Fund Balances	(689,055)	(17,398)	4,333	(702,120)
Fund Balances at Beginning of Year	<u>2,530,142</u>	<u>8,823</u>	<u>2,264,655</u>	<u>4,803,620</u>
Fund Balances (Deficit) at End of Year	\$ <u>1,841,087</u>	\$ <u>(8,575)</u>	\$ <u>2,268,988</u>	\$ <u>4,101,500</u>

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City of Rocky River, Ohio

Combining Balance Sheet Non-Major Special Revenue Funds

December 31, 2007

	Law Enforcement Trust	Community Diversion Program	Indigent Driver Alcohol Treatment	Enforcement and Education
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ 65,754	\$ 2,928	\$ 30,955	\$ 8,446
Accounts Receivable	0	0	0	0
Intergovernmental Receivable	18,761	0	0	0
Materials and Supplies Inventory	0	0	0	0
Taxes Receivable	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets	\$ <u>84,515</u>	\$ <u>2,928</u>	\$ <u>30,955</u>	\$ <u>8,446</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	\$ 768	\$ 0	\$ 2,730	\$ 0
Accrued Wages and Benefits	0	307	0	0
Intergovernmental Payable	227	216	0	0
Interfund Payable	0	0	0	0
Deferred Revenue	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>995</u>	<u>523</u>	<u>2,730</u>	<u>0</u>
Fund Balances:				
Reserve for Encumbrances	0	0	0	0
Reserve for Inventory	0	0	0	0
Unreserved, Undesignated (Deficit)	<u>83,520</u>	<u>2,405</u>	<u>28,225</u>	<u>8,446</u>
Total Fund Balances (Deficit)	<u>83,520</u>	<u>2,405</u>	<u>28,225</u>	<u>8,446</u>
Total Liabilities and Fund Balances	\$ <u>84,515</u>	\$ <u>2,928</u>	\$ <u>30,955</u>	\$ <u>8,446</u>

<u>Municipal Probation Services</u>	<u>Mediation Services</u>	<u>Federal Emergency Management Agency</u>	<u>Office on Aging</u>
\$ 387,849	\$ 55,616	\$ 1,357	\$ 342,373
6,861	0	0	0
0	0	0	9,913
0	0	0	93,054
<u>0</u>	<u>0</u>	<u>0</u>	<u>324,824</u>
\$ <u>394,710</u>	\$ <u>55,616</u>	\$ <u>1,357</u>	\$ <u>770,164</u>
\$ 10,729	\$ 0	\$ 0	\$ 22,039
260	78	0	15,884
2,640	187	0	32,664
0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>334,737</u>
<u>13,629</u>	<u>265</u>	<u>0</u>	<u>405,324</u>
10,087	0	0	8,281
0	0	0	93,054
<u>370,994</u>	<u>55,351</u>	<u>1,357</u>	<u>263,505</u>
<u>381,081</u>	<u>55,351</u>	<u>1,357</u>	<u>364,840</u>
\$ <u>394,710</u>	\$ <u>55,616</u>	\$ <u>1,357</u>	\$ <u>770,164</u>

(continued)

City of Rocky River, Ohio

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

December 31, 2007

	<u>Marine Patrol</u>	<u>Community Impacts</u>	<u>Refuse and Recycling</u>	<u>Motor Vehicle License Tax</u>
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ 22,321	\$ 3,312	\$ 221,455	\$ 185,274
Accounts Receivable	0	0	0	0
Intergovernmental Receivable	0	0	38,634	3,267
Materials and Supplies Inventory	0	0	1,902	0
Taxes Receivable	<u>0</u>	<u>0</u>	<u>649,644</u>	<u>0</u>
Total Assets	\$ <u>22,321</u>	\$ <u>3,312</u>	\$ <u>911,635</u>	\$ <u>188,541</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	\$ 6	\$ 0	\$ 59,352	\$ 3,831
Accrued Wages and Benefits	0	0	27,900	6,854
Intergovernmental Payable	662	0	46,376	12,583
Interfund Payable	0	0	0	0
Deferred Revenue	<u>0</u>	<u>0</u>	<u>688,278</u>	<u>0</u>
Total Liabilities	<u>668</u>	<u>0</u>	<u>821,906</u>	<u>23,268</u>
Fund Balances:				
Reserve for Encumbrances	0	0	19,101	9,822
Reserve for Inventory	0	0	1,902	0
Unreserved, Undesignated (Deficit)	<u>21,653</u>	<u>3,312</u>	<u>68,726</u>	<u>155,451</u>
Total Fund Balances (Deficit)	<u>21,653</u>	<u>3,312</u>	<u>89,729</u>	<u>165,273</u>
Total Liabilities and Fund Balances	\$ <u>22,321</u>	\$ <u>3,312</u>	\$ <u>911,635</u>	\$ <u>188,541</u>

<u>Street Repair and Maintenance</u>	<u>State Highway</u>	<u>Fire Levy</u>	<u>Police Levy</u>	<u>Total Non-major Special Revenue Funds</u>
\$ 655,448	\$ 68,477	\$ 129,000	\$ 0	\$ 2,180,565
0	0	0	0	6,861
329,951	26,753	11,590	11,590	450,459
71,591	0	0	0	166,547
<u>0</u>	<u>0</u>	<u>194,893</u>	<u>194,893</u>	<u>1,364,254</u>
<u>\$ 1,056,990</u>	<u>\$ 95,230</u>	<u>\$ 335,483</u>	<u>\$ 206,483</u>	<u>\$ 4,168,686</u>
\$ 76,923	\$ 0	\$ 0	\$ 0	\$ 176,378
26,799	0	0	0	78,082
38,691	0	132,804	127,157	394,207
0	0	0	7,522	7,522
<u>217,772</u>	<u>17,657</u>	<u>206,483</u>	<u>206,483</u>	<u>1,671,410</u>
<u>360,185</u>	<u>17,657</u>	<u>339,287</u>	<u>341,162</u>	<u>2,327,599</u>
21,025	1	0	0	68,317
71,591	0	0	0	166,547
<u>604,189</u>	<u>77,572</u>	<u>(3,804)</u>	<u>(134,679)</u>	<u>1,606,223</u>
<u>696,805</u>	<u>77,573</u>	<u>(3,804)</u>	<u>(134,679)</u>	<u>1,841,087</u>
<u>\$ 1,056,990</u>	<u>\$ 95,230</u>	<u>\$ 335,483</u>	<u>\$ 206,483</u>	<u>\$ 4,168,686</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, 2007

	<u>Law Enforcement Trust</u>	<u>Community Diversion Program</u>	<u>Indigent Driver Alcohol Treatment</u>	<u>Enforcement and Education</u>
Revenues:				
Property Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental	18,761	0	0	0
Charges for Services	0	0	0	0
Fees, Fines and Permits	14,709	6,300	34,136	3,447
Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>33,470</u>	<u>6,300</u>	<u>34,136</u>	<u>3,447</u>
Expenditures:				
Current:				
Security of Persons and Property	26,982	5,948	46,739	6,630
Public Health	0	0	0	0
Basic Utility Service	0	0	0	0
Transportation	0	0	0	0
General Government	0	0	0	0
Capital Outlay	17,040	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>44,022</u>	<u>5,948</u>	<u>46,739</u>	<u>6,630</u>
Excess of Revenues Over (Under) Expenditures	<u>(10,552)</u>	<u>352</u>	<u>(12,603)</u>	<u>(3,183)</u>
Other Financing Sources (Uses):				
Transfers – In	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	(10,552)	352	(12,603)	(3,183)
Fund Balances at Beginning of Year	<u>94,072</u>	<u>2,053</u>	<u>40,828</u>	<u>11,629</u>
Fund Balances (Deficit) at End of Year	\$ <u><u>83,520</u></u>	\$ <u><u>2,405</u></u>	\$ <u><u>28,225</u></u>	\$ <u><u>8,446</u></u>

<u>Municipal Probation Services</u>	<u>Mediation Services</u>	<u>Federal Emergency Management Agency</u>	<u>Office on Aging</u>
\$ 0	\$ 0	\$ 0	\$ 341,907
0	0	2,500	2,072
0	0	0	470,236
122,034	14,740	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>436</u>
<u>122,034</u>	<u>14,740</u>	<u>2,500</u>	<u>814,651</u>
119,862	0	2,500	0
0	0	0	1,258,586
0	0	0	0
0	0	0	0
1,311	2,626	0	0
0	0	0	0
0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>121,173</u>	<u>2,626</u>	<u>2,500</u>	<u>1,258,586</u>
<u>861</u>	<u>12,114</u>	<u>0</u>	<u>(443,935)</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
861	12,114	0	(443,935)
<u>380,220</u>	<u>43,237</u>	<u>1,357</u>	<u>808,775</u>
\$ <u><u>381,081</u></u>	\$ <u><u>55,351</u></u>	\$ <u><u>1,357</u></u>	\$ <u><u>364,840</u></u>

(continued)

City of Rocky River, Ohio

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

For the Year Ended December 31, 2007

	Marine Patrol	Community Impacts	Refuse and Recycling	Motor Vehicle License Tax
Revenues:				
Property Taxes	\$ 0	\$ 0	\$ 646,194	\$ 0
Intergovernmental	24,107	0	41,254	42,542
Charges for Services	0	0	11,847	0
Fees, Fines and Permits	0	0	0	0
Other	0	0	4,666	0
Total Revenues	<u>24,107</u>	<u>0</u>	<u>703,961</u>	<u>42,542</u>
Expenditures:				
Current:				
Security of Persons and Property	64,129	0	0	11,893
Public Health	0	0	0	0
Basic Utility Service	0	0	1,601,443	0
Transportation	0	0	0	335,219
General Government	0	0	0	0
Capital Outlay	1,551	0	83	13,069
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
Total Expenditures	<u>65,680</u>	<u>0</u>	<u>1,601,526</u>	<u>360,181</u>
Excess of Revenues Over (Under) Expenditures	<u>(41,573)</u>	<u>0</u>	<u>(897,565)</u>	<u>(317,639)</u>
Other Financing Sources (Uses):				
Transfers – In	45,000	0	850,000	400,000
Net Change in Fund Balances	3,427	0	(47,565)	82,361
Fund Balances at Beginning of Year	<u>18,226</u>	<u>3,312</u>	<u>137,294</u>	<u>82,912</u>
Fund Balances (Deficit) at End of Year	<u>\$ 21,653</u>	<u>\$ 3,312</u>	<u>\$ 89,729</u>	<u>\$ 165,273</u>

Street Repair and Maintenance	State Highway	Fire Levy	Police Levy	Total Non-major Special Revenue Funds
\$ 0	\$ 0	\$ 193,859	\$ 273,828	\$ 1,455,788
643,346	51,304	12,375	12,375	850,636
0	0	0	0	482,083
0	0	0	0	195,366
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,102</u>
<u>643,346</u>	<u>51,304</u>	<u>206,234</u>	<u>286,203</u>	<u>2,988,975</u>
0	0	511,664	470,383	1,266,730
0	0	0	0	1,258,586
0	0	0	0	1,601,443
1,218,261	1	0	0	1,553,481
0	0	0	0	3,937
33,938	0	0	0	65,681
0	0	6,758	17,993	24,751
<u>0</u>	<u>0</u>	<u>13,381</u>	<u>15,040</u>	<u>28,421</u>
<u>1,252,199</u>	<u>1</u>	<u>531,803</u>	<u>503,416</u>	<u>5,803,030</u>
<u>(608,853)</u>	<u>51,303</u>	<u>(325,569)</u>	<u>(217,213)</u>	<u>(2,814,055)</u>
<u>800,000</u>	<u>0</u>	<u>0</u>	<u>30,000</u>	<u>2,125,000</u>
191,147	51,303	(325,569)	(187,213)	(689,055)
<u>505,658</u>	<u>26,270</u>	<u>321,765</u>	<u>52,534</u>	<u>2,530,142</u>
\$ <u>696,805</u>	\$ <u>77,573</u>	\$ <u>(3,804)</u>	\$ <u>(134,679)</u>	\$ <u>1,841,087</u>

