

**Auditor of State
Betty Montgomery**

CITY OF ROCKY RIVER
CUYAHOGA COUNTY

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**Auditor of State
Betty Montgomery**

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

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

To City Council:

We have audited the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Rocky River, Cuyahoga County, Ohio, (the City) as of and for the year ended December 31, 2005, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 22, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting to determine our auditing procedures in order to express our opinions on the financial statements and not to opine on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2005-001.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. However, we do not believe the reportable condition described above is a material weakness. In a separate letter to the City's management dated June 22, 2006, we reported other matters involving internal control over financial reporting which we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the City's management dated June 22, 2006, we reported other matters related to noncompliance we deemed immaterial.

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



Betty Montgomery
Auditor of State

June 22, 2006

**CITY OF ROCKY RIVER
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number	2005- 001
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A capital asset management system is a system of methods, policies, and procedures that address the acquisition, use, control, protection, maintenance and disposal of assets. Accurate accounting for assets is required for the correct and complete presentation of capital asset financial information. While reviewing the City's procedures for maintaining capital asset records, we noted the following:

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

- The City has not recorded all infrastructure assets. This weakness was due to the City's inability to timely identify the cost and the year of major renovations or construction to existing infrastructure since December 31, 1980 and to present accumulated depreciation and depreciation expense for infrastructure assets. As a result, the City has elected to retroactively report all major general infrastructure assets, except for those previously recorded, in a future year prior to December 31, 2007.

- The City does not have a written capital asset policy.

We recommend the City develop a written capital asset policy and consider obtaining a computerized capital asset system which will account for the acquisition date, description of the asset, identification or tag number, fund and function the asset is assigned 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. Furthermore, the City should also research their records to identify the cost and year of major renovations or construction to existing infrastructure since December 31, 1980. These infrastructure assets will be required to be depreciated, unless the City elects to use the modified approach for reporting infrastructure assets.

Officials' Response:

The City of Rocky River provides the following response to the reportable condition communicated by the Auditor of State in her report dated June 22, 2006:

First, to enhance the City's accounting for capital assets, the Service Department developed a database using Microsoft Access. Certain asset classes of the Service Department have been added. The database fields are being refined to account for all asset classes and to prepare reports. The software evaluation, however, is not complete; the City may review other options which may integrate with the accounting system to contribute to efficiency and accuracy of reporting.

Next, reports from the City's consulting engineer indicate that the information regarding the cost of relevant infrastructure assets has been compiled through December 31, 2003. The engineer is continuing to gather data for activity in 2004 to the end of 2006. It is anticipated that this work will be completed for reporting as of December 31, 2006.

CITY OF ROCKY RIVER
CUYAHOGA COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2005

FINDING NUMBER	FINDING SUMMARY	FULLY CORRECTED?	NOT CORRECTED; PARTIALLY CORRECTED; SIGNIFICANTLY DIFFERENT CORRECTIVE ACTION TAKEN; OR FINDING NO LONGER VALID; <i>EXPLAIN:</i>
2004-001	Capital asset management system	No	Not corrected; reissued as 2005-001.

City of Rocky River, Ohio

Comprehensive Annual Financial Report

December 31, 2005

Issued by:

City of Rocky River
Department of Finance

Michael A. Thomas
Director of Finance

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City of Rocky River, Ohio

Comprehensive Annual Financial Report For The Year Ended December 31, 2005

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City of Rocky River, Ohio

Comprehensive Annual Financial Report For The Year Ended December 31, 2005

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City of Rocky River, Ohio

Comprehensive Annual Financial Report For The Year Ended December 31, 2005

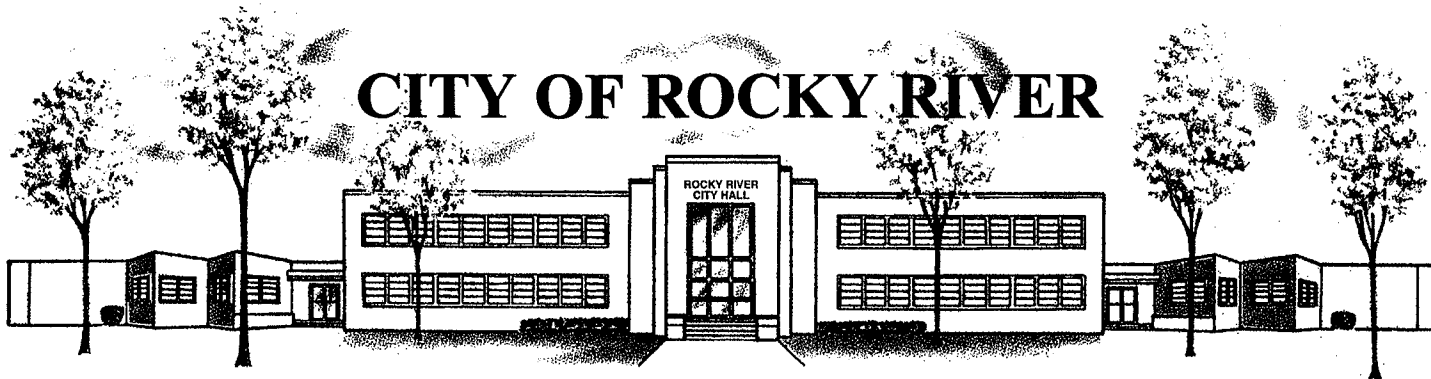
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CITY OF ROCKY RIVER



21012 HILLIARD BLVD.

• ROCKY RIVER, OHIO 44116

• (440) 331-0600

June 22, 2006

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, 2005. The CAFR is a more extensive report than the basic financial statements and it is believed that it demonstrates the City's ongoing commitment to be accountable not only to its citizenry but also 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 State of Ohio requires that all cities publish within six months of the close of each 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, 2005 therefore.

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

The financial statements of the City have been audited by the Ohio Auditor of State. 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, 2005 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, located in northeastern Ohio and west of the City of Cleveland, in Cuyahoga County, is an established residential community that covers 4.48 square miles along the shore of Lake Erie. The City's 2005 population according to the 2000 Census was 20,735. The City is a home rule municipal corporation established pursuant to the general laws of the State of Ohio and its own charter. The current charter, which provides for the Mayor/Council form of government, was originally adopted in 1960.

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

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

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

The City of Cleveland, Division of Water provides the City residents with water. The Rocky River Wastewater Treatment Plant, a joint venture between the City and three neighboring cities, provides sanitary sewer services. Residents are able to choose both electric and natural gas utility services from various suppliers including The Illuminating Company and Dominion East Ohio, both independent, publicly owned utilities regulated by the Public Utilities Commission of Ohio (PUCO).

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

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

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

Downtown Cleveland also is home to the Cleveland Browns of the National Football League who play in Cleveland Browns Stadium; Jacobs Field is home to Major League Baseball's Cleveland Indians; the Cleveland Cavs of the National Basketball Association and the Cleveland Barons hockey team 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 Cleveland Force professional soccer team plays at the Wolstein Center at Cleveland State University. Other professional attractions, concerts and shows are also held at the Wolstein Center. All four venues are less than a dozen years old.

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

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

Primarily residential in nature, 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 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 decreased 4.5% from 2004.

The City's administration has made every effort to encourage expansion and relocation of commercial and residential development. It takes special pride in the exceptional working relations it has fostered within the corporate community and extends every effort possible to ensure 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 high-end 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 approximately five percent in each of the last five years.

The construction value of the building permits increased 27.75 percent in 2005. The value of construction during 2005 was \$33,782,249, while the value of construction during 2004 was \$26,444,508.

Major Initiatives During 2005, the City completed or made substantial progress toward several major goals and projects.

Following the successful passage of a 1.0 mill levy in November 2004, on February 1, 2005, the City issued \$8,400,000 Don Umerley Civic Facility Improvement, General Obligation Bonds, Series 2005. The Bonds were issued at various interest rates with a True Interest Cost of 3.98 percent.

The City expended \$4,732,373 in bond proceeds (2004) to complete the Rocky River Family Aquatic Center (outdoor pool). The City acquired property for \$238,214 to create a passive park. Also, the City expended \$34,772 for various other park improvements. Through the U. S. Department of Homeland Security, Assistance to Firefighters Grant Program, the City secured a grant for \$225,000 toward the purchase of a pumper truck. The new pumper truck was purchased (and equipped) at a total cost of \$360,415 and was put in service in August 2005.

Several street improvement projects were either completed or commenced in 2005.

The City expended \$1,124,225 in the Orchard Park/ Bates Road neighborhood in 2005 to complete a project that included curb, sanitary sewer, storm sewer, street surface and water main improvements or replacement, as necessary.

The City expended \$915,853 on other various street resurfacing projects throughout the City.

The City expended \$98,984 on Aberdeen Road in 2005 to complete a project that included curb, sanitary sewer, storm sewer, street surface and water main improvements or replacement, as necessary.

The main thoroughfares of Detroit Road and Center Ridge Road are planned for resurfacing in 2006. Also, the engineering phase for reconstruction of Lake Road (US Route 6) will begin in 2006.

Long-term Financial Planning

To contribute to the continued economic strength of the City by enhancing its property values and income tax base, City Council adopted a City Master Plan in 2005. The Plan provides a guide for residents, City leaders, and business interests for "...planning for our future." Developing the Plan was a collaborative effort and included extensive opportunity for public input.

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 close to 50% 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); collections of which ranged from \$1.6 to \$4.0 million in the most recent five years.

Finally, in the most recent five years, the General Fund reserve has fallen within a range of 25% to 37% with an average of just under 30%.

Awards and Acknowledgements

Certificate of Achievement The GFOA awarded a Certificate of Achievement of Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the year ending December 31, 2004. This was the eighteenth year that the City has received this prestigious award. A 'Certificate of Achievement' is awarded to the City when its publication is issued with easy, readable language, is efficiently organized and comprehensive, and conforms to the programs standards within an annual financial report. The report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a one year period only. The City believes the current Comprehensive Annual Financial Report continues to meet the program's criteria, 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 2005 CAFR. The CAFR represents a coordinated effort among departments of the City. Each participating department takes pride and care managing the assets of the public that are under its control. This report is meant to demonstrate and document such effort.

Respectfully submitted,

A handwritten signature in cursive script that reads "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, 2004

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.



Carla E. Perry

President

Jeffrey R. Emer

Executive Director

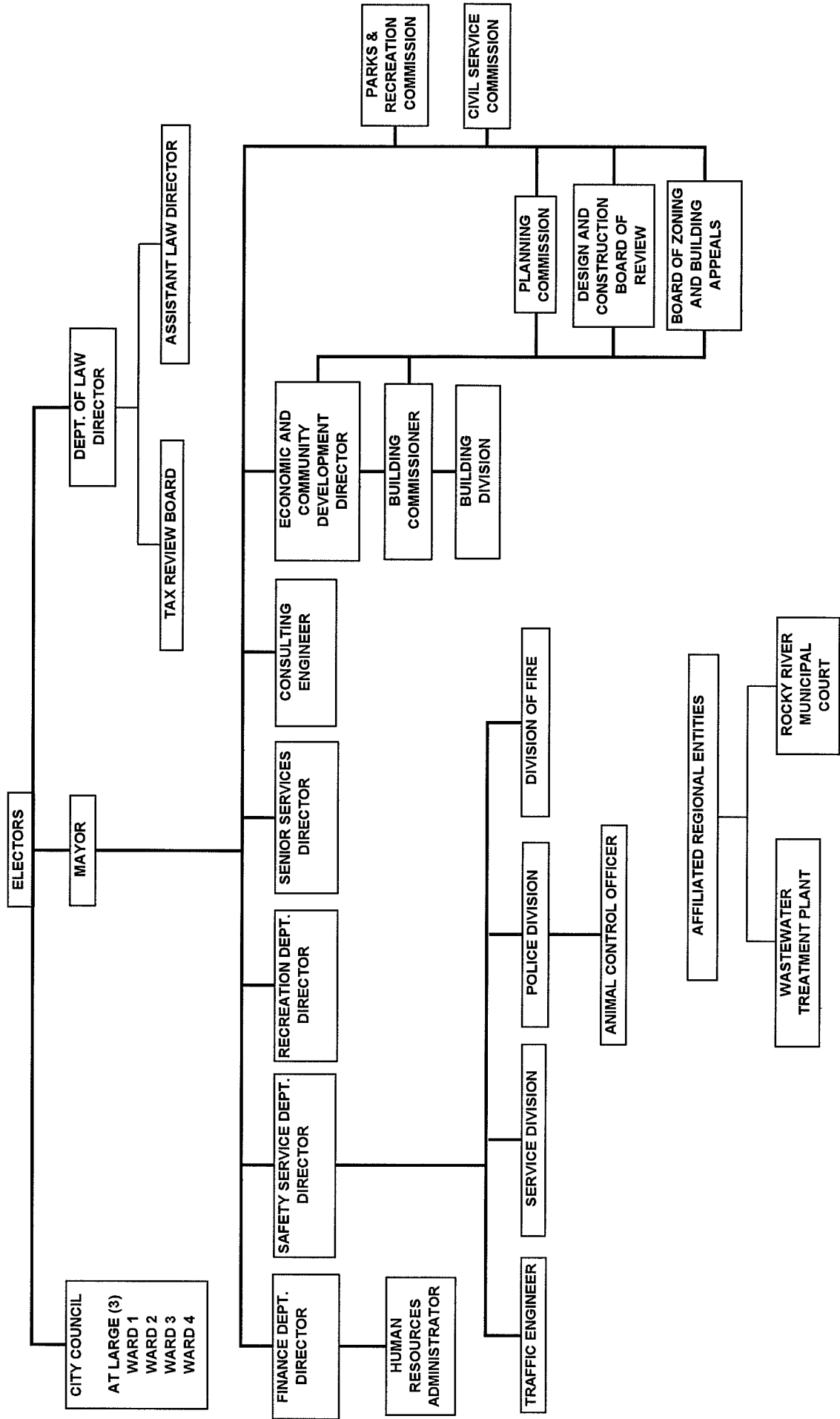
City of Rocky River, Ohio

List of Elected Officials

December 31, 2005

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

CITY OF ROCKY RIVER ORGANIZATIONAL CHART



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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

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

To City Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rocky River, Cuyahoga County, Ohio, (the City) as of and for the year ended December 31, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rocky River, Cuyahoga County, Ohio, as of December 31, 2005, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General Fund and Recreation Center Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2006, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

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

Betty Montgomery
Auditor of State

June 22, 2006

City of Rocky River
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended December 31, 2005

This Management Discussion and Analysis of the City of Rocky River's (City) financial performance provides an overall review of the City's financial activities for the year ended December 31, 2005. 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 2005 are:

- Total revenues were \$29,236,689, an increase of 1.4 percent from 2004. Total expenses were \$24,874,404, a decrease of 4.9 percent over 2004 levels. This resulted in an increase in total net assets of \$4,362,285 or 9.7 percent.
- Total assets increased by \$11,132,387 or 15.3 percent from 2004.
- Total liabilities increased by \$6,770,102 or 24.1 percent from 2004.
- Total capital assets increased by \$3,400,100 or 9.1 percent from 2004.
- Total outstanding long-term liabilities increased \$7,542,148 from 2004, an increase of 38.7 percent.

Using This Comprehensive Annual Financial Report

The Comprehensive Annual Financial Report (CAFR) consists of a series of financial statements and notes to those statements. These statements are prepared and organized so the reader can understand the City as a financial whole or as an entire operating entity. The 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 2005?" 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
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended December 31, 2005

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, Bond Retirement, Permanent Improvement and Capital Improvement.

Government Funds

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

City of Rocky River
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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 of Rocky River 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 2005 compared to 2004.

City of Rocky River
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Table 1
 Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Assets						
Current and Other Assets	\$ 36,271,895	\$ 28,516,350	\$7,136,850	\$ 7,160,108	\$ 43,408,745	\$ 35,676,458
Capital Assets, Net	<u>31,756,293</u>	<u>28,436,761</u>	<u>8,921,716</u>	<u>8,841,148</u>	<u>40,678,009</u>	<u>37,277,909</u>
Total Assets	<u>68,028,188</u>	<u>56,953,111</u>	<u>16,058,566</u>	<u>16,001,256</u>	<u>84,086,754</u>	<u>72,954,367</u>
Liabilities						
Current and Other Liabilities	7,766,761	8,540,223	36,084	34,668	7,802,845	8,574,891
Long-Term Liabilities						
Due Within One Year	1,273,238	1,003,066	26,716	27,792	1,299,954	1,030,858
Due In More Than One Year	<u>25,356,904</u>	<u>18,072,548</u>	<u>361,380</u>	<u>372,684</u>	<u>25,718,284</u>	<u>18,445,232</u>
Total Liabilities	<u>34,396,903</u>	<u>27,615,837</u>	<u>424,180</u>	<u>435,144</u>	<u>34,821,083</u>	<u>28,050,981</u>
Net Assets						
Invested in Capital Assets						
Net of Related Debt	8,981,835	13,049,968	8,631,208	8,537,482	17,613,043	21,587,450
Restricted for:						
Capital Projects	16,605,687	8,506,497	0	0	16,605,687	8,506,497
Debt Service	311,203	436,075	0	0	311,203	436,075
Recreation	453,232	537,147	0	0	453,232	537,147
Municipal Probation	366,541	341,646	0	0	366,541	341,646
Aging	279,679	403,278	0	0	279,679	403,278
Street Construction and Maintenance	311,953	658,753	0	0	311,953	658,753
Other Purposes	421,903	712,932	0	0	421,903	712,932
Unrestricted	<u>5,899,252</u>	<u>4,690,978</u>	<u>7,003,178</u>	<u>7,028,630</u>	<u>12,902,430</u>	<u>11,719,608</u>
Total Net Assets	<u>\$ 33,631,285</u>	<u>\$ 29,337,274</u>	<u>\$ 15,634,386</u>	<u>\$ 15,566,112</u>	<u>\$ 49,265,671</u>	<u>\$ 44,903,386</u>

Net Assets may serve over time as a useful indicator of a government's financial position. For the City of Rocky River, Total Assets exceed Total Liabilities by \$49,265,671 as of December 31, 2005.

\$17,613,043 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 2005 increased by \$11,132,387 or 15.3 percent when compared to 2004. The increase in Total Assets was due to an increase in Cash and Cash Equivalents and Capital Assets. The issuance of general obligation bonds in 2005 most significantly influenced Cash and Cash Equivalent balances as of December 31,

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2005. The City's Total Liabilities increased \$6,770,102 or 24.14 percent when compared to 2004. The largest increase came in long-term liabilities due to the issuance of debt.

Table 2 shows the changes in net assets for the year ended December 31, 2005 compared to 2004.

Table 2
Changes in Net Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Program Revenues:						
Charges for Services	\$ 5,429,609	\$ 4,592,873	\$ 1,853,327	\$ 2,012,219	\$ 7,282,936	\$ 6,605,092
Operating Grants and Contributions	809,038	804,681	0	0	809,038	804,681
Capital Grants and Contributions	<u>823,422</u>	<u>789,079</u>	<u>347,671</u>	<u>1,107,813</u>	<u>1,171,093</u>	<u>1,896,892</u>
Total Program Revenues	<u>7,062,069</u>	<u>6,186,633</u>	<u>2,200,998</u>	<u>3,120,032</u>	<u>9,263,067</u>	<u>9,306,665</u>
General Revenues:						
Property and Other Local Taxes	6,254,004	5,730,142	0	0	6,254,004	5,730,142
Municipal Income Taxes	7,794,391	8,159,833	0	0	7,794,391	8,159,833
Other Local Taxes	122,358	278,970	0	0	122,358	278,970
Grants and Entitlements	4,688,251	4,955,054	0	0	4,688,251	4,955,054
Investment Income	986,902	281,820	0	0	986,902	281,820
Miscellaneous	<u>127,716</u>	<u>116,350</u>	<u>0</u>	<u>0</u>	<u>127,716</u>	<u>116,350</u>
Total General Revenues	<u>19,973,622</u>	<u>19,522,169</u>	<u>0</u>	<u>0</u>	<u>19,973,622</u>	<u>19,522,169</u>
Total Revenues	<u>27,035,691</u>	<u>25,708,802</u>	<u>2,200,998</u>	<u>3,120,032</u>	<u>29,236,689</u>	<u>28,828,834</u>
Program Expenses:						
General Government	4,509,493	4,555,899	0	0	4,509,493	4,555,899
Security of Persons and Property	7,748,618	7,673,916	0	0	7,748,618	7,673,916
Public Health	1,142,913	977,448	0	0	1,142,913	977,448
Transportation	4,337,813	4,698,400	0	0	4,337,813	4,698,400
Community Development	703,873	803,006	0	0	703,873	803,006
Basic Utility Service	1,784,199	1,739,378	0	0	1,784,199	1,739,378
Leisure Time Activities	1,549,673	3,933,467	0	0	1,549,673	3,933,467
Interest and Fiscal Charges	965,098	507,297	0	0	965,098	507,297
Sanitary Sewer Charges	<u>0</u>	<u>0</u>	<u>2,132,724</u>	<u>1,279,740</u>	<u>2,132,724</u>	<u>1,279,740</u>
Total Program Expenses	<u>22,741,680</u>	<u>24,888,811</u>	<u>2,132,724</u>	<u>1,279,740</u>	<u>24,874,404</u>	<u>26,168,551</u>
Increase (decrease) in Net Assets	<u>4,294,011</u>	<u>819,991</u>	<u>68,274</u>	<u>1,840,292</u>	<u>4,362,285</u>	<u>2,660,283</u>
Net Assets January 1, restated	<u>29,337,274</u>	<u>28,517,283</u>	<u>15,566,112</u>	<u>13,725,820</u>	<u>44,903,386</u>	<u>42,243,103</u>
Net Assets December 31	<u>\$ 33,631,285</u>	<u>\$ 29,337,274</u>	<u>\$ 15,634,386</u>	<u>\$ 15,566,112</u>	<u>\$ 49,265,671</u>	<u>\$ 44,903,386</u>

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Governmental Activities

Governmental activities increased the City's Net Assets by \$4,294,011 during 2005, compared to an increase in 2004 of \$819,991. The primary reason for the difference between 2005 and 2004 change in Net Assets was primarily due to the debt issue in 2005 the proceeds of which funded capital asset additions. The City held unspent bond proceeds as deposits or investments, depending on cash needed to make construction progress payments.

Several revenue sources fund the City's governmental activities with City income tax being the largest contribution. The income tax rate of 1/2 percent was established by City Ordinance No. 81-67, passed August 28, 1967. The Income Tax Ordinance was amended on June 24, 1968 by City Ordinance No. 82-68 to increase the income tax rate to 1 percent and then on March 28, 1977, City Ordinance No. 5-77 approved an increase in the income tax rate to 1-1/2 percent and a change in the tax credit for residents having income taxable in another community. The income tax revenue amount for 2005 was \$7,794,391, a \$365,442 decrease from 2004. The City monitors its sources of revenue very closely for 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. City income tax revenues were designated for the City's General Fund.

Other Local Taxes (Estate Taxes) decreased \$156,612 during 2005, which is the direct result of the large amount of estate tax that was available at December 31, 2004, which did not recur in 2005. The City uses Estate Taxes to pay for capital improvements in the City.

Total expenses for 2005 were \$ 22,741,680, an 8.6 percent decrease over 2004 levels. The decrease in expenditures from 2004 resulted from expending bond proceeds in 2004 for improvement projects. The 2005 bond proceeds did not greatly impact 2005 expenditures as most of the proceeds were unspent at December 31, 2005. Expenditures in 2005 to complete the Family Aquatic Center (outdoor pool) contributed to the variance of expenditures between 2004 and 2005.

During 2005, the largest program function for the City relates to Security of Persons and Property, which includes police and fire protection. This program accounts for 34.1 percent of expenses. The increase of \$74,702 was the result of increased prisoner expenses and benefit payments. The Police Division, which is funded from the General Fund, operated within its operating budget during 2005. The Police Division capital budget allowed for the purchase of three new police vehicles from the Equipment Purchase Fund that receives State of Ohio Liquor Permit revenue and transfers from the Permanent Improvement Fund. The Division continues to upgrade the vehicles to better serve the community.

In 2005, the Fire Division operated with 28 full-time firefighters/paramedics, including officers. The Fire Division is funded with General Fund revenues. The City received a grant to fund part of the replacement cost of a pumper truck at a cost of \$360,415. The Division continues to upgrade other emergency fire and rescue equipment to better serve the community.

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Transportation accounts for 19.1 percent of expenses. Expenses under the Transportation heading were made for the maintenance and repairs to the City's roads and infrastructure. The \$360,587 decrease is related to various street improvement projects throughout the City in 2004, most of which were funded through the issuance of general obligation bonds. The City pays for its road and infrastructure projects primarily from the City's general revenues, a part of which is provided by the City's income tax. The City takes great pride in maintaining its streets in above average condition and continues to set aside money towards future capital improvements. The City may either pay cash for street improvement projects or issue short-term debt and complete repayment within one or two years. The City annually earmarks dollars toward capital projects.

General government expenses account for 19.8 percent of expenses. The \$46,406 decrease in this program was due to foregoing a debt principal payment for the portion of the general obligation bonds that were currently refunded.

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 2004 by 66.7 percent. The increase in expenses was primarily related to an increase in the decrease of equity in the Waste Water Treatment Plant joint venture and an increase in contractual services due to 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, 2005, the City's governmental funds reported combining ending fund balances of \$25,390,935. Of that amount, \$24,251,368 constitutes unreserved fund balances, which is available for spending at the government's discretion. The \$1,139,567 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 \$27,106,404 and expenditures of \$27,272,881, leaving a \$8,508,090 current year surplus, after consideration of \$5,674,567 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 2005, the general fund had total revenues and other financing sources of \$17,355,186 and expenditures and other financing uses of \$16,238,853 resulting in an increase in fund balance at December 31, 2005 of \$1,116,333. This represents 6.9 percent of the current year general fund expenditures. This is an encouraging comparison in a challenging economic climate that continues to exist in the northeast Ohio region. Revenues ended

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approximately \$1,155,253 under last year's revenues mainly due to transfers of \$2,340,000 in the prior year while expenditures were approximately \$717,940 less than last year's expenditures.

The Recreation Center Fund accounts for the operation and maintenance of the City's recreation activities. In 2005, the Recreation Center Fund had total revenues of \$2,218,024 and expenditures of \$2,302,783 resulting in a decrease in fund balance of \$84,759 at December 31, 2005. Revenues ended approximately \$36,427 under last year's revenues mainly due to transfers of \$200,000 in the prior year while expenditures were approximately \$186,139 more than last year's expenditures.

The General Obligation Bond Retirement Fund accounts for the repayment of general obligation bonds of the City. In 2005, the General Obligation Bond Retirement Fund had total revenues of \$1,486,150 and expenditures of \$1,601,950 resulting in a decrease in fund balance of \$115,800 at December 31, 2005. Revenues ended approximately \$2,514,103 under last year's revenues mainly due to proceeds from the 2004 current refunding of general obligation bonds while expenditures were approximately \$2,106,679 less than last year's expenditures due to the repayment of bond principal and interest in 2004 related to the current refunding.

The Capital Improvement Fund accounts for the various projects of the City financed by tax monies and general fund subsidies. In 2005, the Capital improvement Fund had total revenues of \$9,296,981 and expenditures of \$3,802,101 resulting in an increase in fund balance of \$5,494,880 at December 31, 2005. Revenues ended approximately \$396,691 under last year's revenues mainly due to less intergovernmental revenue received in the current year while expenditures were approximately \$4,673,690 less than last year's expenditures due to the payment of principal in the prior year.