City of Rocky River, Ohio

Combining Balance Sheet Non-Major Capital Projects Funds

December 31, 2007

	<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	\$ 604,408	\$ 1,680,271	\$ 2,284,679
Accrued Interest Receivable	0	15,542	15,542
Accounts Receivable	<u>0</u>	<u>46,856</u>	<u>46,856</u>
Total Assets	\$ <u>604,408</u>	\$ <u>1,742,669</u>	\$ <u>2,347,077</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	\$ 28,420	\$ 29,564	\$ 57,984
Accrued Wages and Benefits	0	5,790	5,790
Intergovernmental Payable	<u>0</u>	<u>14,315</u>	<u>14,315</u>
Total Liabilities	<u>28,420</u>	<u>49,669</u>	<u>78,089</u>
Fund Balances:			
Reserve for Encumbrances	68,482	14,337	82,819
Unrestricted, Undesignated	<u>507,506</u>	<u>1,678,663</u>	<u>2,186,169</u>
Total Fund Balances	<u>575,988</u>	<u>1,693,000</u>	<u>2,268,988</u>
Total Liabilities and Fund Balances	\$ <u>604,408</u>	\$ <u>1,742,669</u>	\$ <u>2,347,077</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, 2007

	<u>Equipment Replacement</u>	<u>Municipal Court Capital Improvement</u>	<u>Total Non-major Capital Project Funds</u>
Revenues:			
Intergovernmental	\$ 29,475	\$ 844,470	\$ 873,945
Fees, Fines, and Permits	0	14,632	14,632
Investment Income	<u>0</u>	<u>52,265</u>	<u>52,265</u>
Total Revenues	<u>29,475</u>	<u>911,367</u>	<u>940,842</u>
Expenditures:			
Current:			
General Government	0	28,092	28,092
Capital Outlay	1,070,891	532,963	1,603,854
Debt Service:			
Principal Retirement	0	105,000	105,000
Interest and Fiscal Charges	<u>0</u>	<u>149,563</u>	<u>149,563</u>
Total Expenditures	<u>1,070,891</u>	<u>815,618</u>	<u>1,886,509</u>
Excess of Revenues (Over) Expenditures	(1,041,416)	95,749	(945,667)
Other Financing Sources (Uses):			
Transfers-In	<u>950,000</u>	<u>0</u>	<u>950,000</u>
Net Change in Fund Balances	(91,416)	95,749	4,333
Fund Balances at Beginning of Year	<u>667,404</u>	<u>1,597,251</u>	<u>2,264,655</u>
Fund Balances at End of Year	\$ <u><u>575,988</u></u>	\$ <u><u>1,693,000</u></u>	\$ <u><u>2,268,988</u></u>

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

City of Rocky River, Ohio

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

General Fund

For The Year Ended December 31, 2007

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 4,519,411	\$ 4,519,411	\$ 4,071,025	\$ (448,386)
Municipal Income Taxes	7,800,000	7,800,000	8,723,392	923,392
Other Local Taxes	42,000	42,000	40,874	(1,126)
Intergovernmental	1,820,377	1,820,377	3,357,673	1,537,296
Charges for Services	51,800	51,800	33,029	(18,771)
Rentals	75,000	75,000	82,302	7,302
Fines, Fees, and Permits	2,951,450	2,951,450	2,756,060	(195,390)
Investment Income	600,000	600,000	780,611	180,611
Miscellaneous Income	33,500	33,500	108,917	75,417
Total Revenues	<u>17,893,538</u>	<u>17,893,538</u>	<u>19,953,883</u>	<u>2,060,345</u>
Expenditures:				
Current:				
General Government:				
Council:				
Personal Service	115,649	115,736	115,236	500
Other	<u>15,510</u>	<u>15,510</u>	<u>1,548</u>	<u>13,962</u>
Total Council	<u>131,159</u>	<u>131,246</u>	<u>116,784</u>	<u>14,462</u>
Mayor:				
Personal Service	157,869	160,989	158,668	2,321
Other	<u>12,090</u>	<u>12,090</u>	<u>5,804</u>	<u>6,286</u>
Total Mayor	<u>169,959</u>	<u>173,079</u>	<u>164,472</u>	<u>8,607</u>
Finance Department:				
Personal Service	247,447	247,622	232,252	15,370
Other	<u>144,009</u>	<u>144,009</u>	<u>100,948</u>	<u>43,061</u>
Total Finance Department	<u>391,456</u>	<u>391,631</u>	<u>333,200</u>	<u>58,431</u>
Law Director:				
Personal Service	106,876	106,953	102,240	4,713
Other	<u>152,299</u>	<u>152,299</u>	<u>79,255</u>	<u>73,044</u>
Total Law Director	<u>259,175</u>	<u>259,252</u>	<u>181,495</u>	<u>77,757</u>
Other Executive Administration:				
Personal Service	164,603	165,009	165,009	0
Other	<u>34,302</u>	<u>36,020</u>	<u>24,902</u>	<u>11,118</u>
Total Other Executive Administration	<u>198,905</u>	<u>201,029</u>	<u>189,911</u>	<u>11,118</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, 2007

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Boards and Commissions:				
Personal Service	31,814	31,835	28,140	3,695
Other	<u>26,850</u>	<u>26,850</u>	<u>7,537</u>	<u>19,313</u>
Total Boards and Commissions	<u>58,664</u>	<u>58,685</u>	<u>35,677</u>	<u>23,008</u>
Building Maintenance:				
Personal Service	353,170	356,933	349,585	7,348
Other	<u>378,171</u>	<u>381,671</u>	<u>350,294</u>	<u>31,377</u>
Total Building Maintenance	<u>731,341</u>	<u>738,604</u>	<u>699,879</u>	<u>38,725</u>
Human Resources:				
Personal Service	67,311	67,361	66,878	483
Other	<u>43,059</u>	<u>43,059</u>	<u>10,927</u>	<u>32,132</u>
Total Building Maintenance	<u>110,370</u>	<u>110,420</u>	<u>77,805</u>	<u>32,615</u>
Municipal Courts:				
Personal Service	1,914,988	1,758,239	1,577,931	180,308
Other	<u>275,448</u>	<u>277,448</u>	<u>186,589</u>	<u>90,859</u>
Total Municipal Courts	<u>2,190,436</u>	<u>2,035,687</u>	<u>1,764,520</u>	<u>271,167</u>
Miscellaneous:				
Other	<u>1,123,426</u>	<u>1,097,326</u>	<u>979,168</u>	<u>118,158</u>
Total General Government	<u>5,364,891</u>	<u>5,196,959</u>	<u>4,542,911</u>	<u>654,048</u>
Security of Persons And Property:				
Police Department:				
Personal Service	3,479,250	3,491,821	3,417,060	74,761
Other	<u>535,948</u>	<u>546,823</u>	<u>424,239</u>	<u>122,584</u>
Total Police Department	<u>4,015,198</u>	<u>4,038,644</u>	<u>3,841,299</u>	<u>197,345</u>
Fire Department:				
Personal Service	2,694,522	2,744,558	2,705,327	39,231
Other	<u>409,742</u>	<u>409,742</u>	<u>318,498</u>	<u>91,244</u>
Total Fire Department	<u>3,104,264</u>	<u>3,154,300</u>	<u>3,023,825</u>	<u>130,475</u>
Police on Patrol Arresting Speeders:				
Personal Service	134,973	135,055	108,798	26,257
Other	<u>31,419</u>	<u>31,419</u>	<u>15,342</u>	<u>16,077</u>
Total Police on Patrol Arresting Speeders	<u>166,392</u>	<u>166,474</u>	<u>124,140</u>	<u>42,334</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, 2007

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Street Lighting:				
Other	<u>285,000</u>	<u>285,000</u>	<u>254,442</u>	<u>30,558</u>
Administrative Support:				
Personal Service	<u>161,701</u>	<u>161,822</u>	<u>161,108</u>	<u>714</u>
Total Security of Persons and Property	<u>7,732,555</u>	<u>7,806,240</u>	<u>7,404,814</u>	<u>401,426</u>
Transportation:				
Equipment Repair and Garage:				
Personal Service	518,683	519,070	515,293	3,777
Other	<u>176,390</u>	<u>176,390</u>	<u>125,325</u>	<u>51,065</u>
Total Transportation	<u>695,073</u>	<u>695,460</u>	<u>640,618</u>	<u>54,842</u>
Community Environment:				
Community Development:				
Personal Service	477,908	482,268	478,125	4,143
Other	<u>74,992</u>	<u>99,992</u>	<u>81,794</u>	<u>18,198</u>
Total Community Center	<u>552,900</u>	<u>582,260</u>	<u>559,919</u>	<u>22,341</u>
Economic Development:				
Personal Service	134,232	134,329	129,665	4,664
Other	<u>334,638</u>	<u>336,638</u>	<u>278,913</u>	<u>57,725</u>
Total Economic Development	<u>468,870</u>	<u>470,967</u>	<u>408,578</u>	<u>62,389</u>
Total Community Environment	<u>1,021,770</u>	<u>1,053,227</u>	<u>968,497</u>	<u>84,730</u>
Leisure Time Activities:				
Parks Department:				
Personal Service	337,362	337,602	318,201	19,401
Other	<u>105,280</u>	<u>105,280</u>	<u>94,936</u>	<u>10,344</u>
Total Leisure Time Activities	<u>442,642</u>	<u>442,882</u>	<u>413,137</u>	<u>29,745</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, 2007

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Capital Outlay	<u>100,217</u>	<u>203,461</u>	<u>75,150</u>	<u>128,311</u>
Total Expenditures	<u>15,357,148</u>	<u>15,398,229</u>	<u>14,045,127</u>	<u>1,353,102</u>
Excess of Revenues Over (Under) Expenditures	<u>2,536,390</u>	<u>2,495,309</u>	<u>5,908,756</u>	<u>3,413,447</u>
Other Financing Sources (Uses):				
Sale of Capital Assets	15,000	15,000	32,740	17,740
Transfers – Out	<u>(6,885,000)</u>	<u>(6,915,000)</u>	<u>(5,115,000)</u>	<u>1,800,000</u>
Total Other Financing Sources (Uses)	<u>(6,870,000)</u>	<u>(6,900,000)</u>	<u>(5,082,260)</u>	<u>1,817,740</u>
Net Change in Fund Balance	(4,333,610)	(4,404,691)	826,496	5,231,187
Fund Balance at Beginning of Year	6,896,302	6,896,302	6,896,302	0
Prior Year Encumbrances Appropriated	<u>175,951</u>	<u>175,951</u>	<u>175,951</u>	<u>0</u>
Fund Balance at End of Year	\$ <u>2,738,643</u>	\$ <u>2,667,562</u>	\$ <u>7,898,749</u>	\$ <u>5,231,187</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, 2007

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 358,684	\$ 358,684	\$ 304,288	\$ (54,396)
Charges for Services	2,288,333	2,288,333	1,842,028	(446,305)
Intergovernmental	0	0	56,394	56,394
Rentals	<u>35,000</u>	<u>35,000</u>	<u>37,626</u>	<u>2,626</u>
Total Revenues	<u>2,682,017</u>	<u>2,682,017</u>	<u>2,240,336</u>	<u>(441,681)</u>
Expenditures:				
Current:				
Leisure Time Activities:				
Recreation Center:				
Personal Service	2,003,856	2,003,856	1,833,356	170,500
Other	1,244,426	1,251,926	1,184,152	67,774
Capital Outlay	<u>27,410</u>	<u>19,910</u>	<u>11,710</u>	<u>8,200</u>
Total Expenditures	<u>3,275,692</u>	<u>3,275,692</u>	<u>3,029,218</u>	<u>246,474</u>
Net Change in Fund Balances	(593,675)	(593,675)	(788,882)	(195,207)
Fund Balance at Beginning of Year	859,408	859,408	859,408	0
Prior Year Encumbrances Appropriated	<u>36,236</u>	<u>36,236</u>	<u>36,236</u>	<u>0</u>
Fund Balance at End of Year	\$ <u>301,839</u>	\$ <u>301,969</u>	\$ <u>106,762</u>	\$ <u>(195,207)</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, 2007

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 717,367	\$ 717,367	\$ 564,044	\$ (153,323)
Intergovernmental	<u>0</u>	<u>0</u>	<u>75,170</u>	<u>75,170</u>
Total Revenues	<u>717,367</u>	<u>717,367</u>	<u>639,214</u>	<u>(78,153)</u>
Expenditures:				
Debt Service:				
Principal Retirement	985,000	985,000	985,000	0
Interest and Fiscal Charges	<u>691,000</u>	<u>691,000</u>	<u>690,922</u>	<u>78</u>
Total Expenditures	<u>1,676,000</u>	<u>1,676,000</u>	<u>1,675,922</u>	<u>78</u>
Excess of Revenues Over (Under) Expenditures	(958,633)	(958,633)	(1,036,708)	(78,075)
Other Financing Sources (Uses):				
Transfers – In	<u>1,040,000</u>	<u>1,040,000</u>	<u>1,040,000</u>	<u>0</u>
Net Change in Fund Balances	81,367	81,367	3,292	(78,075)
Fund Balance at Beginning of Year	<u>325,884</u>	<u>325,884</u>	<u>325,884</u>	<u>0</u>
Fund Balance at End of Year	\$ <u>407,251</u>	\$ <u>407,251</u>	\$ <u>329,176</u>	\$ <u>(78,075)</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, 2007

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 717,367	\$ 717,367	\$ 646,194	\$ (71,173)
Fees, Fines, And Permits	300	300	440	140
Charges For Services	15,000	15,000	1,785	(13,215)
Intergovernmental	75,000	75,000	75,170	170
Special Assessment	3,500	3,500	9,932	6,432
Investment Income	410,400	410,400	464,505	54,105
Other Local Taxes	120,000	120,000	149,384	29,384
Other	4,000	4,000	375,181	371,181
Total Revenues	<u>1,345,567</u>	<u>1,345,567</u>	<u>1,722,591</u>	<u>377,024</u>
Expenditures:				
Capital Outlay	<u>11,032,955</u>	<u>11,059,955</u>	<u>8,583,551</u>	<u>2,476,404</u>
Excess of Revenues Over (Under) Expenditures	(9,687,388)	(9,714,388)	(6,860,960)	2,853,428
Other Financing Sources (Uses):				
Transfers - In	<u>2,800,000</u>	<u>2,800,000</u>	<u>1,000,000</u>	<u>(1,800,000)</u>
Net Change in Fund Balance	(6,887,388)	(6,914,388)	(5,860,960)	1,053,428
Fund Balance at Beginning of Year	(36,574)	(36,574)	(36,574)	0
Prior Year Encumbrances Appropriated	<u>6,947,405</u>	<u>6,947,405</u>	<u>6,947,405</u>	<u>0</u>
Fund Balance at End of Year	\$ <u>(345,200)</u>	\$ <u>(3,557)</u>	\$ <u>1,049,871</u>	\$ <u>1,053,428</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, 2007

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines, Fees, and Permits	\$ 10,000	\$ 10,000	\$ 14,709	\$ 4,709
Intergovernmental	<u>18,213</u>	<u>18,213</u>	<u>0</u>	<u>(18,213)</u>
Total Revenues	<u>28,213</u>	<u>28,213</u>	<u>14,709</u>	<u>(13,504)</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Law Enforcement Trust:				
Personal Service	15,000	15,000	15,000	0
Other	38,200	16,200	11,909	4,291
Capital Outlay	<u>0</u>	<u>22,000</u>	<u>17,040</u>	<u>4,960</u>
Total Expenditures	<u>53,200</u>	<u>53,200</u>	<u>43,949</u>	<u>9,251</u>
Net Change in Fund Balance	(24,987)	(24,987)	(29,240)	(4,253)
Fund Balance at Beginning of Year	<u>94,336</u>	<u>94,336</u>	<u>94,336</u>	<u>0</u>
Fund Balance at End of Year	\$ <u><u>69,349</u></u>	\$ <u><u>69,349</u></u>	\$ <u><u>65,096</u></u>	\$ <u><u>(4,253)</u></u>

City of Rocky River, Ohio

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

Community Diversion Program Fund

For The Year Ended December 31, 2007

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines, Fees and Permits	\$ <u>6,300</u>	\$ <u>6,300</u>	\$ <u>6,300</u>	\$ <u>0</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Commercial Driver Program:				
Personal Service	<u>6,000</u>	<u>6,300</u>	<u>5,709</u>	<u>591</u>
Net Change in Fund Balance	300	0	591	591
Fund Balance at Beginning of Year	<u>2,337</u>	<u>2,337</u>	<u>2,337</u>	<u>0</u>
Fund Balance at End of Year	\$ <u><u>2,637</u></u>	\$ <u><u>2,337</u></u>	\$ <u><u>2,928</u></u>	\$ <u><u>591</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, 2007

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines, Fees, and Permits	\$ <u>42,000</u>	\$ <u>42,000</u>	\$ <u>34,891</u>	\$ <u>(7,109)</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Indigent Driver Alcohol Treatment:				
Other	<u>31,201</u>	<u>56,201</u>	<u>55,563</u>	<u>638</u>
Net Change in Fund Balance	10,799	(14,201)	(20,672)	(6,471)
Fund Balance at Beginning of Year	50,426	50,426	50,426	0
Prior Year Encumbrances Appropriated	<u>1,201</u>	<u>1,201</u>	<u>1,201</u>	<u>0</u>
Fund Balance at End of Year	\$ <u><u>62,426</u></u>	\$ <u><u>37,426</u></u>	\$ <u><u>30,955</u></u>	\$ <u><u>(6,471)</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, 2007

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines, Fees, and Permits	\$ <u>3,500</u>	\$ <u>3,500</u>	\$ <u>3,532</u>	\$ <u>32</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Enforcement and Education:				
Other	<u>13,399</u>	<u>13,399</u>	<u>6,630</u>	<u>6,769</u>
Net Change in Fund Balance	(9,899)	(9,899)	(3,098)	6,801
Fund Balance at Beginning of Year	9,745	9,745	9,745	0
Prior Year Encumbrances Appropriated	<u>1,799</u>	<u>1,799</u>	<u>1,799</u>	<u>0</u>
Fund Balance at End of Year	\$ <u><u>1,645</u></u>	\$ <u><u>1,645</u></u>	\$ <u><u>8,446</u></u>	\$ <u><u>6,801</u></u>

City of Rocky River, Ohio

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

Municipal Probation Services Fund

For The Year Ended December 31, 2007

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fees, Fines, and Permits	\$ <u>100,000</u>	\$ <u>100,000</u>	\$ <u>120,967</u>	\$ <u>20,967</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Municipal Probation Services:				
Personal Service	98,960	102,331	102,331	0
Capital Outlay	17,000	13,000	4,027	8,973
Other	<u>31,741</u>	<u>34,170</u>	<u>21,356</u>	<u>12,814</u>
Total Expenditures	<u>147,701</u>	<u>149,501</u>	<u>127,714</u>	<u>21,787</u>
Net Change in Fund Balance	(47,701)	(49,501)	(6,747)	42,754
Fund Balance at Beginning of Year	381,297	381,297	381,297	0
Prior Year Encumbrances Appropriated	<u>1,241</u>	<u>1,241</u>	<u>1,241</u>	<u>0</u>
Fund Balance at End of Year	\$ <u><u>334,837</u></u>	\$ <u><u>333,037</u></u>	\$ <u><u>375,791</u></u>	\$ <u><u>42,754</u></u>

City of Rocky River, Ohio

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

Mediation Services Fund

For The Year Ended December 31, 2007

	<u>Budget</u>		<u>Actual</u>	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines, Fees, and Permits	\$ <u>13,000</u>	\$ <u>13,000</u>	\$ <u>15,810</u>	\$ <u>2,810</u>
Expenditures:				
Current:				
General Government:				
Mediation Services:				
Other	<u>30,000</u>	<u>30,000</u>	<u>2,361</u>	<u>27,639</u>
Net Change in Fund Balance	(17,000)	(17,000)	13,449	30,449
Fund Balance at Beginning of Year	<u>42,167</u>	<u>42,167</u>	<u>42,167</u>	<u>0</u>
Fund Balance at End of Year	\$ <u><u>25,167</u></u>	\$ <u><u>25,167</u></u>	\$ <u><u>55,616</u></u>	\$ <u><u>30,449</u></u>

City of Rocky River, Ohio

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

Federal Emergency Management Agency Grant Fund

For The Year Ended December 31, 2007

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ <u>0</u>	\$ <u>3,800</u>	\$ <u>2,500</u>	\$ <u>(1,300)</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Federal Emergency Management Agency:				
Other	<u>0</u>	<u>2,500</u>	<u>2,500</u>	<u>0</u>
Net Change in Fund Balance	0	1,300	0	(1,300)
Fund Balance at Beginning of Year	<u>1,357</u>	<u>1,357</u>	<u>1,357</u>	<u>0</u>
Fund Balance at End of Year	\$ <u><u>1,357</u></u>	\$ <u><u>2,657</u></u>	\$ <u><u>1,357</u></u>	\$ <u><u>(1,300)</u></u>

City of Rocky River, Ohio

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

Office on Aging Fund

For The Year Ended December 31, 2007

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 358,684	\$ 358,684	\$ 341,907	\$ (16,777)
Intergovernmental	0	0	19,030	19,030
Charges for Services	474,000	474,000	470,236	(3,764)
Other	<u>1,000</u>	<u>1,000</u>	<u>436</u>	<u>(564)</u>
Total Revenues	<u>833,684</u>	<u>833,684</u>	<u>831,609</u>	<u>(2,075)</u>
Expenditures:				
Current:				
Public Health Services:				
Office on Aging:				
Personal Service	714,229	714,229	694,942	19,287
Other	<u>644,600</u>	<u>664,600</u>	<u>570,156</u>	<u>94,444</u>
Total Expenditures	<u>1,358,829</u>	<u>1,378,829</u>	<u>1,265,098</u>	<u>113,731</u>
Net Change in Fund Balance	(525,145)	(545,145)	(433,489)	111,656
Fund Balance at Beginning of Year	731,903	731,903	731,903	0
Prior Year Encumbrances Appropriated	<u>23,880</u>	<u>23,880</u>	<u>23,880</u>	<u>0</u>
Fund Balance at End of Year	\$ <u>230,383</u>	\$ <u>210,638</u>	\$ <u>322,294</u>	\$ <u>111,656</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, 2007

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ <u>25,000</u>	\$ <u>25,000</u>	\$ <u>24,107</u>	\$ <u>(893)</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Marine Patrol:				
Personal Service	53,600	53,600	52,922	678
Other	<u>19,328</u>	<u>19,328</u>	<u>11,761</u>	<u>7,567</u>
Total Marine Patrol	72,928	72,928	64,683	8,245
Capital Outlay	<u>4,490</u>	<u>4,490</u>	<u>1,551</u>	<u>2,939</u>
Total Expenditures	<u>77,418</u>	<u>77,418</u>	<u>66,234</u>	<u>11,184</u>
Excess of Revenues Over (Under) Expenditures	(52,418)	(52,418)	(42,127)	10,291
Other Financing Sources (Uses):				
Transfers – In	<u>45,000</u>	<u>45,000</u>	<u>45,000</u>	<u>0</u>
Net Change in Fund Balance	(7,418)	(7,418)	2,873	10,291
Fund Balance at Beginning of Year	18,530	18,530	18,530	0
Prior Year Encumbrances Appropriated	<u>918</u>	<u>918</u>	<u>918</u>	<u>0</u>
Fund Balance at End of Year	\$ <u>12,030</u>	\$ <u>12,030</u>	\$ <u>22,321</u>	\$ <u>10,291</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, 2007

	<u>Budget</u>		<u>Actual</u>	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Expenditures:				
Current:				
Basic Utility Service:				
Community Impacts:				
Other	\$ <u>3,311</u>	\$ <u>3,311</u>	\$ <u>0</u>	\$ <u>3,311</u>
Net Change in Fund Balance	(3,311)	(3,311)	0	3,311
Fund Balance at Beginning of Year	<u>3,312</u>	<u>3,312</u>	<u>3,312</u>	<u>0</u>
Fund Balance at End of Year	\$ <u><u>1</u></u>	\$ <u><u>1</u></u>	\$ <u><u>3,312</u></u>	\$ <u><u>3,311</u></u>