The Permanent Improvement Fund accounts for the inheritance tax and other shared revenues designated by the City for expenditures related to permanent improvements. In 2005, the Permanent Improvement Fund had total revenues of \$2,660,864 and expenditures of \$135,000 resulting in an increase in fund balance of \$2,525,864 at December 31, 2005. Revenues ended approximately \$310,012 under last year's revenues mainly due to a decrease in estate tax revenue from the prior year while expenditures were \$2,840,000 less than last year's expenditures due to transfers out of the Fund.

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 2005, the City amended its General Fund budget four times for a total increase in budgeted expenditures of \$171,000. All capital projects and requests for capital type purchases are included in the annual appropriations ordinance and any supplemental appropriations ordinance(s) as necessary. Recommendations for budget changes are presented to City Council as a supplemental appropriations ordinance. The City administration may make budget changes that modify line items within departments within the same fund. The General Fund supports many major activities such as the Police Division, Fire Division, Engineer/Building, Finance, Rocky River Municipal Court and Economic/Community Development Departments as well as the legislative and most executive activities. Some major capital projects are funded with General Fund dollars. By Ordinance, these funds are transferred from the General Fund to Capital Improvement Fund where the revenue and expenditures for the capital improvement project are tracked and monitored. For the General Fund, the original budgeted

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revenues were \$15,771,395 and the final budgeted amount was \$16,190,863, not including transfers and advances. The City continued to maintain a comfortable level of liquidity in the General Fund by maintaining unrestricted cash at year-end of 26.09 percent of General Fund revenue.

Recreation Fund Budgeting Highlights

For the Recreation Fund, the original and final budgeted revenues were \$1,664,473. The City actually received \$1,714,347 in 2005. The excess came primarily from greater than anticipated revenues of \$44,077 in charges for services. The final appropriations were \$2,433,236. The City had a \$126,462 variance when comparing the budgeted and actual unencumbered balance because the City historically budgets to expend nearly 100 percent of their available resources, when actually 106 percent of available resources were expended in 2005. The City's actual expenditures ended \$76,588 below the final budgeted amount.

Capital Assets and Debt Administration

Capital Assets

Table 3 shows fiscal 2005 balances of Capital Assets as compared to 2004:

Table 3
 Capital Assets at December 31

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Land	\$1,455,114	\$1,376,404	\$39,516	\$39,516	\$1,494,630	\$1,415,920
Land Improvements	92,050	0	0	0	92,050	0
Right of Way	0	0	250,000	250,000	250,000	250,000
Construction in Progress	471,902	3,555,883		926,415	471,902	4,482,298
Land Improvements	2,216,572	75,684	0	0	2,216,572	75,684
Buildings	16,725,722	16,993,224	0	0	16,725,722	16,993,224
Equipment	415,639	514,601	12,508	12,508	428,147	527,109
Vehicles	1,174,817	949,833	14,144	14,144	1,188,961	963,977
Infrastructure:						
Roads	3,749,497	1,277,648	0	0	3,749,497	1,277,648
Sidewalks	115,069	60,572	0	0	115,069	60,572
Traffic Signals	1,393,336	1,560,002	0	0	1,393,336	1,560,002
Storm Sewers	1,578,750	803,879	0	0	1,578,750	803,879
Sewer Lines	0	0	8,605,548	7,598,565	8,605,548	7,598,565
Water Mains	2,367,825	1,269,031	0	0	2,367,825	1,269,031
Total Capital Assets	<u>\$31,756,293</u>	<u>\$28,436,761</u>	<u>\$8,921,716</u>	<u>\$8,841,148</u>	<u>\$40,678,009</u>	<u>\$37,277,909</u>

Total Capital Assets for the City as of December 31, 2005 were \$40,678,009, a \$3,400,100 increase over 2004. Capital asset additions of \$9,773,898 were offset by \$17,449 in deletions, \$4,482,298 reduction in construction in progress and \$1,874,051 of depreciation expense.

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

Debt

On December 31, 2005, the City had \$23,269,112 in bonds and loans. Table 4 summarizes bonds and loans outstanding.

Table 4
 Outstanding Debt at Year End

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
General Obligation Bonds	\$22,228,603	\$14,634,529	\$ 0	\$ 0	\$22,228,603	\$14,634,529
Special Assessment Bonds	750,000	790,000	0	0	750,000	790,000
OWDA Loan	0	0	290,509	303,666	290,509	303,666
Total Outstanding Debt	\$22,978,603	\$15,424,529	\$290,509	\$303,666	\$23,269,112	\$15,728,195

The General Obligation Bonds are composed of the Various Purpose General Obligation Bonds, Series 2004, of \$10,220,000, Rocky River Municipal Court Facility, Series 2002, of \$3,415,000 and Civic Facility Improvements, Series 2005 of \$8,160,000. 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 monies transferred from the Municipal Court Capital Improvement Fund into the Debt Service 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 \$450,000 (Series 1998) and one for \$300,000 (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 \$47,049,260 on December 31, 2005.

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

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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; a Service Garage, dedicated to former Mayor Earl Martin; the Civic Center, dedicated to former Mayor Don Umerley; and renovated the Hamilton Ice Arena. In recent years, the City has worked to reduce its employee health insurance costs, by operating a self-funded insurance program. To buffer potential increases in workers' compensation costs, the City became a member in good standing of the Ohio 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.

In November 2001, residents of the City voted that the City adopt a Master Plan for the development, growth and expansion of the City. The City has hired City Architecture, Inc. to provide professional services for the master plan and \$69,000 has been allotted for the Master Plan design. The Master Plan was received in 2004 with analysis and discussion and final adoption 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 this report or for additional financial information contact the Director of Finance, City of Rocky River, 21012 Hilliard Boulevard, Rocky River, Ohio 44116, (440) 331-0600. Certain information regarding the City is available through the website: www.rrcity.com.

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City of Rocky River, Ohio

Statement of Net Assets

December 31, 2005

	Governmental Activities	Business - Type Activities	Total
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$ 23,605,520	\$ 694,416	\$ 24,299,936
Cash and Cash Equivalents in Segregated Accounts	452,545	0	452,545
Cash and Cash Equivalents with Fiscal Agent	5,000	0	5,000
Accrued Interest Receivable	660,320	0	660,320
Accounts Receivable	244,099	290,575	534,674
Intergovernmental Receivable	1,876,707	0	1,876,707
Materials and Supplies Inventory	96,888	63,455	160,343
Prepaid Items	1,784	0	1,784
Taxes Receivable	8,534,248	0	8,534,248
Special Assessments Receivable	758,689	0	758,689
Investment in Joint Venture	0	6,088,404	6,088,404
Deferred Charges	36,095	0	36,095
Nondepreciable Capital Assets	2,019,066	289,516	2,308,582
Depreciable Capital Assets, Net	<u>29,737,227</u>	<u>8,632,200</u>	<u>38,369,427</u>
Total Assets	<u>68,028,188</u>	<u>16,058,566</u>	<u>84,086,754</u>
Liabilities:			
Accounts Payable	485,520	2,741	488,261
Contracts Payable	38,293	0	38,293
Accrued Wages and Benefits	250,125	15,174	265,299
Intergovernmental Payable	490,158	11,429	501,587
Unearned Revenue	6,217,980	0	6,217,980
Retainage Payable	139,784	0	139,784
Matured Bonds Payable	5,000	0	5,000
Accrued Interest Payable	63,697	6,740	70,437
Claims Payable	76,204	0	76,204
Long-Term Liabilities:			
Due within One Year	1,273,238	26,716	1,299,954
Due in More than One Year	<u>25,356,904</u>	<u>361,380</u>	<u>25,718,284</u>
Total Liabilities	<u>34,396,903</u>	<u>424,180</u>	<u>34,821,083</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	8,981,835	8,631,208	17,613,043
Restricted for:			
Capital Projects	16,605,687	0	16,605,687
Debt Service	311,203	0	311,203
Recreation	453,232	0	453,232
Municipal Probation Services	366,541	0	366,541
Aging	279,679	0	279,679
Street Construction and Maintenance	311,953	0	311,953
Other Purposes	421,903	0	421,903
Unrestricted	<u>5,899,252</u>	<u>7,003,178</u>	<u>12,902,430</u>
Total Net Assets	<u>\$ 33,631,285</u>	<u>\$ 15,634,386</u>	<u>\$ 49,265,671</u>

See Accompanying Notes to the Basic Financial Statements

City of Rocky River, Ohio

Statement of Activities

For The Year Ended December 31, 2005

	Expenses	Charges for Services	Program Revenues	
			Operating Grants and Contributions	Capital Grants and Contributions
Government activities:				
General Government	\$ 4,509,493	\$ 2,834,113	\$ 0	\$ 819,794
Security of Persons and Property	7,748,618	734,638	25,584	0
Public Health	1,142,913	441,693	0	3,628
Transportation	4,337,813	425	705,137	0
Leisure Time Activities	1,549,673	1,401,233	0	0
Community Development	703,873	525	0	0
Basic Utility Service	1,784,199	16,982	78,317	0
Interest and Fiscal Charges	965,098	0	0	0
Total Governmental Activities	22,741,680	5,429,609	809,038	823,422
Business-Type Activities:				
Sewer	2,132,724	1,853,327	0	347,671
Total	\$ 24,874,404	\$ 7,282,936	\$ 809,038	\$ 1,171,093

General Revenues:

Property and Other Local 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

Other Local Taxes

Grants and Entitlements not Restricted to

Specific Programs

Investment Income

Other

Total General Revenues

Change in Net Assets

Net Assets Beginning of Year

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>
\$ (855,586)	\$ 0	\$ (855,586)
(6,988,396)	0	(6,988,396)
(697,592)	0	(697,592)
(3,632,251)	0	(3,632,251)
(148,440)	0	(148,440)
(703,348)	0	(703,348)
(1,688,900)	0	(1,688,900)
<u>(965,098)</u>	<u>0</u>	<u>(965,098)</u>
<u>(15,679,611)</u>	<u>0</u>	<u>(15,679,611)</u>
<u>0</u>	<u>68,274</u>	<u>68,274</u>
<u>(15,679,611)</u>	<u>68,274</u>	<u>(15,611,337)</u>
3,595,174	0	3,595,174
285,331	0	285,331
286,175	0	286,175
569,818	0	569,818
171,200	0	171,200
171,199	0	171,199
604,444	0	604,444
570,663	0	570,663
7,794,391	0	7,794,391
122,358	0	122,358
4,688,251	0	4,688,251
986,902	0	986,902
<u>127,716</u>	<u>0</u>	<u>127,716</u>
<u>19,973,622</u>	<u>0</u>	<u>19,973,622</u>
4,294,011	68,274	4,362,285
<u>29,337,274</u>	<u>15,566,112</u>	<u>44,903,386</u>
\$ <u><u>33,631,285</u></u>	\$ <u><u>15,634,386</u></u>	\$ <u><u>49,265,671</u></u>

See Accompanying Notes to the Basic Financial Statements

City of Rocky River, Ohio

Balance Sheet Governmental Funds

December 31, 2005

	General	Recreation Center	General Obligation Bond Retirement
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$ 4,533,320	\$ 509,749	\$ 249,939
Cash in Segregated Accounts	452,545	0	0
Cash with Fiscal Agents	0	0	5,000
Accrued Interest Receivable	643,813	0	0
Accounts Receivable	187,891	3,931	0
Intergovernmental Receivable	717,392	20,150	40,300
Materials and Supplies Inventory	14,112	9,786	0
Prepaid Items	1,784	0	0
Municipal Income Taxes Receivable	2,074,383	0	0
Property Taxes Receivable	3,714,158	294,775	589,549
Special Assessments Receivable	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets	\$ <u>12,339,398</u>	\$ <u>838,391</u>	\$ <u>884,788</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	\$ 332,886	\$ 38,481	\$ 0
Contracts Payable	0	0	0
Accrued Wages and Benefits	156,797	24,994	0
Intergovernmental Payable	166,140	27,753	0
Unearned Revenue	5,035,072	294,775	589,549
Notes Payable	0	0	5,000
Retainage Payable	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>5,690,895</u>	<u>386,003</u>	<u>594,549</u>
Fund balances:			
Reserve for Encumbrances	142,579	57,819	0
Reserve for Inventory	14,112	9,786	0
Reserve for Prepays	1,784	0	0
Unreserved, Undesignated, Reported In:			
General Fund	6,490,028	0	0
Special Revenue Funds	0	384,783	0
Debt Service Funds	0	0	290,239
Capital Project Funds	<u>0</u>	<u>0</u>	<u>0</u>
Total Fund Balances	<u>6,648,503</u>	<u>452,388</u>	<u>290,239</u>
Total Liabilities and Fund Balances	\$ <u>12,339,398</u>	\$ <u>838,391</u>	\$ <u>884,788</u>

See Accompanying Notes to the Basic Financial Statements

<u>Capital Improvement</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 8,462,047	\$ 5,879,271	\$ 3,406,320	\$ 23,040,646
0	0	0	452,545
0	0	0	5,000
0	0	16,507	660,320
0	0	52,277	244,099
40,300	623,530	435,035	1,876,707
0	0	72,990	96,888
0	0	0	1,784
33,782	0	0	2,108,165
589,549	0	1,238,052	6,426,083
<u>0</u>	<u>0</u>	<u>758,689</u>	<u>758,689</u>
\$ <u>9,125,678</u>	\$ <u>6,502,801</u>	\$ <u>5,979,870</u>	\$ <u>35,670,926</u>
\$ 0	\$ 0	\$ 114,153	\$ 485,520
38,293	0	0	38,293
0	0	68,334	250,125
0	0	296,265	490,158
589,549	155,883	2,206,283	8,871,111
0	0	0	5,000
<u>139,784</u>	<u>0</u>	<u>0</u>	<u>139,784</u>
<u>767,626</u>	<u>155,883</u>	<u>2,685,035</u>	<u>10,279,991</u>
614,764	0	225,733	1,040,895
0	0	72,990	96,888
0	0	0	1,784
0	0	0	6,490,028
0	0	1,235,339	1,620,122
0	0	19,276	309,515
<u>7,743,288</u>	<u>6,346,918</u>	<u>1,741,497</u>	<u>15,831,703</u>
<u>8,358,052</u>	<u>6,346,918</u>	<u>3,294,835</u>	<u>25,390,935</u>
\$ <u>9,125,678</u>	\$ <u>6,502,801</u>	\$ <u>5,979,870</u>	\$ <u>35,670,926</u>