City of Rocky River, Ohio

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

Refuse and Recycling Fund

For The Year Ended December 31, 2007

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 719,091	\$ 719,091	\$ 646,194	\$ (72,897)
Charges for Services	20,000	20,000	11,847	(8,153)
Intergovernmental	0	0	75,170	75,170
Other	<u>5,000</u>	<u>5,000</u>	<u>4,666</u>	<u>(334)</u>
Total Revenues	<u>744,091</u>	<u>744,091</u>	<u>737,877</u>	<u>(6,214)</u>
Expenditures:				
Current:				
Basic Utilities Service:				
Refuse and Recycling:				
Personal Service	985,546	985,546	971,064	14,482
Other	<u>697,264</u>	<u>697,264</u>	<u>645,247</u>	<u>52,017</u>
Total Refuse and Recycling	1,682,810	1,682,810	1,616,311	66,499
Capital Outlay	<u>543</u>	<u>543</u>	<u>150</u>	<u>393</u>
Total Expenditures	<u>1,683,353</u>	<u>1,683,353</u>	<u>1,616,461</u>	<u>66,892</u>
Excess of Revenues Over (Under) Expenditures	(939,262)	(939,262)	(878,584)	60,678
Other Financing Sources (Uses):				
Transfers – In	<u>850,000</u>	<u>850,000</u>	<u>850,000</u>	<u>0</u>
Net Change in Fund Balance	(89,262)	(89,262)	(28,584)	60,678
Fund Balance at Beginning of Year	123,243	123,243	123,243	0
Prior Year Encumbrances Appropriated	<u>59,107</u>	<u>59,107</u>	<u>59,107</u>	<u>0</u>
Fund Balance at End of Year	\$ <u>93,088</u>	\$ <u>93,088</u>	\$ <u>153,766</u>	\$ <u>60,678</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, 2007

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ <u>42,000</u>	\$ <u>42,000</u>	\$ <u>42,785</u>	\$ <u>785</u>
Expenditures:				
Current:				
Transportation:				
Motor Vehicle License Tax:				
Personal Service	283,966	283,966	271,235	12,731
Other	<u>126,861</u>	<u>126,861</u>	<u>75,236</u>	<u>51,625</u>
Total Motor Vehicle License Tax	410,827	410,827	346,471	64,356
Capital Outlay	<u>17,000</u>	<u>17,000</u>	<u>13,069</u>	<u>1,285</u>
Total Expenditures	<u>427,827</u>	<u>427,827</u>	<u>359,540</u>	<u>68,287</u>
Excess of Revenues Over (Under) Expenditures	(385,827)	(385,827)	(316,755)	69,072
Other Financing Sources (Uses):				
Transfers – In	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>	<u>0</u>
Net Change in Fund Balance	14,173	14,173	83,245	69,072
Fund Balance at Beginning of Year	80,410	80,410	80,410	0
Prior Year Encumbrances Appropriated	<u>10,561</u>	<u>10,561</u>	<u>10,561</u>	<u>0</u>
Fund Balance at End of Year	\$ <u>105,144</u>	\$ <u>105,144</u>	\$ <u>174,216</u>	\$ <u>69,072</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, 2007

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ <u>589,000</u>	\$ <u>589,000</u>	\$ <u>641,641</u>	\$ <u>52,641</u>
Expenditures:				
Current:				
Transportation				
Street Repair and Maintenance:				
Personal Service	1,118,473	1,098,473	885,538	212,935
Other	<u>394,171</u>	<u>414,171</u>	<u>389,404</u>	<u>24,767</u>
Total Street Repair and Maintenance	1,512,644	1,512,644	1,274,942	237,702
Capital Outlay	<u>27,800</u>	<u>35,000</u>	<u>33,938</u>	<u>1,062</u>
Total Expenditures	<u>1,540,444</u>	<u>1,547,644</u>	<u>1,308,880</u>	<u>238,764</u>
Excess of Revenues Over (Under) Expenditures	(951,444)	(958,644)	(667,239)	291,405
Other Financing Sources (Uses):				
Transfers – In	<u>800,000</u>	<u>800,000</u>	<u>800,000</u>	<u>0</u>
Net Change in Fund Balance	(151,444)	(158,644)	132,761	291,405
Fund Balance at Beginning of Year	421,795	421,795	421,795	0
Prior Year Encumbrances Appropriated	<u>14,871</u>	<u>14,871</u>	<u>14,871</u>	<u>0</u>
Fund Balance at End of Year	\$ <u>285,222</u>	\$ <u>278,022</u>	\$ <u>569,427</u>	\$ <u>291,405</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, 2007

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ <u>48,500</u>	\$ <u>48,500</u>	\$ <u>51,166</u>	\$ <u>2,666</u>
Expenditures:				
Current:				
Transportation:				
State Highway Patrol:				
Other	<u>50,194</u>	<u>50,194</u>	<u>1</u>	<u>50,193</u>
Net Change in Fund Balance	(1,694)	(1,694)	51,165	52,859
Fund Balance at Beginning of Year	17,118	17,118	17,118	0
Prior Year Encumbrances Appropriated	<u>194</u>	<u>194</u>	<u>194</u>	<u>0</u>
Fund Balance at End of Year	\$ <u><u>15,618</u></u>	\$ <u><u>15,618</u></u>	\$ <u><u>68,477</u></u>	\$ <u><u>52,859</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, 2007

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 215,210	\$ 215,210	\$ 193,859	\$ (21,351)
Intergovernmental	<u>0</u>	<u>0</u>	<u>22,550</u>	<u>22,550</u>
Total Revenues	<u>215,210</u>	<u>215,210</u>	<u>216,409</u>	<u>1,199</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Fire:				
Personal Service	559,000	559,000	502,589	56,411
Other	<u>20,139</u>	<u>20,139</u>	<u>20,139</u>	<u>0</u>
Total Expenditures	<u>579,139</u>	<u>579,139</u>	<u>522,728</u>	<u>56,411</u>
Net Change in Fund Balance	(363,929)	(363,929)	(306,319)	57,610
Fund Balance at Beginning of Year	<u>435,319</u>	<u>435,319</u>	<u>435,319</u>	<u>0</u>
Fund Balance at End of Year	\$ <u>71,390</u>	\$ <u>71,390</u>	\$ <u>129,000</u>	\$ <u>57,610</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, 2007

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 215,210	\$ 215,210	\$ 273,828	\$ 58,618
Intergovernmental	<u>0</u>	<u>0</u>	<u>22,550</u>	<u>22,550</u>
Total Revenues	<u>215,210</u>	<u>215,210</u>	<u>296,378</u>	<u>81,168</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Police:				
Personal Service	475,000	472,975	468,189	4,786
Other	<u>31,008</u>	<u>33,033</u>	<u>33,033</u>	<u>0</u>
Total Expenditures	<u>506,008</u>	<u>506,008</u>	<u>501,222</u>	<u>4,786</u>
Excess of Revenues Over (Under) Expenditures	(290,798)	(290,798)	(204,844)	85,954
Other Financing Sources (Uses):				
Transfers – In	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>0</u>
Net Change in Fund Balance	(260,798)	(260,798)	(174,844)	85,954
Fund Balance at Beginning of Year	<u>167,322</u>	<u>167,322</u>	<u>167,322</u>	<u>0</u>
Fund Balance at End of Year	\$ <u><u>(93,476)</u></u>	\$ <u><u>(93,476)</u></u>	\$ <u><u>(7,522)</u></u>	\$ <u><u>85,954</u></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, 2007

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Special Assessments	\$ <u>71,000</u>	\$ <u>71,000</u>	\$ <u>59,613</u>	\$ <u>(11,387)</u>
Expenditures:				
Debt Service:				
Principal Retirement	40,000	40,000	40,000	0
Interest and Fiscal Charges	<u>37,300</u>	<u>37,300</u>	<u>37,011</u>	<u>289</u>
Total Expenditures	<u>77,300</u>	<u>77,300</u>	<u>77,011</u>	<u>289</u>
Net Change in Fund Balance	(6,300)	(6,300)	(17,398)	(11,098)
Fund balance at Beginning of Year	<u>8,823</u>	<u>8,823</u>	<u>8,823</u>	<u>0</u>
Fund balance at End of Year	\$ <u><u>2,523</u></u>	\$ <u><u>2,523</u></u>	\$ <u><u>(8,575)</u></u>	\$ <u><u>(11,098)</u></u>

City of Rocky River, Ohio

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

Equipment Replacement Fund

For The Year Ended December 31, 2007

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ <u>35,000</u>	\$ <u>35,000</u>	\$ <u>29,475</u>	\$ <u>(5,525)</u>
Expenditures:				
Capital Outlay	<u>1,716,896</u>	<u>1,716,896</u>	<u>1,206,499</u>	<u>510,397</u>
Excess of Revenues Over (Under) Expenditures	(1,681,896)	(1,681,896)	(1,177,024)	504,872
Other Financing Sources (Uses):				
Transfers – In	<u>950,000</u>	<u>950,000</u>	<u>950,000</u>	<u>0</u>
Net Change in Fund Balance	(731,896)	(731,896)	(227,024)	504,872
Fund Balance at Beginning of Year	243,409	243,409	243,409	0
Prior Year Encumbrances Appropriated	<u>491,121</u>	<u>491,121</u>	<u>491,121</u>	<u>0</u>
Fund Balance at End of Year	\$ <u><u>2,634</u></u>	\$ <u><u>2,634</u></u>	\$ <u><u>507,506</u></u>	\$ <u><u>504,872</u></u>

City of Rocky River, Ohio

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

Municipal Court Capital Improvement Fund

For The Year Ended December 31, 2007

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 675,000	\$ 675,000	\$ 844,470	\$ 169,470
Investment Income	25,500	25,500	54,698	29,198
Total Revenues	<u>700,500</u>	<u>700,500</u>	<u>899,168</u>	<u>198,668</u>
Expenditures:				
Current:				
General Government:				
Personal Service	161,200	348,437	337,348	11,089
Other	177,890	154,653	147,301	7,352
Capital Outlay	170,186	57,186	56,318	868
Debt Service:				
Principal Retirement	105,000	105,000	105,000	0
Interest and Fiscal Charges	150,000	150,000	149,563	437
Total Expenditures	<u>764,276</u>	<u>815,276</u>	<u>795,530</u>	<u>19,746</u>
Net Change in Fund Balance	(63,776)	(114,776)	103,638	218,414
Fund Balance at Beginning of Year	1,539,730	1,539,730	1,539,730	0
Prior Year Encumbrances Appropriated	<u>19,588</u>	<u>19,588</u>	<u>19,588</u>	<u>0</u>
Fund Balance at End of Year	\$ <u>1,495,542</u>	\$ <u>1,444,542</u>	\$ <u>1,662,956</u>	\$ <u>218,414</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, 2007

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services	\$ <u>1,905,000</u>	\$ <u>1,905,000</u>	\$ <u>1,886,081</u>	\$ <u>(18,919)</u>
Expenses:				
Water Operations:				
Personal Service	693,199	708,199	609,701	98,498
Contractual Services	1,300,200	1,295,200	1,197,372	97,828
Heat, Light, And Power	15,000	20,000	17,694	2,306
Materials And Supplies	126,923	125,923	121,161	4,762
Other	8,635	8,635	1,269	7,366
Capital Outlay	30,000	38,000	37,767	233
Debt Service:				
Principal Retirement	14,423	14,423	14,423	0
Interest and Fiscal Charges	<u>12,675</u>	<u>12,675</u>	<u>12,675</u>	<u>0</u>
Total Expenses	<u>2,201,055</u>	<u>2,223,055</u>	<u>2,012,062</u>	<u>210,993</u>
Net Change in Fund Equity	(296,055)	(318,055)	(125,981)	192,074
Fund Equity at Beginning of Year	720,619	720,619	720,619	0
Prior Year Encumbrances Appropriated	<u>23,958</u>	<u>23,958</u>	<u>23,958</u>	<u>0</u>
Fund Equity at End of Year	\$ <u>448,522</u>	\$ <u>426,522</u>	\$ <u>618,596</u>	\$ <u>192,074</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, 2007

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charge for Services	\$ <u>1,672,000</u>	\$ <u>1,672,000</u>	\$ <u>1,769,897</u>	\$ <u>97,897</u>
Expenses:				
Claims	1,503,961	1,603,961	1,656,122	(52,161)
Contractual Services	<u>314,127</u>	<u>314,127</u>	<u>255,654</u>	<u>58,473</u>
Total Expenses	<u>1,818,088</u>	<u>1,918,088</u>	<u>1,911,776</u>	<u>6,312</u>
Net Change in Fund Equity	(146,088)	(246,088)	(141,879)	104,209
Fund Equity at Beginning of Year	568,991	568,991	568,991	0
Prior Year Encumbrances Appropriated	<u>128</u>	<u>128</u>	<u>128</u>	<u>0</u>
Fund Equity at End of Year	\$ <u><u>423,031</u></u>	\$ <u><u>323,031</u></u>	\$ <u><u>427,240</u></u>	\$ <u><u>104,209</u></u>

City of Rocky River, Ohio

Fiduciary Fund

Fund Descriptions

Fiduciary Funds

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

Agency Funds

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

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

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

City of Rocky River, Ohio

Combining Statement of Assets and Liabilities – Agency Funds

December 31, 2007

	<u>Deposits Fees and Miscellaneous Clearance</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	\$ 70,512	\$ 282,449	\$ 0	\$ 23,475	\$ 376,436
Cash and Cash Equivalents in Segregated Accounts	<u>0</u>	<u>0</u>	<u>441,208</u>	<u>0</u>	<u>441,208</u>
Total Assets	\$ <u>70,512</u>	\$ <u>282,449</u>	\$ <u>441,208</u>	\$ <u>23,475</u>	\$ <u>817,644</u>
Liabilities:					
Undistributed Monies	\$ 0	\$ 282,449	\$	\$ 23,475	\$ 305,924
Deposits Held and Due To Others	<u>70,512</u>	<u>0</u>	<u>441,208</u>	<u>0</u>	<u>511,720</u>
Total Liabilities	\$ <u>70,512</u>	\$ <u>282,449</u>	\$ <u>441,208</u>	\$ <u>23,475</u>	\$ <u>817,644</u>

City of Rocky River, Ohio

Combining Statement of Changes in Assets and Liabilities – Agency Funds

For The Year Ended December 31, 2007

	<u>Balance</u> <u>12/31/06</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12/31/07</u>
Deposits, Fees and Miscellaneous Clearance				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ <u>71,926</u>	\$ <u>5,131</u>	\$ <u>6,545</u>	\$ <u>70,512</u>
Liabilities:				
Deposits Held and Due to Others	\$ <u>71,926</u>	\$ <u>5,131</u>	\$ <u>6,545</u>	\$ <u>70,512</u>
Donations and Bequests				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ <u>228,149</u>	\$ <u>216,467</u>	\$ <u>162,167</u>	\$ <u>282,449</u>
Liabilities:				
Undistributed Monies	\$ <u>228,149</u>	\$ <u>216,467</u>	\$ <u>162,167</u>	\$ <u>282,449</u>
Municipal Court				
Assets:				
Cash and Cash Equivalents in Segregated Accounts	\$ <u>408,492</u>	\$ <u>5,700,531</u>	\$ <u>5,667,815</u>	\$ <u>441,208</u>
Liabilities:				
Deposits Held and Due to Others	\$ <u>408,492</u>	\$ <u>5,700,531</u>	\$ <u>5,667,815</u>	\$ <u>408,492</u>
S.A.F.E.				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ <u>23,658</u>	\$ <u>1,200</u>	\$ <u>1,383</u>	\$ <u>23,475</u>
Liabilities:				
Undistributed Monies	\$ <u>23,658</u>	\$ <u>1,200</u>	\$ <u>1,383</u>	\$ <u>23,475</u>
All Agency Funds				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ 323,733	\$ 222,798	\$ 170,095	\$ 376,436
Cash and Cash Equivalents in Segregated Accounts	<u>408,492</u>	<u>5,700,531</u>	<u>5,667,815</u>	<u>441,208</u>
Total Assets	\$ <u>732,225</u>	\$ <u>5,923,329</u>	\$ <u>5,837,910</u>	\$ <u>817,644</u>
Liabilities:				
Undistributed Monies	\$ 251,807	\$ 217,667	\$ 163,550	\$ 305,924
Deposits Held and Due to Others	<u>480,418</u>	<u>5,705,662</u>	<u>5,674,360</u>	<u>511,720</u>
Total Liabilities	\$ <u>732,225</u>	\$ <u>5,923,329</u>	\$ <u>5,837,910</u>	\$ <u>817,644</u>

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City of Rocky River, Ohio

December 31, 2007

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

<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.	114 – 119
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	120 – 126
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.	127 – 132
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.	133 – 135
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.	136 – 139

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

City of Rocky River, Ohio

Net Assets by Component – Last Five Fiscal Years

Accrual Basis of Accounting

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Governmental Activities:					
Invested in Capital Assets, Net of Related Debt	\$ 25,694,191	\$ 21,762,917	\$ 24,062,462	\$ 24,996,254	\$ 26,993,766
Restricted for:					
Capital Projects	6,697,396	8,506,497	10,244,546	8,538,517	4,038,732
Debt Services	933,368	436,075	311,203	370,924	299,208
Recreation	272,344	537,147	453,232	825,367	0
Municipal Probation	314,982	341,646	366,541	380,220	381,081
Aging	226,474	403,278	279,679	800,380	354,143
Street Construction and Maintenance	347,929	658,753	311,953	505,658	696,805
Other Purposes	212,492	712,932	421,903	848,768	364,080
Unreserved	<u>2,078,511</u>	<u>4,238,433</u>	<u>3,759,748</u>	<u>3,047,689</u>	<u>8,969,395</u>
Total Net Assets – Governmental Activities	<u>36,777,687</u>	<u>37,597,678</u>	<u>40,211,267</u>	<u>40,313,777</u>	<u>42,097,210</u>
Business-Type Activities:					
Invested in Capital Assets, Net of Related Debt	14,798,306	16,580,359	16,408,395	16,369,129	16,178,646
Unrestricted	<u>6,970,391</u>	<u>7,028,630</u>	<u>6,975,394</u>	<u>7,038,020</u>	<u>6,690,857</u>
Total Net Assets – Business-Type Activities	<u>21,768,697</u>	<u>23,608,989</u>	<u>23,383,789</u>	<u>23,407,149</u>	<u>22,869,503</u>
Primary Government:					
Invested in Capital, Net of Related Debt	40,492,497	38,343,276	40,470,857	41,365,383	43,172,412
Restricted for:					
Capital Projects	6,697,396	8,506,497	10,244,546	8,538,517	4,038,732
Debt Services	933,368	436,075	311,203	370,924	299,208
Recreation	272,344	537,147	453,232	825,367	0
Municipal Probation	314,982	341,646	366,541	380,220	381,081
Aging	226,474	403,278	279,679	800,380	354,143
Street Construction and Maintenance	347,929	658,753	311,953	505,658	696,805
Other Purposes	212,492	712,932	421,903	848,768	364,080
Unrestricted	<u>9,048,902</u>	<u>11,267,063</u>	<u>10,735,142</u>	<u>10,085,709</u>	<u>15,660,252</u>
Total Primary Government Net Assets	<u>\$ 58,546,384</u>	<u>\$ 61,206,667</u>	<u>\$ 63,595,056</u>	<u>\$ 63,720,926</u>	<u>\$ 64,966,713</u>

City of Rocky River, Ohio

Changes in Net Assets – Last Five Fiscal Years

Accrual Basis of Accounting

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Program revenues:					
Governmental Activities:					
Charges for Services:					
General Government	\$ 2,406,821	\$ 2,368,876	\$ 2,834,113	\$ 2,931,941	\$ 2,130,339
Security of Persons and Property	346,364	607,429	282,092	710,930	804,196
Public Health and Welfare	397,420	347,554	441,693	436,247	489,380
Transportation	19,603	14,256	425	500	75
Leisure Time Activities	1,265,249	1,234,683	1,401,233	1,451,092	1,907,655
Community Development	715	705	525	495	270
Basic Utility Service	14,966	19,370	16,982	17,965	11,847
Operating Grants and Contributions:					
Security of Persons and Property	40,392	25,604	25,584	25,946	24,107
Transportation	518,181	657,577	705,137	749,323	737,192
Basic Utility Service	70,301	121,500	78,317	65,250	41,254
Capital Grants and Contributions:					
General Government	749,605	789,079	819,794	619,653	873,945
Public Health	0	0	3,628	3,700	255
Transportation	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>64,000</u>
Total Governmental Activities					
Program Revenues	<u>5,829,617</u>	<u>6,186,633</u>	<u>6,609,523</u>	<u>7,013,042</u>	<u>7,084,515</u>
Business-Type Activities:					
Charges for Services:					
Sewer	1,649,436	2,012,219	1,853,327	1,882,034	1,862,049
Capital Grants and Contributions:					
Sewer	<u>0</u>	<u>1,107,813</u>	<u>347,671</u>	<u>219,730</u>	<u>54,603</u>
Total Business-Type Activities					
Program Revenues	<u>1,649,436</u>	<u>3,120,032</u>	<u>2,200,998</u>	<u>2,101,764</u>	<u>1,916,652</u>
Total Primary Government					
Program Revenues	<u>7,479,053</u>	<u>9,306,665</u>	<u>8,810,521</u>	<u>9,114,806</u>	<u>9,001,167</u>
Expenses:					
Governmental activities:					
General Government	5,142,027	4,555,899	4,514,387	8,818,319	6,808,292
Security of Persons and Property	8,037,215	7,673,916	7,876,398	9,202,339	8,893,601
Public Health and Welfare	1,071,428	977,448	1,142,913	1,220,577	1,363,640
Leisure Time Activities	2,619,434	3,933,467	4,973,173	783,730	4,076,680
Community Development	823,487	803,006	703,873	257,600	790,060
Basic Utility Services	2,161,930	1,739,378	1,900,149	1,934,737	1,693,864
Transportation	2,738,117	4,698,400	1,587,610	3,244,883	2,314,773
Interest and Fiscal Charges	<u>439,230</u>	<u>507,297</u>	<u>965,098</u>	<u>925,760</u>	<u>882,306</u>
Total Governmental					
Activities Expenses	<u>23,032,868</u>	<u>24,888,811</u>	<u>23,663,601</u>	<u>26,387,945</u>	<u>26,823,216</u>
Business-Type Activities:					
Sewer	<u>2,405,376</u>	<u>1,279,740</u>	<u>2,426,198</u>	<u>2,078,404</u>	<u>2,454,298</u>
Total Primary Government					
Program Expenses	<u>25,438,244</u>	<u>26,168,551</u>	<u>26,089,799</u>	<u>28,466,349</u>	<u>29,277,514</u>

City of Rocky River, Ohio

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

Accrual Basis of Accounting

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Revenues:					
Property taxes and Other Local Taxes Levied for:					
General Purposes	3,344,189	3,669,410	3,595,174	3,695,587	4,210,179
Recreation	265,406	286,213	285,331	293,301	293,591
Office on Aging	265,406	286,213	286,175	283,755	331,210
Refuse and Recycling	530,815	572,426	569,818	596,199	624,749
Fire Levy	159,244	172,015	171,200	175,980	187,441
Police Levy	159,244	171,439	171,199	96,012	267,410
Capital Improvements	530,815	572,426	604,444	552,819	624,801
General Obligation Bond Retirement	0	0	570,663	666,569	542,651
Municipal Taxes Levied for:					
General Purposes	7,450,963	8,159,833	7,794,391	8,203,978	8,893,894
Franchise Tax	1,485,683	278,970	47,289	139,215	149,384
Admissions Tax	0	0	75,069	45,929	40,874
Grants and Entitlements not Restricted to Specific Programs	1,455,607	4,955,054	4,688,251	3,453,555	3,837,407
Investment Earnings	195,673	281,820	680,947	1,202,568	1,110,881
Other	<u>327,212</u>	<u>116,350</u>	<u>127,716</u>	<u>71,946</u>	<u>407,662</u>
 Total General Revenues	 <u>16,170,257</u>	 <u>19,522,169</u>	 <u>19,667,667</u>	 <u>19,477,413</u>	 <u>21,522,134</u>
 Change in Net Assets:					
Governmental Activities	(1,032,994)	819,991	2,613,589	102,510	1,783,433
Business-Type Activities	<u>(755,940)</u>	<u>1,840,292</u>	<u>(225,200)</u>	<u>23,360</u>	<u>(537,646)</u>
 Total Primary Government Change in Net Assets	 \$ <u>(1,788,934)</u>	 \$ <u>2,660,283</u>	 \$ <u>2,388,389</u>	 \$ <u>125,870</u>	 \$ <u>1,245,787</u>