See Accompanying Notes to the Basic Financial Statements

City of Rocky River, Ohio

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

December 31, 2005

Total Governmental Funds Balance \$ 25,390,935

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. 31,756,293

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

Delinquent Property Taxes	\$ 208,103
Other Local Taxes	155,883
Municipal Income Taxes	1,051,129
Special Assessments	758,689
Intergovernmental	<u>479,327</u>

Total 2,653,131

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (63,697)

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. 488,670

Bond issuance costs will be amortized over the life of the bonds on the statement of assets. 36,095

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

General Obligation Bonds	(22,228,603)
Special Assessments	(750,000)
Compensated Absences	(3,000,634)
Police and Fire Pension Liability	<u>(650,905)</u>

Total (26,630,142)

Net Assets of Governmental Activities \$ 33,631,285

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, 2005

	General	Recreation Center	General Obligation Bond Retirement
Revenues:			
Property Taxes	\$ 3,584,540	\$ 284,487	\$ 568,975
Municipal Income Taxes	8,064,069	0	0
Other Local Taxes	75,069	0	0
Intergovernmental	1,363,085	39,158	119,125
Charges for Services	50,284	1,358,508	0
Fines, Fees and Permits	3,053,947	0	0
Special Assessments	0	0	0
Investment Income	933,957	0	0
Rentals	73,501	35,871	0
Other	145,130	0	0
Total Revenues	17,343,582	1,718,024	688,100
Expenditures:			
Current:			
Security of Persons and Property	7,223,281	0	0
Public Health	0	0	0
Leisure Time Activities	363,657	2,298,266	0
Community Development	666,185	0	0
Basic Utility Service	0	0	0
Transportation	608,277	0	0
General Government	4,658,187	0	0
Capital Outlay	59,266	4,517	0
Debt Service:			
Principal Retirement	0	0	860,000
Interest and Fiscal Charges	0	0	741,950
Total Expenditures	13,578,853	2,302,783	1,601,950
Excess of Revenues Over (Under) Expenditures	3,764,729	(584,759)	(913,850)
Other Financing Sources (Uses):			
Sale of Capital Assets	11,604	0	0
General Obligation Bonds Issued	0	0	0
Premium on General Obligation Debt	0	0	168,050
Transfers - In	0	500,000	630,000
Transfers - Out	(2,660,000)	0	0
Total Other Financing Sources (Uses)	(2,648,396)	500,000	798,050
Net Change in Fund Balances	1,116,333	(84,759)	(115,800)
Fund Balances at Beginning of Year, Restated	5,532,170	537,147	406,039
Fund Balances at End of Year	\$ 6,648,503	\$ 452,388	\$ 290,239

See Accompanying Notes to the Basic Financial Statements

<u>Capital Improvement</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 602,756	\$ 0	\$ 1,194,846	\$ 6,235,604
0	0	0	8,064,069
95,944	0	0	171,013
78,317	2,660,864	1,908,133	6,168,682
550	0	440,823	1,850,165
745	0	238,074	3,292,766
2,316	0	70,198	72,514
18,326	0	34,619	986,902
0	0	0	109,372
<u>3,114</u>	<u>0</u>	<u>7,073</u>	<u>155,317</u>
<u>802,068</u>	<u>2,660,864</u>	<u>3,893,766</u>	<u>27,106,404</u>
0	0	456,925	7,680,206
0	0	1,063,225	1,063,225
0	0	0	2,661,923
0	0	13,516	679,701
0	0	1,437,860	1,437,860
0	0	1,715,106	2,323,383
0	0	2,868	4,661,055
3,802,101	0	908,001	4,773,885
0	0	162,756	1,022,756
<u>0</u>	<u>0</u>	<u>226,937</u>	<u>968,887</u>
<u>3,802,101</u>	<u>0</u>	<u>5,987,194</u>	<u>27,272,881</u>
<u>(3,000,033)</u>	<u>2,660,864</u>	<u>(2,093,428)</u>	<u>(166,477)</u>
0	0	0	11,604
8,400,000	0	0	8,400,000
94,913	0	0	262,963
0	0	1,665,000	2,795,000
<u>0</u>	<u>(135,000)</u>	<u>0</u>	<u>(2,795,000)</u>
<u>8,494,913</u>	<u>(135,000)</u>	<u>1,665,000</u>	<u>8,674,567</u>
5,494,880	2,525,864	(428,428)	8,508,090
<u>2,863,172</u>	<u>3,821,054</u>	<u>3,723,263</u>	<u>16,882,845</u>
\$ <u>8,358,052</u>	\$ <u>6,346,918</u>	\$ <u>3,294,835</u>	\$ <u>25,390,935</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 (continued)

For The Year Ended December 31, 2005

Net Change in Fund Balances - Total Governmental Funds \$ 8,508,090

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	\$	4,943,929	
Depreciation		<u>(1,606,948)</u>	
Total			3,336,981

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. (17,449)

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		18,400	
Municipal Income Taxes		(269,678)	
Special Assessments		(38,046)	
Intergovernmental		<u>129,544</u>	
Total			(159,780)

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

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		(8,546)	
Amortization of Bond Premium		13,976	
Amortization of Issuance Costs		<u>(1,641)</u>	
Total			3,789

Other financing sources in the governmental funds that increase long-term liabilities in the statement of net assets. These sources were attributed to the proceed of bonds (8,400,000)

(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, 2005

Bond premium will be amortized over the life of the bonds on the statement of net assets (168,050)

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	(23,209)
Police and Fire Pension Liability	<u>22,755</u>

Total (454)

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

190,884

Change in Net Assets of Governmental Activities \$ 4,294,011

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, 2005

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property and Other Taxes	\$ 3,585,472	\$ 3,585,472	\$ 3,584,540	\$ (932)
Municipal Income Taxes	7,700,000	7,700,000	7,967,371	267,371
Other Local Taxes	87,000	87,000	75,069	(11,931)
Intergovernmental	1,354,548	1,352,816	1,366,116	13,300
Charges for Services	34,900	34,900	25,264	(9,636)
Rentals	75,000	75,000	73,501	(1,499)
Fines, Fees, and Permits	2,704,775	2,846,775	3,078,773	231,998
Investment Income	150,000	370,000	422,163	52,163
Miscellaneous Income	79,700	138,900	145,130	6,230
Total Revenues	<u>15,771,395</u>	<u>16,190,863</u>	<u>16,737,927</u>	<u>547,064</u>
Expenditures:				
Current:				
General Government	5,118,100	5,210,100	4,519,466	690,634
Security of Persons and Property	7,854,625	7,945,125	7,271,832	673,293
Transportation	637,786	658,586	605,773	52,813
Community Environment	1,083,691	911,091	675,272	235,819
Leisure Time Activities	335,115	398,115	363,040	35,075
Capital Outlay	26,000	80,300	68,718	11,582
Total Expenditures	<u>15,055,317</u>	<u>15,203,317</u>	<u>13,504,101</u>	<u>1,699,216</u>
Excess of Revenues Over (Under) Expenditures	<u>716,078</u>	<u>987,546</u>	<u>3,233,826</u>	<u>2,246,280</u>
Other Financing Sources (Uses):				
Sale of Capital Assets	0	5,000	11,604	6,604
Transfers - In	1,871,790	1,871,790	0	(1,871,790)
Transfers - Out	<u>(2,660,000)</u>	<u>(2,683,000)</u>	<u>(2,660,000)</u>	<u>23,000</u>
Total Other Financing Sources (Uses)	<u>(788,210)</u>	<u>(806,210)</u>	<u>(2,648,396)</u>	<u>(1,842,186)</u>
Net Change in Fund Balance	(72,132)	181,336	585,430	404,094
Fund Balance at Beginning of Year	3,656,076	3,656,076	3,656,076	0
Prior Year Encumbrances Appropriated	<u>126,856</u>	<u>126,856</u>	<u>126,856</u>	<u>0</u>
Fund Balance at End of Year	\$ <u>3,710,800</u>	\$ <u>3,964,268</u>	\$ <u>4,368,362</u>	\$ <u>404,094</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, 2005

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 323,973	\$ 323,973	\$ 284,487	\$ (39,486)
Charges for Services	1,310,500	1,310,500	1,354,577	44,077
Intergovernmental	0	0	39,412	39,412
Rentals	<u>30,000</u>	<u>30,000</u>	<u>35,871</u>	<u>5,871</u>
Total Revenues	<u>1,664,473</u>	<u>1,664,473</u>	<u>1,714,347</u>	<u>49,874</u>
Expenditures:				
Current:				
Capital Outlay	13,500	13,500	5,036	8,464
Leisure Time Activities	<u>2,397,236</u>	<u>2,419,736</u>	<u>2,351,612</u>	<u>68,124</u>
Total Expenditures	<u>2,410,736</u>	<u>2,433,236</u>	<u>2,356,648</u>	<u>76,588</u>
Excess of Revenues Over (Under) Expenditures	(746,263)	(768,763)	(642,301)	126,462
Other Financing Sources (Uses):				
Transfers – In	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>0</u>
Net Change in Fund Balance	(246,263)	(268,763)	(142,301)	126,462
Fund Balance at Beginning of Year	559,297	559,297	559,297	0
Prior Year Encumbrances Appropriated	<u>34,819</u>	<u>34,819</u>	<u>34,819</u>	<u>0</u>
Fund Balance at End of Year	\$ <u>347,853</u>	\$ <u>325,353</u>	\$ <u>451,815</u>	\$ <u>126,462</u>

See Accompanying Notes to the Basic Financial Statements

City of Rocky River, Ohio

Statement of Fund Net Assets Proprietary Funds

December 31, 2005

	Business Type Activities - Sewer	Governmental Activities - Internal Service Fund
Assets:		
Current Assets:		
Equity in Pooled Cash and Cash Equivalents	\$ 694,416	\$ 564,874
Accounts Receivable	290,575	0
Materials and Supplies Inventory	<u>63,455</u>	<u>0</u>
Total Current Assets	<u>1,048,446</u>	<u>564,874</u>
Noncurrent Assets:		
Investment in Joint Venture	6,088,404	0
Nondepreciable Capital Assets	289,516	0
Depreciable Capital Assets, Net	<u>8,632,200</u>	<u>0</u>
Total Noncurrent Assets	<u>15,010,120</u>	<u>0</u>
Total Assets	<u>16,058,566</u>	<u>564,874</u>
Liabilities:		
Current Liabilities:		
Accounts Payable	2,741	0
Accrued Wages and Benefits	15,174	0
Intergovernmental Payable	11,429	0
Claims Payable	0	76,204
Accrued Interest Payable	6,740	0
Compensated Absences Payable	12,940	0
OWDA Loans Payable	<u>13,776</u>	<u>0</u>
Total Current Liabilities	<u>62,800</u>	<u>76,204</u>
Long-term Liabilities:		
Accrued Compensated Absences (Net of Current Portion)	84,647	0
OWDA Loans Payable (Net of Current Portion)	<u>276,733</u>	<u>0</u>
Total Long-Term Liabilities	<u>361,380</u>	<u>0</u>
Total Liabilities	<u>424,180</u>	<u>76,204</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	8,631,208	0
Unrestricted	<u>7,003,178</u>	<u>488,670</u>
Total Net Assets	\$ <u><u>15,634,386</u></u>	\$ <u><u>488,670</u></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, 2005

	Business-Type Activities <u>Sewer</u>	Governmental Activities - Internal Fund <u>Fund</u>
Operating Revenues:		
Charges for Services	\$ <u>1,853,327</u>	\$ <u>1,711,788</u>
Operating Expenses:		
Personal Service	635,723	0
Materials and Supplies	50,177	0
Contractual Services	595,447	264,298
Capital Outlay	24,475	0
Heat, Light and Power	14,068	0
Depreciation	267,103	0
Other	1,830	0
Claims	<u>0</u>	<u>1,256,606</u>
Total Operating Expenses	<u>1,588,823</u>	<u>1,520,904</u>
Operating Income	<u>264,504</u>	<u>190,884</u>
Non-Operating Revenue (Expenses):		
Equity in Loss of Joint Venture	(530,267)	0
Interest Expense	<u>(13,634)</u>	<u>0</u>
Total Nonoperating Revenues (Expenses)	<u>(543,901)</u>	<u>0</u>
Income (Loss) before Capital Contributions	(279,397)	190,884
Contributed Capital	<u>347,671</u>	<u>0</u>
Change in Net Assets	68,274	190,884
Net Assets at Beginning of Year, Restated	<u>15,566,112</u>	<u>297,786</u>
Net Assets at End of Year	\$ <u>15,634,386</u>	\$ <u>488,670</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, 2005

	Business-Type Activities <u>Sewer</u>	Governmental Activities - Internal <u>Fund</u>
Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 1,836,182	\$ 1,711,788
Cash Payments for Goods and Services	(735,555)	(264,298)
Cash Payments to Employees for Services and Benefits	(633,925)	0
Cash Payments for Claims	0	(1,297,484)
Cash Payments for Other Operating Expenses	<u>(1,830)</u>	<u>0</u>
Net Cash Provided by Operating Activities	<u>464,872</u>	<u>150,006</u>
Cash Flows from Capital and Related Financing Activities:		
Principal Paid on OWDA Loan	(13,158)	0
Interest Paid on OWDA Loan	<u>(13,939)</u>	<u>0</u>
Net Cash Used for Noncapital Financing Activities	<u>(27,097)</u>	<u>0</u>
Cash Flows from Investing Activities:		
Capital Contributed to Joint Venture	<u>(113,400)</u>	<u>0</u>
Net Increase Cash and Cash Equivalents	324,375	150,006
Cash and cash Equivalents at Beginning of Year	<u>370,041</u>	<u>414,868</u>
Cash and Cash Equivalents at End of Year	\$ <u><u>694,416</u></u>	\$ <u><u>564,874</u></u>
Reconciliation of Operating Income to Net Cash from Operating Activities:		
Operating Income	\$ 264,504	\$ 190,884
Adjustments:		
Depreciation	267,103	0
Change in Operating Assets and Liabilities:		
Accounts Receivable	(17,145)	0
Materials and Supplies Inventory	(52,089)	0
Accounts Payable	1,416	0
Accrued Wages and Benefits	1,020	0
Compensated Absences Payable	778	0
Intergovernmental Payable	(715)	0
Claims Payable	<u>0</u>	<u>(40,878)</u>
Total Adjustments	<u>200,368</u>	<u>(40,878)</u>
Net Cash Provided by Operating Activities	\$ <u><u>464,872</u></u>	\$ <u><u>150,006</u></u>

Noncash investing, capital and financing activities:

During the year, the Sewer Fund acquired capital assets in the amount of \$347,761 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, 2005

	<u>Investment Trust</u>	
	<u>Individual Investment Account</u>	<u>Agency</u>
Assets:		
Equity in Pooled Cash and Cash Equivalents	\$ 0	\$ 325,308
Cash and cash equivalents:		
In segregated accounts	<u>6,253,448</u>	<u>0</u>
Total assets	<u>6,253,448</u>	\$ <u>325,308</u>
Liabilities:		
Undistributed Monies	0	\$ 267,730
Deposits Held and Due to Others	<u>0</u>	<u>57,578</u>
Total Liabilities	<u>0</u>	\$ <u>325,308</u>
Net assets:		
Held in trust for participants	\$ <u>6,253,448</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, 2005

	<u>Individual Investment Account</u>
Additions:	
Interest	\$ 273,605
Capital transaction - purchases	<u>15,523,984</u>
Total additions	<u>15,797,589</u>
Deductions:	
Capital transaction - redemption	16,586,261
Distributions to participants	<u>135,933</u>
Total deductions	<u>16,722,194</u>
Changes in net assets	(924,605)
Net assets beginning of year	<u>7,178,053</u>
Net assets end of year	\$ <u><u>6,253,448</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, 2005

Note 1: Description of City and Reporting Entity

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

Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the City are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the City.