City of Rocky River, Ohio

Fund Balances, Governmental Funds – Last Ten Fiscal Years

Modified Accrual Basis of Accounting

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Fund										
Reserved	\$ 56,242	\$ 67,580	\$ 99,183	\$ 174,205	\$ 215,449	\$ 172,542	\$ 118,309	\$ 158,475	\$ 126,594	\$ 124,395
Unreserved (Deficit)	<u>3,620,158</u>	<u>3,202,084</u>	<u>4,845,263</u>	<u>5,484,515</u>	<u>4,062,024</u>	<u>3,353,437</u>	<u>4,961,316</u>	<u>12,092,669</u>	<u>8,751,298</u>	<u>9,040,991</u>
Total General Fund	<u>3,676,400</u>	<u>3,269,664</u>	<u>4,944,446</u>	<u>5,658,720</u>	<u>4,277,473</u>	<u>3,525,979</u>	<u>5,079,625</u>	<u>12,251,144</u>	<u>8,877,892</u>	<u>9,165,386</u>
All Other Governmental Funds										
Reserved	1,394,998	1,148,717	2,691,366	5,158,958	1,485,769	2,061,840	1,958,494	981,092	7,003,846	1,545,110
Unreserved, Undesignated, Reported in:										
Special Revenue Funds	723,696	1,167,500	1,417,632	1,610,920	2,280,066	1,662,708	2,274,096	1,620,122	3,179,196	1,498,981
Debt Service Funds	126,956	125,868	126,473	127,700	126,242	129,136	436,075	309,515	368,623	320,601
Capital Projects Funds	<u>1,546,253</u>	<u>5,272,441</u>	<u>948,909</u>	<u>(992,364)</u>	<u>5,844,373</u>	<u>4,669,196</u>	<u>6,682,010</u>	<u>9,470,562</u>	<u>1,707,532</u>	<u>2,797,157</u>
Total All Other Governmental Funds	<u>3,791,903</u>	<u>7,714,526</u>	<u>5,184,380</u>	<u>5,905,214</u>	<u>9,736,450</u>	<u>8,522,880</u>	<u>11,350,675</u>	<u>12,381,291</u>	<u>12,259,197</u>	<u>6,161,849</u>
Total Governmental Funds	<u>\$ 7,468,303</u>	<u>\$ 10,984,190</u>	<u>\$ 10,128,826</u>	<u>\$ 11,563,934</u>	<u>\$ 14,013,923</u>	<u>\$ 12,048,859</u>	<u>\$ 16,430,300</u>	<u>\$ 24,632,435</u>	<u>\$ 21,137,089</u>	<u>\$ 15,327,235</u>

City of Rocky River, Ohio

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

Modified Accrual Basis of Accounting

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Revenues										
Property Taxes	\$ 4,511,492	\$ 4,709,924	\$ 4,578,689	\$ 5,221,797	\$ 5,280,092	\$ 5,251,769	\$ 5,667,016	\$ 6,235,604	\$ 6,335,087	\$ 7,041,339
Municipal Income taxes	6,734,847	7,066,577	7,662,097	7,397,168	7,770,663	7,553,532	7,732,660	8,064,069	8,302,551	8,524,272
Other Local Taxes	89,292	81,758	168,846	218,398	195,854	195,006	278,970	171,013	185,144	190,258
Intergovernmental	4,413,915	5,721,211	5,195,635	5,549,611	7,464,551	4,351,557	6,823,149	6,168,682	5,223,478	5,067,103
Charges for Services	1,283,320	1,302,873	1,562,961	1,686,484	1,651,871	1,609,543	1,686,685	1,850,165	2,108,616	2,362,258
Fines, Fees, and Permits	1,752,247	1,933,030	2,299,698	2,739,133	2,908,634	2,739,144	2,857,860	3,292,766	2,946,563	2,795,898
Special Assessments	31,419	72,729	64,163	76,550	35,324	41,018	86,950	72,514	73,625	69,545
Investment Income	413,197	467,281	874,993	559,625	267,852	195,673	281,820	680,947	1,202,568	1,110,881
Rentals	0	0	36,195	59,013	86,692	98,771	107,664	109,372	102,925	130,683
Contributions and Donation	50,000	0	0	0	0	0	0	0	0	0
Other	447,328	118,981	89,786	243,123	164,186	327,212	315,554	155,317	137,471	489,200
Total Revenues	19,727,057	21,474,364	22,533,063	23,750,902	25,825,719	22,363,225	25,838,328	26,800,449	26,618,028	27,781,437
Expenditures										
Current:										
Security of Persons and Property	5,665,424	5,929,591	6,144,881	6,619,901	7,001,113	7,309,763	7,585,135	7,680,206	8,158,722	8,659,138
Public Health and Welfare	736,802	725,795	1,037,212	1,043,279	1,015,068	1,081,332	918,244	1,063,225	1,107,247	1,258,586
Leisure Time Activities	2,031,202	2,167,980	2,175,412	2,482,386	2,415,412	352,892	2,433,953	2,661,923	2,888,877	3,522,149
Community Development	408,127	444,319	519,004	538,504	623,812	806,798	766,159	679,701	1,341,837	965,311
Basic Utility Services	1,316,780	1,228,850	1,344,343	1,246,307	1,365,575	1,485,120	1,339,321	1,437,860	1,482,518	1,601,443
Transportation	1,551,570	1,734,809	1,880,336	1,999,681	2,113,204	2,317,478	2,072,377	2,323,383	2,160,615	2,167,526
General Government	2,589,781	2,854,029	2,950,905	3,211,062	3,372,844	4,544,926	4,153,103	4,661,055	4,367,663	4,630,034
Capital Outlay	2,703,315	2,331,325	7,014,377	4,563,260	6,267,738	5,611,179	9,201,024	4,773,885	6,528,974	8,759,176
Debt Service										
Principal	350,758	371,749	371,623	360,984	372,070	462,037	3,356,817	1,022,756	1,148,732	1,154,751
Interest	371,583	331,229	415,875	372,076	355,077	439,169	485,503	968,887	933,167	905,917
Bond Issuance Costs	0	0	0	0	41,018	0	0	0	0	0
Total Expenditures	17,725,342	18,119,676	23,853,968	22,437,440	24,942,931	24,410,694	32,311,636	27,272,881	30,118,352	33,624,031
Excess of Revenues Over (Under) Expenditures	2,001,715	3,354,688	(1,320,905)	1,313,462	882,788	(2,047,469)	(6,473,308)	(472,432)	(3,500,324)	(5,842,594)

City of Rocky River, Ohio

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

Modified Accrual Basis of Accounting

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Other Financing Sources (Uses):										
Proceeds from Issuance of Bonds	605,000	0	360,000	0	3,700,000	0	10,840,000	8,400,000	0	0
Premium on General Obligation Debt	0	0	0	0	0	0	0	262,963	0	0
Proceeds from Inception of Capital Lease	0	0	5,701	0	0	0	0	0	0	0
Proceeds from Sale of Capital Assets	46,037	46,199	24,840	25,689	17,571	82,405	14,749	11,604	4,978	32,740
Transfers – In	7,067,138	6,975,257	7,212,271	6,771,983	7,054,559	5,370,297	7,549,959	2,795,000	9,070,623	5,115,000
Transfers – Out	<u>(6,992,138)</u>	<u>(6,860,257)</u>	<u>(7,137,271)</u>	<u>(6,676,026)</u>	<u>(9,204,929)</u>	<u>(5,370,297)</u>	<u>(7,549,959)</u>	<u>(2,795,000)</u>	<u>(9,070,623)</u>	<u>(5,115,000)</u>
Total Other Financing Sources (Uses)	<u>726,037</u>	<u>161,199</u>	<u>465,541</u>	<u>121,646</u>	<u>1,567,201</u>	<u>82,405</u>	<u>10,854,749</u>	<u>8,674,567</u>	<u>4,978</u>	<u>32,740</u>
Net change in fund balances	\$ <u>2,727,752</u>	\$ <u>3,515,887</u>	\$ <u>(855,364)</u>	\$ <u>1,435,108</u>	\$ <u>2,449,989</u>	\$ <u>(1,965,064)</u>	\$ <u>4,381,441</u>	\$ <u>8,202,135</u>	\$ <u>(3,495,346)</u>	\$ <u>(5,809,854)</u>
Debt Service as a Percentage of Noncapital Expenditures	4.27%	4.12%	4.15%	4.52%	4.09%	4.05%	14.27%	8.92%	8.23%	8.11%

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)
1998/1999	\$ 491,143,400	\$ 1,403,266,857	\$ 13,681,070	\$ 15,546,670
1999/2000	494,359,080	1,412,454,514	13,324,420	15,141,386
2000/2001	498,017,510	1,422,907,171	12,157,730	13,815,602
2001/2002	571,695,000	1,633,414,286	12,675,450	14,403,920
2002/2003	577,506,520	1,650,018,629	9,536,030	10,836,398
2003/2004	634,723,650	1,813,496,142	9,544,580	10,846,113
2004/2005	636,121,350	1,817,489,571	9,737,980	11,065,806
2005/2006	637,972,350	1,822,778,143	8,772,100	9,968,295
2006/2007	704,756,080	2,013,588,800	8,279,590	9,408,625
2007/2008	707,992,790	2,022,836,543	5,790,110	6,579,670

Source: Cuyahoga County, Ohio; County Auditor

(1) This amount is calculated for 2007 based on the following percentages:

Real property is assessed at 35 percent of actual value.

Public utility is assessed at 88 percent of actual value.

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

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

<u>Tangible Personal Property</u>		<u>Total</u>		<u>Ratio</u>	<u>Total Direct Rate (2)</u>
<u>Assessed Value</u>	<u>Estimated Actual Value (1)</u>	<u>Assessed Value</u>	<u>Estimated Actual Value (1)</u>		
\$ 14,249,598	\$ 56,998,392	\$ 519,074,068	\$ 1,475,811,919	35.17 %	\$ 9.90
15,823,705	63,294,820	523,507,205	1,490,890,720	35.11	9.90
15,769,844	63,079,376	525,945,084	1,499,802,149	35.07	9.90
15,716,132	62,864,528	600,086,582	1,710,682,734	35.08	9.90
14,906,102	59,624,408	601,948,652	1,720,479,435	34.99	9.90
14,696,532	58,786,128	658,964,762	1,883,128,383	34.99	9.90
11,888,430	51,688,826	657,747,760	1,880,244,283	34.98	10.90
10,280,540	44,698,000	657,024,990	1,877,444,438	34.99	10.90
10,384,146	55,382,112	723,419,816	2,078,379,537	34.81	10.90
4,097,141	32,777,128	717,880,041	2,062,193,341	34.81	10.90

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						
1998	\$ 6.30	\$ 2.60	\$ 1.00	\$ 0	\$ 9.90	\$ 68.20	\$ 10.82	\$ 4.48	\$ 93.40	
1999	6.30	2.60	1.00	0	9.90	68.50	10.82	4.48	93.70	
2000	6.30	2.60	1.00	0	9.90	73.30	10.82	1.55	95.57	
2001	6.30	2.60	1.00	0	9.90	72.70	11.72	1.55	95.87	
2002	6.30	2.60	1.00	0	9.90	72.20	11.72	4.48	98.30	
2003	6.30	2.60	1.00	0	9.90	76.70	13.52	4.48	104.60	
2004	6.30	2.60	1.00	1.00	10.90	78.10	13.52	4.78	107.30	
2005	6.30	2.60	1.00	1.00	10.90	83.10	13.52	4.78	112.30	
2006	6.30	2.60	1.00	1.00	10.90	83.30	13.42	4.78	112.40	
2007	6.30	2.60	1.00	1.00	10.90	83.20	13.42	4.78	112.30	