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

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

The Rocky River Wastewater Treatment Plant (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.

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, 2005

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, 2005

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.

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

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

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

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

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2005

Note 2: Summary of Significant Accounting Policies (continued)

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

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. The City's only trust fund is an investment trust fund established to account for the investing activity of the Rocky River Wastewater Treatment Plant which is managed by the City of Rocky River. Agency funds are custodial in nature (assets equal liabilities) and thus do not involve measurement of results of operations. The City's agency funds are for deposits, fees and miscellaneous clearance, donations and bequests and the S.A.F.E. fund.

C. Measurement Focus

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

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

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

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2005

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.

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

Property taxes for which there is an enforceable legal claim as of December 31, 2005, but which were levied to finance year 2006 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 unearned revenue.

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2005

Note 2: Summary of Significant Accounting Policies (continued)

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

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

E. Cash and Cash Equivalents

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

During 2005, investments of the cash management pool were limited to nonnegotiable certificates of deposit, STAROhio and U.S. Treasury Securities which are reported at cost.

Investment procedures are restricted by the provisions of the City Charter and the general laws of the State of Ohio. Interest revenue credited to the general fund during 2005 amounted to \$933,957, which includes \$433,134 assigned from other City funds.

The City utilizes a financial institution to service bonded debt as principal and interest payments come due. The balance in this account is presented as "cash and cash equivalents with fiscal agents" and represents deposits. The City has segregated bank accounts for monies held separate from the City's central bank account. These depository accounts are presented as "cash and cash equivalents in segregated accounts" since they are not required to be deposited into the City treasury.

The City serves as fiscal agent for the Rocky River Wastewater Treatment Plant. This individual investment account is presented as "cash and cash equivalents in segregated accounts" and represent deposits or nonnegotiable certificates of deposit which are reported at cost. Also included in this individual investment account are monies with a separate fiscal agent for current and future debt service payments, and asset replacement. This balance is presented as "cash and cash equivalents with fiscal agents". During 2005, 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.

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

F. Inventory

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

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2005

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, 2005 are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

J. Capital Assets

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

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

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. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

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

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2005

Note 2: Summary of Significant Accounting Policies (continued)

J. Capital Assets (continued)

For 2005, the City's infrastructure consists of roads, traffic signals, sidewalks, storm sewers and water mains. In addition, the City has recorded construction in progress for City road projects initiated in 2005. Generally accepted accounting principles requires the City to capitalize all acquisitions of general infrastructure assets for fiscal years beginning after June 15, 2002. The City has reported such acquisitions in accordance with the reporting standards for 2003, 2004 and 2005. The City intends to report general infrastructure assets in accordance with the *Phase 2 Government Infrastructure Transition Option* described in generally accepted accounting principles. That Option provides that the City must retroactively report all major general infrastructure assets for fiscal years beginning after June 15, 2006.

K. Interfund Balances

On 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, 2005.

L. Compensated Absences

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

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

M. Accrued Liabilities and Long-term Obligations

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

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2005

Note 2: Summary of Significant Accounting Policies (continued)

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

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

N. Fund Balance Reserves

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

O. Net Assets

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

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

P. Operating Revenues and Expenses

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

Q. Interfund Activity

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

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2005

Note 2: Summary of Significant Accounting Policies (continued)

Q. Interfund Activity (continued)

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

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City and that are either unusual in nature or infrequent in occurrence. Neither occurred in 2005.

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

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2005

Note 3: Change in Accounting Principles and Restatement of Prior Year's Balances

For 2005, the City has implemented GASB Statement No. 40, "Deposit and Investment Risk Disclosures", GASB Statement No. 42, "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries" and GASB Technical Bulletin No. 2004-2, "Recognition of Pension and Other Postemployment Benefit Expenditures/Expense and Liability by Cost-Sharing Employers."

GASB Statement No. 40 establishes disclosure requirements for investment credit risk, interest rate risk, deposit custodial risk and foreign currency risk.

GASB Statement No. 42 establishes accounting and financial reporting standards for impairment of capital assets and clarifies and establishes accounting requirements for insurance recoveries.

GASB Technical Bulletin No. 2004-2 addresses the amount that should be recognized as expenditure/expense and as a liability each period by employers participating in a cost-sharing multiple-employer pension and other postemployment benefit (OPEB) plans.

The implementation of GASB Statement No. 40 and No. 42 did not affect the presentation of the financial statements of the City. The implementation of GASB Technical Bulletin No. 2004-2 had the following effect on fund balances:

	<u>General</u>	<u>Recreation Center</u>	<u>General Obligation Bond Retirement</u>	<u>Capital Improvement</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balance, December 31, 2004	\$ 5,532,170	\$ 537,147	\$ 406,039	\$ 2,863,172	\$ 3,821,054	\$ 3,968,916	\$ 17,128,498
Implementation of GASB Technical Bulletin 2004-2	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(245,653)</u>	<u>(245,653)</u>
Adjusting Fund Balance, December 31, 2004	\$ <u>5,532,170</u>	\$ <u>537,147</u>	\$ <u>406,039</u>	\$ <u>2,863,172</u>	\$ <u>3,821,054</u>	\$ <u>3,723,263</u>	\$ <u>16,882,845</u>

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).

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2005

Note 4: Budgetary Basis of Accounting (continued)

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.

	Net Change in Fund Balance	
	<u>General</u>	<u>Recreation Center</u>
GAAP Basis	\$ 1,116,333	\$ (84,759)
Net Adjustment for Revenue Accruals	(605,655)	(3,677)
Net Adjustment for Expenditure Accruals	239,710	4,069
Encumbrances	<u>(164,958)</u>	<u>(57,934)</u>
Budget Basis	\$ <u>585,430</u>	\$ <u>(142,301)</u>

Note 5: Deposits and Investments

Ohio law classifies monies held by the City into three categories.

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

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

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

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2005

Note 5: Deposits and Investments (continued)

1. United States Treasury notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily;
4. Investment grade obligations of state and local governments, and public authorities;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and,
6. The State Treasurer's investment pool (STAROhio).

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

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

Deposits

Custodial credit risk is the risk that in the event of bank failure, the City's deposits may not be returned. Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution, by surety company bonds 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 as security for repayment of all public moneys.

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2005

Note 5: Deposits and Investments (continued)

At year-end, the carrying amount of the City's deposits was \$25,082,789 and the bank balance was \$25,689,769. Of the bank balance \$500,000 was covered by Federal depository insurance and \$25,189,769 was uninsured. Of the uninsured bank balance, \$16,746,989 was collateralized with securities held by the pledging institution's agent in the City's name and \$8,442,780 was collateralized with securities held by the pledging institution's trust department, not in the City's name.

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.

Note 6: Property Taxes

Property taxes include amounts levied against all real, public utility and tangible personal property located in the City. Property tax revenue received during 2005 for real and public utility property taxes represents collections of the 2004 taxes. Property tax payments received during 2005 for tangible personal property (other than public utility property) and for 2005 taxes.

2005 real property taxes are levied after October 1, 2005, on the assessed value as of January 1, 2005, the lien date. Assessed values are established by Ohio Revised Code at 35 percent of appraised value. 2005 real property taxes are collected in and intended to finance 2006.

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. 2005 public utility property taxes which became a lien December 31, 2004, are levied after October 1, 2005, and are collected in 2005 with real property taxes.

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2005

Note 6: Property Taxes (continued)

2005 tangible personal property taxes are levied after October 1, 2004, on the values as of December 31, 2004. Collections are made in 2005. Tangible personal property assessments are 25 percent of true value for capital assets and 23 percent for inventory.

The full tax rate for all City operations for the year ended December 31, 2005, 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 2005 property tax receipts were based as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Property	\$ 637,972,350
Public Utility Real	8,772,100
Tangible Personal	<u>10,280,540</u>
Total	\$ <u>657,024,990</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.

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, 2005 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 2005 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 administers and collects income taxes for the City. Amounts collected are remitted monthly to the City. Collection fees for 2005 were \$241,025.

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2005

Note 8: Receivables

Receivables at December 31, 2005, consisted of taxes, accounts (billings for user charged services), special assessments, interest, and intergovernmental receivables. All receivables are deemed collectible in full.

A summary of the principal items of intergovernmental receivables follows:

	<u>Amount</u>
Gasoline Tax	\$ 166,253
Auto Registration	61,367
Municipal Cents Per Gallon	105,875
Indigent Drivers' Alcohol fines	13,178
Permissive Tax	3,730
Local Government	463,502
Estate Tax	623,531
Homestead and Rollback	<u>439,271</u>
Total	<u>\$ 1,876,707</u>

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

Special assessments expected to be collected beyond one year amount to \$710,000 in the special assessment bond retirement fund. The amount of delinquent special assessments outstanding is \$8,689 at December 31, 2005.

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2005

Note 9: Capital Assets

A summary of changes in capital assets during 2005 follows:

	Balance 12/31/04	Additions	Deletions	Balance 12/31/05
Governmental Activities				
<i>Capital Assets not Being Depreciated</i>				
Land	\$ 1,376,404	\$ 78,710	\$ 0	\$ 1,455,114
Land Improvements	0	92,050	0	92,050
Construction in Progress	<u>3,555,883</u>	<u>471,902</u>	<u>(3,555,883)</u>	<u>471,902</u>
<i>Total Capital Assets not Being Depreciated</i>	<u>4,932,287</u>	<u>642,662</u>	<u>(3,555,883)</u>	<u>2,019,066</u>
<i>Capital Assets Being Depreciated</i>				
Land Improvements	75,684	2,195,783	0	2,271,467
Buildings	24,197,355	205,121	0	24,402,476
Furniture, Fixtures and Equipment	3,652,441	79,786	0	3,732,227
Vehicles	5,355,596	667,300	(50,390)	5,972,506
Infrastructure:				
Roads	1,320,399	2,602,943	0	3,923,342
Sidewalks	62,125	57,487	0	119,612
Traffic Signals	3,000,000	0	0	3,000,000
Storm Sewers	1,008,117	862,748	0	1,870,865
Water Mains	<u>1,325,099</u>	<u>1,185,982</u>	<u>0</u>	<u>2,511,081</u>
<i>Total Capital Assets Being Depreciated</i>	<u>39,996,816</u>	<u>7,857,150</u>	<u>(50,390)</u>	<u>47,803,576</u>
Less Accumulated Depreciation:				
Land Improvements	0	(54,895)	0	(54,895)
Building	(7,204,131)	(472,623)	0	(7,676,754)
Furniture, Fixtures and Equipment	(3,137,840)	(178,748)	0	(3,316,588)
Vehicles	(4,405,763)	(424,867)	32,941	(4,797,689)
Infrastructure:				
Roads	(42,751)	(131,094)	0	(173,845)
Sidewalks	(1,553)	(2,990)	0	(4,543)
Traffic Signals	(1,439,998)	(166,666)	0	(1,606,664)
Storm Sewers	(204,238)	(87,877)	0	(292,115)
Water Mains	<u>(56,068)</u>	<u>(87,188)</u>	<u>0</u>	<u>(143,256)</u>
<i>Total Capital Assets Being Depreciated</i>	<u>(16,492,342)</u>	<u>(1,606,948)</u>	<u>32,941</u>	<u>(18,066,349)</u>
Total Capital Assets Being Depreciated, Net	<u>23,504,474</u>	<u>6,250,202</u>	<u>(17,449)</u>	<u>29,737,227</u>
Governmental Activities Capital Assets, Net	\$ <u>28,436,761</u>	\$ <u>6,892,864</u>	\$ <u>(3,573,332)</u>	\$ <u>31,756,293</u>

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2005

Note 9: Capital Assets (continued)

	<u>Balance</u> <u>12/31/04</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/05</u>
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	<u>926,415</u>	<u>0</u>	<u>(926,415)</u>	<u>0</u>
<i>Total Capital Assets not Being Depreciated</i>	<u>1,215,931</u>	<u>0</u>	<u>(926,415)</u>	<u>289,516</u>
<i>Capital Assets Being Depreciated</i>				
Furniture, Fixtures and Equipment	15,142	0	0	15,142
Vehicles	644,312	0	0	644,312
Sewer Lines	<u>16,876,958</u>	<u>1,274,086</u>	<u>0</u>	<u>18,151,044</u>
<i>Total Capital Assets Being Depreciated</i>	<u>17,536,412</u>	<u>1,274,086</u>	<u>0</u>	<u>18,810,498</u>
Less Accumulated Depreciation				
Furniture, Fixtures and Equipment	(2,634)	0	0	(2,634)
Vehicles	(630,168)	0	0	(630,168)
Sewer Lines	<u>(9,278,393)</u>	<u>(267,103)</u>	<u>0</u>	<u>(9,545,496)</u>
<i>Total Capital Assets Being Depreciated</i>	<u>(9,911,195)</u>	<u>(267,103)</u>	<u>0</u>	<u>(10,178,298)</u>
Total Capital Assets Being Depreciated, Net	<u>7,625,217</u>	<u>1,006,983</u>	<u>0</u>	<u>8,632,200</u>
Total Business-Type Activities				
Capital Assets, Net	\$ <u>8,841,148</u>	\$ <u>1,006,983</u>	\$ <u>(926,415)</u>	\$ <u>8,921,716</u>

*Depreciation expense was charged to governmental functions as follows:

General Government	\$ 207,489
Security of Persons and Property	380,105
Public Health	52,133
Transportation	221,470
Community Environment	15,004
Basic Utility Service	394,936
Leisure Time Activities	<u>335,811</u>
Total	\$ <u>1,606,948</u>

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2005

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 board has complete authority over all aspects of the Plant's operation. The Plant supplies all participating residents of the member cities with sanitary sewer services. Each city owns the sewage lines located in its city and bills its residents for usage. Continued existence of the Plant is dependent on the City's continued participation, and the City does have an equity interest in the Plant. The City's equity interest is \$6,088,404 which represents 28.35 percent of the total equity in the Plant. The Plant is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit to or burden on the City. Complete financial statements can be obtained from the Director of Finance, City of Rocky River, 21012 Hilliard Boulevard, Rocky River, Ohio 44116, who serves as fiscal agent.

Note 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 2005, 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>
Building and Personal Property	\$ 29,191,168
Automobile Liability, Each Accident	1,000,000
General Liability, Each Event	1,000,000
General Liability, Total	2,000,000
Employee Benefit Plan Administration, Total	3,000,000
Employment Practices Liability, Total	2,000,000
Management Liability	2,000,000
Umbrella Excess Liability	5,000,000
Excess Errors and Omissions Liability, Total	5,000,000
Contractor's Equipment	594,785
Miscellaneous Property	462,022
Fine Arts Property	75,565
Small Computer Coverage	701,000
Crime Protection, per Crime Loss	100,000
Law Enforcement Liability, Total	2,000,000

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

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2005

Note 11: Risk Management (continued)

Since May 2002, the City elected to provide employees (and eligible dependents) hospital/medical and prescription insurance benefits on a self-insured basis using an internal service fund. 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 \$1,218,200 aggregate per year. The City pays a monthly premium into the self insurance internal service 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 \$76,204 have been accrued as a liability at December 31, 2005 based on an estimate by Medical Mutual.

The claims liability of \$76,204 reported in the funds at December 31, 2005, 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 2005 were:

	<u>Balance at</u> <u>Beginning of Year</u>	<u>Current Year</u> <u>Claims</u>	<u>Claim</u> <u>Payments</u>	<u>Balance at</u> <u>End of Year</u>
2004	\$ 79,590	\$ 1,321,321	\$ 1,283,829	\$ 117,082
2005	117,082	1,256,606	1,297,484	76,204

The City is a member in good standing of the Ohio Rural Water Authority (ORWA). The intent of the City's membership in the ORWA is to achieve the benefit of reduces workers' compensation premiums, foster safer working conditions and promote cost effective claims management by virtue of its grouping and representation with other members of the ORWA. The City pays a workers' compensation premium based on its individual workers' compensation claim experience; then the workers' compensation claim experience of the ORWA members is calculated as one experience. A comparison is calculated and each member's individual workers' compensation claim experience is compared to the workers' compensation claim experience of the ORWA members. A member may then receive a refund for a favorable comparison to the group or contribute to an equity pooling fund for an unfavorable comparison. The equity pooling arrangement ensures that each member shares equally in the overall experience of the ORWA members. CompManagement, Inc. 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, 2005, the City provides dental insurance benefits to employees (and eligible dependents) on a fully insured basis through CIGNA.

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2005

Note 12: Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans: 1) The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan; 2) The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year); 3) 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 member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

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

For the year ended December 31, 2005, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9 percent. The City's contribution rate for pension benefits for 2005 was 9.55 percent, except for those plan members in law enforcement or public safety. For those classifications, the City's pension contributions were 12.7 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The City's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2005, 2004, and 2003 were \$775,358, \$724,257, and \$628,764 respectively; 97.67 percent has been contributed for 2005 and 100 percent for 2004 and 2003. Contributions to the member-directed plan for 2005 were \$19,211 made by the City and \$12,051 made by the plan members.

B. Ohio Police and Fire Pension Fund

The City contributes to the Ohio Police and Fire Pension Fund (Pension Fund), a cost-sharing multiple-employer defined benefit pension plan. The Pension Fund provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. The Pension Fund 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, 2005

Note 12: Defined Benefit Pension Plans (continued)

B. Ohio Police and Fire Pension Fund (continued)

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the City is required to contribute 11.75 percent for police officers and 16.25 percent for firefighters. Contributions are authorized by Ohio Revised Code. The City's contributions to the fund for police and firefighters were \$285,535 and \$321,927 for the year ended December 31, 2005, \$277,579 and \$299,615 for the year ended December 31, 2004 and \$255,459 and \$292,596 for the year ended December 31, 2003, equal to the required contributions for each year. The full amount has been contributed for 2004 and 2003. 76.56 and 76.06 percent, respectively, has been contributed for 2005 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) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by Ohio Revised Code. The 2005 City contribution rate was 13.55 percent of covered payroll (16.7 percent for public safety and law enforcement); 4.00 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase 1.00 to 6.00 percent annually, for the next eight years and 4.00 percent annually after eight years.

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

The number of active contributing participants in the traditional and combined plans was 376,109. Actual employer contributions for 2005 which were used to fund postemployment benefits were \$37,102. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2004, (the latest information available) were \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.5 billion and \$18.7 billion, respectively.

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2005

Note 13: Postemployment Benefits (continued)

A. Ohio Public Employees Retirement System (continued)

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

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

B. Ohio Police and Fire Pension Fund

The Ohio Police and Fire Pension Fund (Pension Fund) 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 Pension Fund is considered an Other Postemployment Benefit (OPEB) as described in *GASB Statement No. 12*. The Ohio Revised Code provides the authority allowing the Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of the Pension Fund 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 2005. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The City's actual contributions for 2005 that were used to fund postemployment benefits were \$188,332 for police and \$153,535 for firefighters. The Pension Fund's total health care expense for the year ended December 31, 2004, (the latest information available) was \$102,173,796, which was net of member contributions of \$55,665,341. The number of Pension Fund participants eligible to receive health care benefits as of December 31, 2004, was 13,812 for police and 10,528 for firefighters.

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2005

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. From the date of original issuance of the Bonds through December 15, 2007, the Bonds are secured by an irrevocable, direct-pay letter of credit.

<u>Description</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Outstanding 12/31/05</u>	<u>Date of Maturity</u>
Multi-Mode Variable Rate Revenue Bonds, Series 2002	\$ 7,000,000	Variable	\$ 7,000,000	December 1, 2022

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,

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2005

Note 15: Conduit Debt (continued)

B. West Shore Unitarian Universalist Church (continued)

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 12/31/05</u>	<u>Date of Maturity</u>
Economic Development Revenue Bonds, Series 2005	\$ 1,350,000	Variable	\$ 1,343,000	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, 2005

Note 16: Long-Term Obligations (continued)

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

	<u>Outstanding</u> <u>12/31/04</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding</u> <u>12/31/05</u>	<u>Amount</u> <u>Due in</u> <u>One Year</u>
Governmental Activities					
General Obligation Bonds					
Civic Facility Improvements	\$ 0	\$ 8,400,000	\$ 240,000	\$ 8,160,000	\$ 310,000
Municipal Court Facility	3,515,000	0	100,000	3,415,000	100,000
General Purpose	10,840,000	0	620,000	10,220,000	675,000
Unamortized Premium	<u>279,529</u>	<u>168,050</u>	<u>13,976</u>	<u>433,603</u>	<u>0</u>
Total General Obligation Bonds	<u>14,634,529</u>	<u>8,568,050</u>	<u>973,976</u>	<u>22,228,603</u>	<u>1,085,000</u>
Special Assessment Bonds					
Erosion Control (B)	315,000	0	15,000	300,000	15,000
Erosion Control (A)	<u>475,000</u>	<u>0</u>	<u>25,000</u>	<u>450,000</u>	<u>25,000</u>
Total Special Assessment Bonds	790,000	0	40,000	750,000	40,000
Compensated Absences Payable	2,977,425	1,133,862	1,110,653	3,000,634	124,506
Police and Fire Pension Liability	<u>673,660</u>	<u>0</u>	<u>22,755</u>	<u>650,905</u>	<u>23,732</u>
<i>Total Governmental Activities</i>	<u>\$ 19,075,614</u>	<u>\$ 9,701,912</u>	<u>\$ 2,147,384</u>	<u>\$ 26,630,142</u>	<u>\$ 1,273,238</u>
Business Type Activities					
OWDA Loan	\$ 303,666	\$ 0	\$ 13,157	\$ 290,509	\$ 13,776
Compensated Absences Payable	<u>96,810</u>	<u>57,779</u>	<u>57,002</u>	<u>97,587</u>	<u>12,940</u>
Total Business Type Activities	<u>\$ 400,476</u>	<u>\$ 57,779</u>	<u>\$ 70,159</u>	<u>\$ 388,096</u>	<u>\$ 26,716</u>

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2005

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 \$47,049,260 at December 31, 2005. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2005, are as follows:

	General Obligation Bonds		Special Assessment Bonds		Police and Fire Pension		Total Governmental Activities	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$ 1,085,000	\$ 864,735	\$ 40,000	\$ 38,313	\$ 23,732	\$ 27,414	\$ 1,148,732	\$ 930,462
2007	1,090,000	840,485	40,000	36,363	24,751	26,395	1,154,751	903,243
2008	1,035,000	815,390	40,000	34,413	25,814	25,332	1,100,814	875,135
2009	1,050,000	789,015	40,000	32,425	26,923	24,223	1,116,923	845,663
2010	1,070,000	758,780	40,000	30,438	28,080	23,066	1,138,080	812,284
2011-2015	5,405,000	3,255,873	200,000	122,325	159,559	96,171	5,764,559	3,474,369
2016-2020	5,310,000	2,130,325	200,000	71,163	171,672	59,034	5,681,672	2,260,522
2021-2025	5,290,000	752,400	150,000	20,025	66,339	34,355	5,506,339	806,780
2026-2030	460,000	33,013	0	0	81,864	18,831	541,864	51,844
2030-2035	0	0	0	0	42,171	2,490	42,171	2,490
Total	\$ <u>21,795,000</u>	\$ <u>10,240,016</u>	\$ <u>750,000</u>	\$ <u>385,465</u>	\$ <u>650,905</u>	\$ <u>337,311</u>	\$ <u>23,195,905</u>	\$ <u>10,962,792</u>

Business Type Activity	
OWDA Loan	
Principal	Interest
2006	\$ 13,776
2007	14,423
2008	15,099
2009	15,809
2010	16,550
2011-2015	95,160
2016-2020	<u>119,692</u>
Total	\$ <u>290,509</u>
	\$ <u>116,133</u>

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2005

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 2005, the City contributed \$44,766 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 paid its 2005 contribution of \$858 in 2006.

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, 2005

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 2005.