Source: Cuyahoga County, Ohio; County Auditor

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

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City of Rocky River, Ohio

Real Property Tax Levies and Collection

Last Ten Years

<u>Year</u>	<u>Total Tax Levy</u>	<u>Current Collections (1)</u>	<u>Percent of Current Collections to Tax Levy</u>	<u>Delinquent Tax Collections</u>
1998	\$ 5,150,639	\$ 4,899,380	95.12 %	\$ 86,257
1999	5,258,181	5,149,513	97.93	83,151
2000	5,206,250	5,084,043	97.65	98,465
2001	5,960,601	5,813,998	97.54	157,811
2002	6,366,351	5,872,530	92.24	160,298
2003	6,258,955	5,889,910	94.10	122,928
2004	6,568,175	6,170,368	93.94	139,194
2005	7,216,321	6,814,655	94.43	124,325
2006	7,232,129	6,847,235	94.68	134,097
2007	7,993,917	7,565,168	94.64	139,558

Source: Cuyahoga County, Ohio; County Auditor

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

	<u>Total Tax Collections</u>	<u>Percent of Total Collections To Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Percent of Delinquent Taxes to Tax Levy</u>
\$	4,985,637	96.80%	\$ 170,634	3.31 %
	5,232,664	99.51	149,061	2.83
	5,182,508	99.54	196,071	3.77
	5,971,809	100.19	267,631	4.49
	6,032,828	94.76	195,557	3.07
	6,012,838	96.07	248,027	3.96
	6,309,562	96.06	292,542	4.45
	6,938,980	96.16	286,098	3.96
	6,981,332	96.53	315,249	4.36
	7,704,725	96.38	345,085	4.32

City of Rocky River, Ohio

Principal Taxpayers: Real and Tangible Personal Property Tax

As of December 31, 2007 and December 31, 1998

<u>Taxpayer</u>	2007	
	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	.68
Cleveland Illuminating Company	4,576,400	.64
Presidential Apartments, LTD.	3,992,940	.56
Beachcliff Properties	3,945,520	.55
John D. Spielberger	3,245,010	.45
W & F Plaza Investments	2,624,310	.37
Linden Apartment Company	2,548,600	.36
Gross Management, Inc.	2,500,790	.35
SRK Perrysburg Association, LLC	<u>2,456,580</u>	<u>.34</u>
<i>Totals</i>	\$ <u>38,015,850</u>	<u>5.31%</u>

Total City Assessed Valuation \$ 717,880,041

<u>Taxpayer</u>	1998	
	Real and Tangible Personal Property Assessed Value	Percent of Total Assessed Value
Cleveland Electric Company	\$ 6,273,670	1.21%
Normandy Association, LTD.	4,893,840	0.94
Westwood Town Center	4,730,600	0.91
Ohio Bell Telephone Company	4,437,390	0.85
Presidential Apartments, LTD.	3,512,600	0.68
Gross Management, Inc.	2,578,940	0.50
Linden Apartment Company	2,400,580	0.46
East Ohio Gas Company	2,097,820	0.40
Rockport Associates Company	1,944,950	0.37
Harbor Court	<u>1,906,590</u>	<u>0.37</u>
<i>Totals</i>	\$ <u>34,776,980</u>	<u>6.70%</u>

Total City Assessed Valuation \$ 519,074,068

Source: Cuyahoga County, Ohio; County Auditor

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	Capital Lease	Police & Fire Pension Liability	OWDA Loan				
1998	\$ 4,765,000	\$ 647,000	\$ 4,433	\$ 791,806	\$ 0	\$ 6,208,239	NA	\$ 304.18	
1999	4,455,000	606,000	1,364	774,126	0	5,836,490	NA	285.96	
2000	4,145,000	925,000	4,882	755,686	293,132	6,123,700	0.85 %	295.33	
2001	3,835,000	895,000	3,130	736,454	329,386	5,798,970	0.81	279.67	
2002	7,215,000	865,000	1,117	716,398	328,239	9,125,754	1.27	440.11	
2003	6,810,000	830,000	0	695,478	316,234	8,651,712	1.20	417.25	
2004	14,355,000	790,000	0	673,660	303,666	16,122,326	2.24	777.54	
2005	21,795,000	750,000	0	650,905	290,508	23,486,413	3.27	1,132.69	
2006	20,710,000	710,000	0	627,173	276,733	22,323,906	3.11	1,076.63	
2007	19,620,000	670,000	0	602,422	262,310	21,154,732	2.94	1,020.24	

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 134 for personal income and population data.

NA – Information not available

City of Rocky River, Ohio

Special Assessment Levies and Collections (1)

Last Ten Years

<u>Year</u>	<u>Current Assessments Due</u>	<u>Current Assessments Collected(1)</u>	<u>Ratio of Collections To Amount Due</u>
1998	\$ 42,724	\$ 31,419	73.54 %
1999	83,900	72,729	86.69
2000	80,549	64,163	79.66
2001	97,650	76,550	78.39
2002	87,278	62,574	71.70
2003	95,383	69,497	72.86
2004	98,183	94,407	96.15
2005	102,359	96,101	93.88
2006	133,426	112,059	83.99
2007	165,931	123,640	74.51

Source: Cuyahoga County, Ohio; County Auditor

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

City of Rocky River, Ohio

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

Last Ten Years

<u>Year</u>	<u>Population</u>	<u>Net General Obligation Bonded Debt</u>	<u>Assessed Value</u>	<u>Ratio of Net General Bonded Debt to Assessed Value</u>	<u>Net General Bonded Debt Per Capita</u>
1998	20,410	\$ 4,650,585	\$ 519,074,068	0.90 %	\$ 227.86
1999	20,410	4,340,585	523,507,205	0.83	212.67
2000	20,735	4,030,585	525,945,084	0.77	194.39
2001	20,735	3,720,585	600,086,582	0.62	179.44
2002	20,735	7,100,585	601,948,652	1.18	342.44
2003	20,735	6,695,585	658,964,762	1.02	322.91
2004	20,735	14,228,490	657,747,760	2.16	686.21
2005	20,735	21,938,364	657,024,990	3.33	1,058.04
2006	20,735	20,760,982	723,419,816	2.87	1,001.25
2007	20,735	19,581,904	717,880,041	2.73	944.39

City of Rocky River, Ohio

Computation of Legal Debt Margin

Last Ten Years

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Assessed Valuation	\$ <u>519,074,068</u>	\$ <u>523,507,205</u>	\$ <u>599,842,962</u>	\$ <u>600,086,582</u>	\$ <u>601,948,652</u>	\$ <u>658,964,762</u>	\$ <u>657,747,760</u>	\$ <u>657,024,990</u>	\$ <u>723,419,816</u>	\$ <u>717,880,041</u>
Debt Limit – 10.5% of Assessed Value	\$ 54,502,777	\$ 54,968,257	\$ 62,983,511	\$ 63,009,091	\$ 63,204,608	\$ 69,191,300	\$ 69,063,515	\$ 68,987,624	\$ 75,959,081	75,377,404
Amount of Debt Applicable to Debt Limit:										
Less: Debt Outside Limitation	(647,000)	(606,000)	(1,668,132)	(1,237,671)	(1,193,239)	(1,146,234)	(1,093,666)	(1,040,509)	(986,733)	(932,310)
Debt Within 10.5% Limitation	5,412,000	5,061,000	6,645,000	9,021,715	7,215,000	6,810,000	14,634,529	23,269,112	21,120,782	20,007,961
Less: Amount Available in Debt Service Fund	(114,415)	(114,415)	(114,415)	(114,415)	(114,415)	(114,415)	(406,039)	(290,239)	(359,800)	(329,176)
Net Debt Within 10.5% Limit	<u>4,650,585</u>	<u>4,340,585</u>	<u>6,530,585</u>	<u>8,907,300</u>	<u>7,100,585</u>	<u>6,695,585</u>	<u>14,228,490</u>	<u>21,938,364</u>	<u>20,760,982</u>	<u>19,678,785</u>
Legal Debt Margin	\$ <u>49,852,192</u>	\$ <u>50,627,672</u>	\$ <u>56,452,926</u>	\$ <u>54,101,791</u>	\$ <u>56,104,023</u>	\$ <u>62,495,715</u>	\$ <u>54,835,025</u>	\$ <u>47,049,260</u>	\$ <u>55,198,099</u>	\$ <u>55,698,619</u>
Debt Limit – 5.5% of Assessed Value	\$ 28,549,074	\$ 28,792,896	\$ 32,991,363	\$ 33,004,762	\$ 33,107,176	\$ 36,243,062	\$ 36,176,127	\$ 36,136,374	\$ 39,788,090	\$ 39,483,402
Gross Indebtedness Authorized by Council:										
Less: Debt Outside Limitation	(647,000)	(606,000)	(1,668,132)	(1,237,671)	(1,193,239)	(1,146,234)	(1,093,666)	(1,040,509)	(986,733)	(932,310)
Debt Within 5.5% Limitation	5,412,000	5,061,000	6,645,000	9,021,715	7,215,000	6,810,000	14,634,529	23,269,112	21,120,782	20,007,961
Less: Amount Available in Debt Service Fund	(114,415)	(114,415)	(114,415)	(114,415)	(114,415)	(114,415)	(406,039)	(290,239)	(359,800)	(329,176)
Net Debt Within 5.5% Limit	<u>4,650,585</u>	<u>4,340,585</u>	<u>6,530,585</u>	<u>8,907,300</u>	<u>7,100,585</u>	<u>6,695,585</u>	<u>14,228,490</u>	<u>21,938,364</u>	<u>20,760,982</u>	<u>19,678,785</u>
Unvoted Debt Margin	\$ <u>23,898,489</u>	\$ <u>24,452,311</u>	\$ <u>26,460,778</u>	\$ <u>24,097,462</u>	\$ <u>26,006,591</u>	\$ <u>29,547,477</u>	\$ <u>21,947,637</u>	\$ <u>14,198,010</u>	\$ <u>19,027,108</u>	\$ <u>19,804,617</u>

Source: Cuyahoga County, Ohio; County Auditor and City Financial records

City of Rocky River, Ohio

Computation of Direct and Overlapping General Obligation Bonded Debt

December 31, 2007

	General Obligation Debt <u>Outstanding</u>	Percentage Applicable <u>to City (1)</u>	Amount Applicable to City of <u>Rocky River</u>
<u>Direct:</u>			
City of Rocky River	\$ <u>20,007,961</u>	100.00%	\$ <u>20,007,961</u>
<u>Overlapping:</u>			
Cuyahoga County	194,593,691	2.26	4,397,817
Greater Cleveland Regional Transit Authority	147,385,000	2.26	3,330,901
Rocky River School District	<u>17,009,128</u>	97.11	<u>16,517,564</u>
Total Overlapping	<u>358,987,819</u>		<u>24,426,282</u>
Total	\$ <u>378,995,780</u>		\$ <u>44,434,243</u>

Source: Cuyahoga County, Ohio; County Auditor

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

City of Rocky River, Ohio

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

Last Ten Years

<u>Year</u>	<u>Debt Service</u>	<u>General Governmental Expenditures</u>	<u>Ratio of Debt Service To Total Governmental Expenditures</u>
1998	\$ 583,895	\$ 17,722,515	3.29 %
1999	567,233	18,135,285	3.13
2000	550,570	23,858,688	2.31
2001	533,830	22,619,372	2.36
2002	527,090	24,942,931	2.11
2003	769,349	24,410,694	3.15
2004	3,842,320	32,065,983	12.00
2005	1,991,643	27,272,881	7.30
2006	2,081,899	30,118,352	6.91
2007	2,060,668	33,624,031	6.13

Source: City Financial Records

City of Rocky River, Ohio

Principal Employers

Current Year and Nine Years Ago

2007		
Employer	Employees	Percentage of Total City Employment
1 City of Rocky River	719	4.9%
2 Rocky River Board of Education	565	3.8
3 Target Stores	408	2.8
4 Normandy Manor of Rocky River	389	2.6
5 Riser Foods Co.	322	2.2
6 Cuyahoga County Auditor	285	1.9
7 Westwood Country Club	279	1.9
9 Heinens Inc.	263	1.8
9 Magnificat High School	212	1.4
10 Home Depot Use Inc.	162	1.1
Total	<u>3,604</u>	<u>24.4</u>
Total City Employment	<u>14,766</u>	

1998		
Employer	Employees	Percentage of Total City Employment
1 City of Rocky River	NA	NA
2 Cuyahoga County Auditor	NA	NA
3 DialAmerica Marketing	NA	NA
4 Fisher Foods	NA	NA
5 LESCO, Inc.	NA	NA
6 Magnificat High School	NA	NA
7 North American Benefits Network	NA	NA
8 PMC Specialties Group	NA	NA
9 Rocky River City School District	NA	NA
10 World Shipping, Inc.	NA	NA
Total	<u>NA</u>	<u>NA</u>
Total City Employment	<u>NA</u>	

Source: Central Collection Agency. Total City employment based upon estimate from the Central Collection Agency number of W-2's filed.