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 Transfers

The General Fund transfers to the Major and Non-major Governmental Funds were made to provide additional resources for current operations and for the payment of debt. Transfers made during the year ended December 31, 2005 were as follows:

<u>Transfer to</u>	<u>Transfer from</u>		
	<u>General</u>	<u>Permanent Improvement</u>	<u>Total</u>
Recreation Center	\$ 500,000	\$ 0	\$ 500,000
General Obligation Bond Retirement	630,000	0	630,000
Other Governmental Funds	<u>1,530,000</u>	<u>135,000</u>	<u>1,665,000</u>
Total Governmental Activities	\$ <u>2,660,000</u>	\$ <u>135,000</u>	\$ <u>2,795,000</u>

Note 20: Contractual Commitments

At December 31, 2005, 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	\$ 439,000	\$ 417,855	\$ 21,145
Rink Improvements	<u>158,200</u>	<u>34,179</u>	<u>124,021</u>
Total	\$ <u>597,200</u>	\$ <u>452,034</u>	\$ <u>145,166</u>

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2005

Note 21: Accountability

A. Fund Equity Deficit - Special Revenue Funds

There are deficits in the Fire Levy and Police Levy Special Revenue Funds of \$44,805 and \$55,097 respectively, caused by the application of accounting principles generally accepted in the United States 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 final appropriations in excess of the final estimated resources plus available balances for 2005, contrary to Ohio Revised Code, Section 5705.39:

	<u>Estimated Resources</u>		<u>Appropriations</u>		<u>Excess</u>
Capital Projects Funds:					
Capital Improvements Fund	\$ 11,077,593	\$	11,286,802	\$	209,209

City of Rocky River, Ohio

Combining Statements
Non-Major Government Funds
Fund Descriptions

Non-major Special Revenue Funds

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

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

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

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

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

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

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

Mediation Services Fund – To account for the collection of fees for all civil cases except 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, 2005

	Non-major Special Revenue Funds	Non-major Debt Service Fund	Non-major Capital Projects Funds	Total Non-major Governmental Funds
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ 1,534,167	\$ 19,276	\$ 1,852,877	\$ 3,406,320
Accrued Interest Receivable	0	0	16,507	16,507
Accounts Receivable	6,184	0	46,093	52,277
Intergovernmental Receivable	435,035	0	0	435,035
Materials and Supplies Inventory	72,990	0	0	72,990
Taxes Receivable	1,238,052	0	0	1,238,052
Special Assessments Receivable	<u>0</u>	<u>758,689</u>	<u>0</u>	<u>758,689</u>
 Total Assets	 <u>\$ 3,286,428</u>	 <u>\$ 777,965</u>	 <u>\$ 1,915,477</u>	 <u>\$ 5,979,870</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	\$ 100,868	\$ 0	\$ 13,285	\$ 114,153
Accrued Wages and Benefits	66,847	0	1,487	68,334
Intergovernmental Payable	294,589	0	1,676	296,265
Deferred Revenue	<u>1,447,594</u>	<u>758,689</u>	<u>0</u>	<u>2,206,283</u>
 Total Liabilities	 <u>1,909,898</u>	 <u>758,689</u>	 <u>16,448</u>	 <u>2,685,035</u>
Fund Balances:				
Reserve for Encumbrances	68,201	0	157,532	225,733
Reserve for Inventory	72,990	0	0	72,990
Unreserved, Undesignated, Reported In:				
Special Revenue Funds	1,235,339	0	0	1,235,339
Debt Service Fund	0	19,276	0	19,276
Capital Projects Funds	<u>0</u>	<u>0</u>	<u>1,741,497</u>	<u>1,741,497</u>
 Total Fund Balances	 <u>1,376,530</u>	 <u>19,276</u>	 <u>1,899,029</u>	 <u>3,294,835</u>
 Total Liabilities and Fund Balances	 <u>\$ 3,286,428</u>	 <u>\$ 777,965</u>	 <u>\$ 1,915,477</u>	 <u>\$ 5,979,870</u>

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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, 2005

	Non-major Special Revenue Funds	Non-major Debt Service Fund	Non-major Capital Projects Funds	Total Non-major Governmental Funds
Revenues:				
Property Taxes	\$ 1,194,846	\$ 0	\$ 0	\$ 1,194,846
Intergovernmental	1,136,994	0	771,139	1,908,133
Charges for Services	440,823	0	0	440,823
Fees, Fines and Permits	191,981	0	46,093	238,074
Special Assessments	0	70,198	0	70,198
Investment Income	0	0	34,619	34,619
Other	<u>7,073</u>	<u>0</u>	<u>0</u>	<u>7,073</u>
Total Revenues	<u>2,971,717</u>	<u>70,198</u>	<u>851,851</u>	<u>3,893,766</u>
Expenditures:				
Current:				
Security of Persons and Property	456,925	0	0	456,925
Public Health	1,063,225	0	0	1,063,225
Community Development	13,516	0	0	13,516
Basic Utility Service	1,437,860	0	0	1,437,860
Transportation	1,715,106	0	0	1,715,106
General Government	1,333	0	1,535	2,868
Capital Outlay	390,006	0	517,995	908,001
Debt Service:				
Principal Retirement	22,756	40,000	100,000	162,756
Interest and Fiscal Charges	<u>30,416</u>	<u>40,958</u>	<u>155,563</u>	<u>226,937</u>
Total Expenditures	<u>5,131,143</u>	<u>80,958</u>	<u>775,093</u>	<u>5,987,194</u>
Excess of Revenues (Over) Expenditures	(2,159,426)	(10,760)	76,758	(2,093,428)
Other Financing Sources (Uses):				
Transfers-In	<u>1,665,000</u>	<u>0</u>	<u>0</u>	<u>1,665,000</u>
Net Change In Fund Balances	(494,426)	(10,760)	76,758	(428,428)
Fund Balances at Beginning of Year, Restated	<u>1,870,956</u>	<u>30,036</u>	<u>1,822,271</u>	<u>3,723,263</u>
Fund Balances at End of Year	\$ <u>1,376,530</u>	\$ <u>19,276</u>	\$ <u>1,899,029</u>	\$ <u>3,294,835</u>

City of Rocky River, Ohio

Combining Balance Sheet Non-Major Special Revenue Funds

December 31, 2005

	<u>Law Enforcement Trust</u>	<u>Community Diversion Program</u>	<u>Indigent Driver Alcohol Treatment</u>	<u>Enforcement and Education</u>
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ 17,301	\$ 19,233	\$ 94,378	\$ 11,761
Accounts Receivable	0	0	0	0
Intergovernmental Receivable	0	0	0	0
Materials and Supplies Inventory	0	0	0	0
Taxes Receivable	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
 Total Assets	 \$ <u>17,301</u>	 \$ <u>19,233</u>	 \$ <u>94,378</u>	 \$ <u>11,761</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	\$ 0	\$ 0	\$ 3,690	\$ 0
Accrued Wages and Benefits	0	0	0	0
Intergovernmental Payable	291	69	0	0
Deferred Revenue	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
 Total Liabilities	 <u>291</u>	 <u>69</u>	 <u>3,690</u>	 <u>0</u>
 Fund Balances:				
Reserve for Encumbrances	0	0	7,554	0
Reserve for Inventory	0	0	0	0
Unreserved, Undesignated (Deficit)	<u>17,010</u>	<u>19,164</u>	<u>83,134</u>	<u>11,761</u>
 Total Fund Balances (Deficit)	 <u>17,010</u>	 <u>19,164</u>	 <u>90,688</u>	 <u>11,761</u>
 Total Liabilities and Fund Balances	 \$ <u>17,301</u>	 \$ <u>19,233</u>	 \$ <u>94,378</u>	 \$ <u>11,761</u>

<u>Municipal Probation Services</u>	<u>Young Adult Alcohol Diversion</u>	<u>Mediation Services</u>	<u>Federal Emergency Management Agency</u>	<u>Office on Aging</u>
\$ 364,921	\$ 58,002	\$ 27,710	\$ 1,357	\$ 220,554
4,218	796	1,170	0	0
0	13,178	0	0	20,150
0	0	0	0	72,990
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>294,775</u>
<u>\$ 369,139</u>	<u>\$ 71,976</u>	<u>\$ 28,880</u>	<u>\$ 1,357</u>	<u>\$ 608,469</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 12,008
1,539	0	0	0	11,829
1,059	0	0	0	11,866
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>294,775</u>
<u>2,598</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>330,478</u>
883	175	0	0	13,222
0	0	0	0	72,990
<u>365,658</u>	<u>71,801</u>	<u>28,880</u>	<u>1,357</u>	<u>191,779</u>
<u>366,541</u>	<u>71,976</u>	<u>28,880</u>	<u>1,357</u>	<u>277,991</u>
<u>\$ 369,139</u>	<u>\$ 71,976</u>	<u>\$ 28,880</u>	<u>\$ 1,357</u>	<u>\$ 608,469</u>

(continued)

City of Rocky River, Ohio

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

December 31, 2005

	<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	\$ 9,462	\$ 3,312	\$ 195,593	\$ 110,978
Accounts Receivable	0	0	0	0
Intergovernmental Receivable	0	0	40,300	3,730
Materials and Supplies Inventory	0	0	0	0
Taxes Receivable	<u>0</u>	<u>0</u>	<u>589,549</u>	<u>0</u>
Total Assets	\$ <u>9,462</u>	\$ <u>3,312</u>	\$ <u>825,442</u>	\$ <u>114,708</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	\$ 3	\$ 0	\$ 49,437	\$ 4,546
Accrued Wages and Benefits	0	0	24,383	3,603
Intergovernmental Payable	749	0	16,706	3,994
Deferred Revenue	<u>0</u>	<u>0</u>	<u>589,549</u>	<u>0</u>
Total Liabilities	<u>752</u>	<u>0</u>	<u>680,075</u>	<u>12,143</u>
Fund Balances:				
Reserve for Encumbrances	0	0	25,736	363
Reserve for Inventory	0	0	0	0
Unreserved, Undesignated (Deficit)	<u>8,710</u>	<u>3,312</u>	<u>119,631</u>	<u>102,202</u>
Total Fund Balances (Deficit)	<u>8,710</u>	<u>3,312</u>	<u>145,367</u>	<u>102,565</u>
Total Liabilities and Fund Balances	\$ <u>9,462</u>	\$ <u>3,312</u>	\$ <u>825,442</u>	\$ <u>114,708</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>
\$ 271,547	\$ 10,400	\$ 65,955	\$ 51,703	\$ 1,534,167
0	0	0	0	6,184
308,483	25,012	12,091	12,091	435,035
0	0	0	0	72,990
<u>0</u>	<u>0</u>	<u>176,864</u>	<u>176,864</u>	<u>1,238,052</u>
\$ <u>580,030</u>	\$ <u>35,412</u>	\$ <u>254,910</u>	\$ <u>240,658</u>	\$ <u>3,286,428</u>
\$ 30,645	\$ 539	\$ 0	\$ 0	\$ 100,868
25,493	0	0	0	66,847
18,113	0	122,851	118,891	294,589
<u>193,826</u>	<u>15,716</u>	<u>176,864</u>	<u>176,864</u>	<u>1,447,594</u>
<u>268,077</u>	<u>16,255</u>	<u>299,715</u>	<u>295,755</u>	<u>1,909,898</u>
20,268	0	0	0	68,201
0	0	0	0	72,990
<u>291,685</u>	<u>19,157</u>	<u>(44,805)</u>	<u>(55,097)</u>	<u>1,235,339</u>
<u>311,953</u>	<u>19,157</u>	<u>(44,805)</u>	<u>(55,097)</u>	<u>1,376,530</u>
\$ <u>580,030</u>	\$ <u>35,412</u>	\$ <u>254,910</u>	\$ <u>240,658</u>	\$ <u>3,286,428</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, 2005

	Law Enforcement Trust	Community Diversion Program	Indigent Driver Alcohol Treatment	Enforcement and Education
Revenues:				
Property Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental	0	0	0	0
Charges for Services	0	0	0	0
Fees, Fines and Permits	2,440	22,484	43,658	3,700
Other	0	0	0	0
Total Revenues	<u>2,440</u>	<u>22,484</u>	<u>43,658</u>	<u>3,700</u>
Expenditures:				
Current:				
Security of Persons and Property	24,105	8,237	36,866	550
Public Health	0	0	0	0
Community Development	0	0	0	0
Basic Utility Service	0	0	0	0
Transportation	0	0	0	0
General Government	0	0	0	0
Capital Outlay	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
Total Expenditures	<u>24,105</u>	<u>8,237</u>	<u>36,866</u>	<u>550</u>
Excess of Revenues Over (Under) Expenditures	(21,665)	14,247	6,792	3,150
Other Financing Sources (Uses):				
Transfers-In	0	0	0	0
Net Change in Fund Balances	(21,665)	14,247	6,792	3,150
Fund Balances (Deficit) at Beginning of Year	<u>38,675</u>	<u>4,917</u>	<u>83,896</u>	<u>8,611</u>
Fund Balances (Deficit) at End of Year	<u>\$ 17,010</u>	<u>\$ 19,164</u>	<u>\$ 90,688</u>	<u>\$ 11,761</u>

<u>Municipal Probation Services</u>	<u>Young Adult Alcohol Diversion</u>	<u>Mediation Services</u>	<u>Federal Emergency Management Agency</u>	<u>Office on Aging</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 284,487
0	13,178	0	225,000	42,786
0	0	0	0	423,841
87,561	17,728	14,410	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>497</u>
<u>87,561</u>	<u>30,906</u>	<u>14,410</u>	<u>225,000</u>	<u>751,611</u>
61,333	1,225	0	0	0
0	0	0	0	1,063,225
0	0	0	0	13,516
0	0	0	0	0
0	0	0	0	0
1,333	0	0	0	0
0	0	0	360,415	157
0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>62,666</u>	<u>1,225</u>	<u>0</u>	<u>360,415</u>	<u>1,076,898</u>
24,895	29,681	14,410	(135,415)	(325,287)
<u>0</u>	<u>0</u>	<u>0</u>	<u>135,000</u>	<u>200,000</u>
24,895	29,681	14,410	(415)	(125,287)
<u>341,646</u>	<u>42,295</u>	<u>14,470</u>	<u>1,772</u>	<u>403,278</u>
\$ <u><u>366,541</u></u>	\$ <u><u>71,976</u></u>	\$ <u><u>28,880</u></u>	\$ <u><u>1,357</u></u>	\$ <u><u>277,991</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, 2005

	Marine Patrol	Community Impacts	Refuse and Recycling	Motor Vehicle License Tax
Revenues:				
Property Taxes	\$ 0	\$ 0	\$ 568,974	\$ 0
Intergovernmental	25,584	0	78,317	42,384
Charges for Services	0	0	16,982	0
Fees, Fines and Permits	0	0	0	0
Other	0	0	6,576	0
Total Revenues	<u>25,584</u>	<u>0</u>	<u>670,849</u>	<u>42,384</u>
Expenditures:				
Current:				
Security of Persons and Property	54,962	0	0	3,678
Public Health	0	0	0	0
Community Development	0	0	0	0
Basic Utility Service	0	0	1,437,860	0
Transportation	0	0	0	328,320
General Government	0	0	0	0
Capital Outlay	883	0	88	5,953
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
Total Expenditures	<u>55,845</u>	<u>0</u>	<u>1,437,948</u>	<u>337,951</u>
Excess of Revenues Over (Under) Expenditures	(30,261)	0	(767,099)	(295,567)
Other Financing Sources (Uses):				
Transfers – In	30,000	0	600,000	300,000
Net Change in Fund Balances	(261)	0	(167,099)	4,433
Fund Balances (Deficit) at Beginning of Year				
	8,971	3,312	312,466	98,132
Fund Balances (Deficit) at End of Year	<u>\$ 8,710</u>	<u>\$ 3,312</u>	<u>\$ 145,367</u>	<u>\$ 102,565</u>