NA - Information is not available

City of Rocky River, Ohio

Demographic and Economic Statistics

Last Ten Years

<u>Year</u>	<u>Population</u> ⁽¹⁾	<u>Total Personal Income</u> ⁽²⁾	<u>Per Capita Personal Income</u> ⁽¹⁾	<u>Median Household Income</u> ⁽¹⁾	<u>School Enrollment</u>	<u>Unemployment Cuyahoga County</u>
1998	20,410	N/A	N/A	N/A	2,192	4.50 %
1999	20,410	N/A	N/A	N/A	2,321	4.50
2000	20,735	\$ 718,737,305	\$ 34,663	\$ 51,636	2,397	4.50
2001	20,735	718,737,305	34,663	51,636	2,467	4.60
2002	20,735	718,737,305	34,663	51,636	2,493	6.60
2003	20,735	718,737,305	34,663	51,636	2,575	6.20
2004	20,735	718,737,305	34,663	51,636	2,598	6.20
2005	20,735	718,737,305	34,663	51,636	2,623	6.50
2006	20,735	718,737,305	34,663	51,636	2,640	5.60
2007	20,735	718,737,305	34,663	51,636	2,696	6.10

(1) Sources: U.S. Bureau of the Census. For years 2000 – current utilized 2000 Federal Census, for years prior to 2000 utilized 1990 Federal Census.

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

City of Rocky River, Board of Education

N/A – Information not available

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
1998	\$ 406,947,389	\$ 996,319,468	\$ 1,403,266,857	24	\$ 5,220,000	5	\$ 5,485,000
1999	221,891,543	1,190,562,971	1,412,454,514	14	5,810,000	3	1,917,500
2000	222,395,743	1,200,511,428	1,422,907,171	7	2,476,750	2	6,119,202
2001	259,539,257	1,373,875,029	1,633,414,286	16	6,646,000	5	6,469,000
2002	265,627,200	1,384,391,429	1,650,018,629	16	5,190,000	1	9,570,917
2003	283,572,742	1,529,923,400	1,813,496,142	18	6,195,000	3	6,843,800
2004	284,197,186	1,533,292,385	1,817,489,571	28	9,652,000	3	3,013,000
2005	280,632,371	1,542,145,771	1,822,778,142	31	11,465,275	1	5,500,000
2006	296,426,314	1,717,162,486	2,013,588,800	25	6,025,000	2	9,929,000
2007	296,814,600	1,726,021,943	2,022,836,543	2	362,000	2	14,716,134

Sources: Cuyahoga County, Ohio; County Auditor City Building Department

(1) Represents total estimated market value of real property

(2) Number of units include new construction only. Obtained information for 2007 from City Records.

City of Rocky River, Ohio

Employees by Function/Program

Last Six Years

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

Source: City Records

Note: Information prior to 2002 is not available.

City of Rocky River, Ohio

Operating Indicators by Function/Program

Last Six Years

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Government:						
Building Department:						
New Single Family Home Permits	10	8	12	14	11	2
Commercial Building/Structures						
New	1	3	3	1	2	2
Additions	20	22	17	27	32	19
Increase in Dwelling Units	16	18	28	31	25	2
Total Receipts – Building Permits	\$ 149,959	\$ 156,126	\$ 192,512	\$ 219,896	\$ 245,872	\$ 229,087
Council:						
Number of Ordinances/Resolutions	210	235	183	188	163	142
Municipal Court:						
Jurisdiction Population	120,226	120,226	120,226	120,226	120,226	120,226
Cases Filed:						
Criminal/Traffic	32,422	33,774	28,825	32,825	25,536	24,778
Civil/Small Claims	2,347	2,508	2,629	2,702	2,887	3,208
Security of Persons and Property:						
Fire Protection:						
Emergency Responses:						
Building Fires	NA	8	20	13	13	22
Emergency Medical Care	2,035	1,984	1,986	2,032	1,965	2,070
System Inspections:						
Commercial Kitchen	NA	97	103	168	204	184
Sprinkler	NA	44	55	40	11	5
Fire Alarm	NA	83	94	30	30	5
Standpipe	NA	3	5	2	2	3
General	NA	22	37	17	32	20
Police Protection:						
Motor Vehicle Accidents	433	318	389	377	313	335
BAC Licensed Operators	23	23	24	24	23	23
Community Diversion Cases	131	171	157	266	213	216
Marine Patrol Boat Hours	615	521	567	531	534	510
Total Prisoners	1,169	1,244	1,107	1,080	1,053	1,097
Miles Patrolled	293,924	247,380	330,032	265,671	239,422	278,363
Transportation:						
Safety Service:						
Snowfall in Inches [1]	46.0	95.7	91.2	117.9	50.6	76.5
Road Salt Purchased (tons)	800	5,700	4,000	5,600	3,200	4,500
Cold Patch Purchased (tons)	34	36	29	74	25	64
Trees Planted	111	95	109	214	351	224

(continued)

City of Rocky River, Ohio

Operating Indicators by Function/Program (continued)

Last Six Years

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Leisure Time Activities:						
Recreation Center:						
Summer Camp – Recreation	NA	525	624	590	557	573
Summer Camp – Sports	NA	632	529	474	542	626
Concert Attendance	2,000	1,500	2,200	2,800	2,400	3,300
Father-Daughter Dance Couples	NA	NA	40	39	34	35
Outdoor Pool Attendance	32,658	28,931	25,651	60,273	51,376	56,518
New Year’s Eve Skate Attendance	NA	450	350	358	450	490
Basic Utilities Service:						
Refuse Collection:						
Refuse Truck Collections (tons)	8,382	8,799	8,761	8,546	8,219	7,739
Blue Bag Collections (tons)	300	293	278	272	284	295
Leaf Collections (tons)	1,930	1,177	NA	1,134	1,384	1,666
Paper Collections (tons)	552	549	493	438	380	308
Cardboard Collections (tons)	148	157	177	167	161	158
Public Health Services:						
Senior Center:						
Volunteers	189	176	155	148	154	147
Volunteer Hours	10,852	10,630	10,150	10,280	11,676	12,647
Senior Transportation Trips	8,402	8,713	8,549	9,551	7,932	7,308
Lunches Served	10,752	10,255	11,443	12,985	13,244	14,016
Gift Shop Sales	\$ 47,581	\$ 50,865	\$ 48,299	\$ 50,904	\$ 56,520	\$ 54,421
90 and Over Luncheon Attendees	NA	NA	NA	NA	130	166
Flu and Pneumonia shots	292	378	509	872	869	691
Sanitary Sewer:						
Quantity and Strength Percent of Wastewater Treatment Plant	28.35	28.35	28.35	28.35	29.53	29.53

Source: City Records

Information prior to 2002 is not available

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

NA – Information is not available

City of Rocky River, Ohio

Capital Asset Statistics by Function/Program

Last Six Years

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Government:						
Other Departmental Vehicles	9	9	9	10	10	10
Square Footage of Building	44,370	44,370	44,370	44,370	44,370	44,370
Miles of Storm Sewer	90	90	90	90	90	90
Security of Persons and Property:						
Fire Protection:						
Number of Stations	1	1	1	1	1	1
Number of Vehicles	9	9	9	9	9	10
Square Footage of Fire Station	10,088	10,088	10,088	10,088	10,088	10,088
Number of Fire Hydrants	1,093	1,093	1,093	1,093	993	1,003
Police Protection:						
Number of Stations	1	1	1	1	1	1
Number of Vehicles	24	24	24	24	24	25
Marine Patrol Boat	1	1	1	1	1	1
Canine Unit(s)	1	1	1	2	2	2
Square Footage of Police Station	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
Transportation:						
Number of Vehicles	31	31	31	31	31	31
Square Footage of Service Building	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
Leisure Time Activities:						
Recreation and Culture:						
Number of Parks	8	8	8	9	9	9
Acres of Parks	105	105	105	106	106	106
Number of Vehicles	10	10	10	10	10	10
Square Footage of Recreation Facilities	42,379	42,379	42,379	42,379	42,379	84,379
Miles of Shoreline	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
Transit Scooters	20	20	20	20	20	20
Transfer Station	1	1	1	1	1	1
Public Health Services:						
Senior Transportation:						
Number of Vehicles	6	6	6	6	6	6
Square Footage of Senior Center	20,012	20,012	20,012	20,012	20,012	20,012
Sewers:						
Miles of Sanitary Sewers	90	90	90	90	90	90
Number of Vehicles	8	8	8	8	8	8
Number of Sanitary Sewer Accounts	7,080	7,087	7,087	7,094	7,091	7,018

Source: City Records

Information prior to 2002 is not available

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

December 31, 2007

City of Rocky River, Ohio

For The Year Ended December 31, 2007

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

Members of the City Council
Rocky River, Ohio

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rocky River, Ohio (the "City"), as of and for the year ended December 31, 2007, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 27, 2008, wherein we noted the City of Rocky River, adopted *Governmental Accounting Standards Board Statement Nos. 43 and 48*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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

We consider the following deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting: 2007-1 and 2007-2.



Members of the City Council
Rocky River, Ohio

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiencies described above are not material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Governmental Auditing Standards* and which is described in the accompanying schedule of findings as item 2007-1..

We noted certain matters that we have reported to management of the City of Rocky River, in a separate letter dated June 27, 2008.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the City's responses and, accordingly, we express no opinion on them.

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

Cini & Panichi, Inc.

Cleveland, Ohio
June 27, 2008

City of Rocky River, Ohio

Schedule of Findings

December 31, 2007

1. Summary of Auditors' Results

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

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

2007-1 - Material noncompliance and significant deficiency

Ohio Revised Code 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

During our testing of non-payroll disbursements, we tested 40 non-payroll checks issued during the period. Testing indicated 9 of these 40 disbursements (23%) were entered into prior to receiving the Fiscal Officer's certification.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the City's funds exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that funds are or will be available prior to obligation by the City. When prior certification is not possible, "then and now" certifications should be used.

City of Rocky River, Ohio

Schedule of Findings (Continued)

December 31, 2007

2007-2 - Significant Deficiency

A capital asset management system is a system of methods, policies and procedures that address the acquisition, use, control, protection, maintenance and disposal of assets. Accurate accounting for assets is required for the correct and complete presentation of capital asset financial information. While reviewing the City's procedures for maintaining capital asset records, we noted the following:

- The City maintains a listing of certain movable equipment and vehicles; however, the City does not maintain a complete detailed list of all capital assets, including the year of acquisition, the original or estimated historical cost of each capital asset, the serial number or tag number and, if applicable, accumulated depreciation and current depreciation for each capital asset or asset class.
- The City does not have a written capital asset policy.

We recommend the City develop a written capital asset policy and consider obtaining a computerized capital asset system which will account for the acquisition date, description of the asset, identification or tag number, fund and function the asset is assigned to, original or estimated historical cost, accumulated depreciation, current year depreciation expense, salvage value, and, if applicable, the carrying value of each asset. If a computerized system is not considered feasible, the City should tag all purchase orders for capital asset additions and maintain a complete detailed listing of capital assets as indicated above.

City of Rocky River, Ohio

Schedule of Prior Audit Findings

December 31, 2007

Finding No.	Finding Summary	Fully Corrected	Explanation
2006-1	Capital asset management system	No	Reissued as 2007-3
2006-2	Proper encumbrance of funds	No	Reissued as 2007-2

City of Rocky River, Ohio

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

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

December 31, 2007

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2007-2	Management will communicate with departments to achieve effective purchasing controls as well as compliance with Ohio Revised Code.	N/A	Mike Thomas, Finance Director
2007-2	The City will continue to add other capital asset components to the database.	N/A	Mike Thomas, Finance Director



Mary Taylor, CPA
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
SEPTEMBER 30, 2008**