Street Repair and Maintenance	State Highway	Fire Levy	Police Levy	Total Non-major Special Revenue Funds
\$ 0	\$ 0	\$ 170,693	\$ 170,692	\$ 1,194,846
613,047	49,706	23,496	23,496	1,136,994
0	0	0	0	440,823
0	0	0	0	191,981
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7,073</u>
613,047	49,706	194,189	194,188	2,971,717
0	0	133,461	132,508	456,925
0	0	0	0	1,063,225
0	0	0	0	13,516
0	0	0	0	1,437,860
1,337,337	49,449	0	0	1,715,106
0	0	0	0	1,333
22,510	0	0	0	390,006
0	0	6,214	16,542	22,756
<u>0</u>	<u>0</u>	<u>13,925</u>	<u>16,491</u>	<u>30,416</u>
1,359,847	49,449	153,600	165,541	5,131,143
(746,800)	257	40,589	28,647	(2,159,426)
<u>400,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,665,000</u>
(346,800)	257	40,589	28,647	(494,426)
<u>658,753</u>	<u>18,900</u>	<u>(85,394)</u>	<u>(83,744)</u>	<u>1,870,956</u>
\$ <u>311,953</u>	\$ <u>19,157</u>	\$ <u>(44,805)</u>	\$ <u>(55,097)</u>	\$ <u>1,376,530</u>

City of Rocky River, Ohio

Combining Balance Sheet Non-Major Capital Projects Funds

December 31, 2005

	Equipment Replacement	Municipal Court Capital Improvement	Total Non-major Capital Project Funds
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$ 317,489	\$ 1,535,388	\$ 1,852,877
Accrued Interest Receivable	0	16,507	16,507
Accounts Receivable	<u>0</u>	<u>46,093</u>	<u>46,093</u>
Total Assets	\$ <u>317,489</u>	\$ <u>1,597,988</u>	\$ <u>1,915,477</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	\$ 12,595	\$ 690	\$ 13,285
Accrued Wages and Benefits	0	1,487	1,487
Intergovernmental Payable	<u>0</u>	<u>1,676</u>	<u>1,676</u>
Total Liabilities	<u>12,595</u>	<u>3,853</u>	<u>16,448</u>
Fund Balances:			
Reserve for Encumbrances	100,232	57,300	157,532
Unrestricted, Undesignated	<u>204,662</u>	<u>1,536,835</u>	<u>1,741,497</u>
Total Fund Balances	<u>304,894</u>	<u>1,594,135</u>	<u>1,899,029</u>
Total Liabilities and Fund Balances	\$ <u>317,489</u>	\$ <u>1,597,988</u>	\$ <u>1,915,477</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, 2005

	<u>Equipment Replacement</u>	<u>Municipal Court Capital Improvement</u>	<u>Total Non-major Capital Project Funds</u>
Revenues:			
Intergovernmental	\$ 31,800	\$ 739,339	\$ 771,139
Fees, Fines, and Permits	0	46,093	46,093
Investment Income	<u>0</u>	<u>34,619</u>	<u>34,619</u>
Total Revenues	<u>31,800</u>	<u>820,051</u>	<u>851,851</u>
Expenditures:			
Current:			
General Government	0	1,535	1,535
Capital Outlay	336,078	181,917	517,995
Debt Service:			
Principal Retirement	0	100,000	100,000
Interest and Fiscal Charges	<u>0</u>	<u>155,563</u>	<u>155,563</u>
Total Expenditures	<u>336,078</u>	<u>439,015</u>	<u>775,093</u>
Net Change in Fund Balances	(304,278)	381,036	76,758
Fund Balances at Beginning of Year	<u>609,172</u>	<u>1,213,099</u>	<u>1,822,271</u>
Fund Balances at End of Year	\$ <u><u>304,894</u></u>	\$ <u><u>1,594,135</u></u>	\$ <u><u>1,899,029</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, 2005

	Budget		Actual	Variance With
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 4,082,067	\$ 4,082,067	\$ 3,584,540	\$ (497,527)
Municipal Income Taxes	7,700,000	7,700,000	7,967,371	267,371
Other Local Taxes	87,000	87,000	75,069	(11,931)
Intergovernmental	857,953	856,221	1,366,116	509,895
Charges for Services	34,900	34,900	25,264	(9,636)
Rentals	75,000	75,000	73,501	(1,499)
Fines, Fees, and Permits	2,704,775	2,846,775	3,078,773	231,998
Investment Income	150,000	370,000	422,163	52,163
Miscellaneous Income	79,700	138,900	145,130	6,230
Total Revenues	<u>15,771,395</u>	<u>16,190,863</u>	<u>16,737,927</u>	<u>547,064</u>
Expenditures:				
Current:				
General Government:				
Council:				
Personal Service	113,491	113,491	112,107	1,384
Other	<u>14,375</u>	<u>14,375</u>	<u>2,078</u>	<u>12,297</u>
Total Council	<u>127,866</u>	<u>127,866</u>	<u>114,185</u>	<u>13,681</u>
Mayor:				
Personal Service	157,636	157,636	155,502	2,134
Other	<u>7,834</u>	<u>9,334</u>	<u>5,731</u>	<u>3,603</u>
Total Mayor	<u>165,470</u>	<u>166,970</u>	<u>161,233</u>	<u>5,737</u>
Finance Department:				
Personal Service	266,247	269,747	259,462	10,285
Other	<u>143,608</u>	<u>153,608</u>	<u>119,768</u>	<u>33,840</u>
Total Finance Department	<u>409,855</u>	<u>423,355</u>	<u>379,230</u>	<u>44,125</u>
Law Director:				
Personal Service	93,726	93,726	92,751	975
Other	<u>129,100</u>	<u>129,100</u>	<u>97,549</u>	<u>31,551</u>
Total Law Director	<u>222,826</u>	<u>222,826</u>	<u>190,300</u>	<u>32,526</u>
Other Executive Administration:				
Personal Service	156,958	156,958	154,790	2,168
Other	<u>13,405</u>	<u>14,905</u>	<u>12,160</u>	<u>2,745</u>
Total Other Executive Administration	<u>170,363</u>	<u>171,863</u>	<u>166,950</u>	<u>4,913</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, 2005

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Boards and Commissions:				
Personal Service	29,695	29,695	26,902	2,793
Other	<u>37,550</u>	<u>38,050</u>	<u>2,283</u>	<u>35,767</u>
Total Boards and Commissions	<u>67,245</u>	<u>67,745</u>	<u>29,185</u>	<u>38,560</u>
Building Maintenance:				
Personal Service	336,846	337,646	319,640	18,006
Other	<u>333,462</u>	<u>345,662</u>	<u>258,336</u>	<u>87,326</u>
Total Building Maintenance	<u>670,308</u>	<u>683,308</u>	<u>577,976</u>	<u>105,332</u>
Municipal Courts:				
Personal Service	1,746,618	1,779,618	1,655,129	124,489
Other	<u>290,626</u>	<u>305,626</u>	<u>217,337</u>	<u>88,289</u>
Total Municipal Courts	<u>2,037,244</u>	<u>2,085,244</u>	<u>1,872,466</u>	<u>212,778</u>
Miscellaneous:				
Other	<u>1,246,923</u>	<u>1,260,923</u>	<u>1,027,941</u>	<u>232,982</u>
Total General Government	<u>5,118,100</u>	<u>5,210,100</u>	<u>4,519,466</u>	<u>690,634</u>
Security of Persons And Property:				
Police Department:				
Personal Service	3,674,545	3,674,409	3,444,607	229,802
Other	<u>491,509</u>	<u>491,509</u>	<u>336,430</u>	<u>155,079</u>
Total Police Department	<u>4,166,054</u>	<u>4,165,918</u>	<u>3,781,037</u>	<u>384,881</u>
Fire Department:				
Personal Service	2,957,351	2,977,351	2,836,322	141,029
Other	<u>216,166</u>	<u>247,166</u>	<u>157,016</u>	<u>90,150</u>
Total Fire Department	<u>3,173,517</u>	<u>3,224,517</u>	<u>2,993,338</u>	<u>231,179</u>
Police on Patrol Arresting Speeders:				
Personal Service	93,295	123,295	109,043	14,252
Other	<u>8,000</u>	<u>17,500</u>	<u>6,733</u>	<u>10,767</u>
Total Police on Patrol Arresting Speeders	<u>101,295</u>	<u>140,795</u>	<u>115,776</u>	<u>25,019</u>
Street Lighting:				
Other	<u>260,000</u>	<u>260,000</u>	<u>233,211</u>	<u>26,789</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, 2005

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Administrative Support:				
Personal Service	<u>153,759</u>	<u>153,895</u>	<u>148,470</u>	<u>5,425</u>
Total Security of Persons and Property	<u>7,854,625</u>	<u>7,945,125</u>	<u>7,271,832</u>	<u>673,293</u>
Transportation:				
Equipment Repair and Garage:				
Personal Service	<u>496,128</u>	<u>496,928</u>	<u>483,471</u>	<u>13,457</u>
Other	<u>141,658</u>	<u>161,658</u>	<u>122,302</u>	<u>39,356</u>
Total Transportation	<u>637,786</u>	<u>658,586</u>	<u>605,773</u>	<u>52,813</u>
Community Environment:				
Community Development:				
Personal Service	<u>313,087</u>	<u>351,087</u>	<u>331,540</u>	<u>19,547</u>
Other	<u>112,572</u>	<u>120,572</u>	<u>84,371</u>	<u>36,201</u>
Total Community Center	<u>425,659</u>	<u>471,659</u>	<u>415,911</u>	<u>55,748</u>
Economic Development:				
Personal Service	<u>271,161</u>	<u>252,161</u>	<u>239,442</u>	<u>12,719</u>
Other	<u>386,871</u>	<u>187,271</u>	<u>19,919</u>	<u>167,352</u>
Total Economic Development	<u>658,032</u>	<u>439,432</u>	<u>259,361</u>	<u>180,071</u>
Total Community Environment	<u>1,083,691</u>	<u>911,091</u>	<u>675,272</u>	<u>235,819</u>
Leisure Time Activities:				
Parks Department:				
Personal Service	<u>277,400</u>	<u>313,900</u>	<u>306,343</u>	<u>7,557</u>
Other	<u>57,715</u>	<u>84,215</u>	<u>56,697</u>	<u>27,518</u>
Total Leisure Time Activities	<u>335,115</u>	<u>398,115</u>	<u>363,040</u>	<u>35,075</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, 2005

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Capital Outlay	<u>26,000</u>	<u>80,300</u>	<u>68,718</u>	<u>11,582</u>
Total Expenditures	<u>15,055,317</u>	<u>15,203,317</u>	<u>13,504,101</u>	<u>1,699,216</u>
Excess of Revenues Over (Under) Expenditures	<u>716,078</u>	<u>987,546</u>	<u>3,233,826</u>	<u>2,246,280</u>
Other Financing Sources (Uses):				
Sale of Capital Assets	0	5,000	11,604	6,604
Transfers – In	1,871,790	1,871,790	0	(1,871,790)
Transfers – Out	<u>(2,660,000)</u>	<u>(2,683,000)</u>	<u>(2,660,000)</u>	<u>23,000</u>
Total Other Financing Sources (Uses)	<u>(788,210)</u>	<u>(806,210)</u>	<u>(2,648,396)</u>	<u>(1,842,186)</u>
Net Change in Fund Balance	(72,132)	181,336	585,430	404,094
Fund Balance at Beginning of Year	3,656,076	3,656,076	3,656,076	0
Prior Year Encumbrances Appropriated	<u>126,856</u>	<u>126,856</u>	<u>126,856</u>	<u>0</u>
Fund Balance at End of Year	\$ <u>3,710,800</u>	\$ <u>3,964,268</u>	\$ <u>4,368,362</u>	\$ <u>404,094</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, 2005

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 323,973	\$ 323,973	\$ 284,487	\$ (39,486)
Charges for Services	1,310,500	1,310,500	1,354,577	44,077
Intergovernmental	0	0	39,412	39,412
Rentals	30,000	30,000	35,871	5,871
Total Revenues	<u>1,664,473</u>	<u>1,664,473</u>	<u>1,714,347</u>	<u>49,874</u>
Expenditures:				
Current:				
Leisure Time Activities:				
Recreation Center:				
Personal Service	1,510,782	1,510,782	1,522,926	(12,144)
Other	886,454	908,954	828,686	80,268
Capital Outlay	13,500	13,500	5,036	8,464
Total Expenditures	<u>2,410,736</u>	<u>2,433,236</u>	<u>2,356,648</u>	<u>76,588</u>
Excess of Revenues Over (Under) Expenditures	(746,263)	(768,763)	(642,301)	126,462
Other Financing Sources (Uses):				
Transfers - In	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>0</u>
Net Change in Fund Balances	(246,263)	(268,763)	(142,301)	126,462
Fund Balance at Beginning of Year	559,297	559,297	559,297	0
Prior Year Encumbrances Appropriated	<u>34,819</u>	<u>34,819</u>	<u>34,819</u>	<u>0</u>
Fund Balance at End of Year	\$ <u>347,853</u>	\$ <u>325,353</u>	\$ <u>451,815</u>	\$ <u>126,462</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, 2005

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 647,948	\$ 647,948	\$ 472,094	\$ (175,854)
Intergovernmental	0	0	78,825	78,825
Total Revenues	<u>647,948</u>	<u>647,948</u>	<u>550,919</u>	<u>(97,029)</u>
Expenditures:				
Debt Service:				
Principal Retirement	960,000	960,000	860,000	100,000
Interest and Fiscal Charges	<u>899,933</u>	<u>899,933</u>	<u>741,950</u>	<u>157,983</u>
Total Expenditures	<u>1,859,933</u>	<u>1,859,933</u>	<u>1,601,950</u>	<u>257,983</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,211,985)</u>	<u>(1,211,985)</u>	<u>(1,051,031)</u>	<u>160,954</u>
Other Financing Sources (Uses):				
General Obligation Bonds Issued	0	170,000	168,050	(1,950)
Transfers – In	<u>886,000</u>	<u>886,000</u>	<u>630,000</u>	<u>(256,000)</u>
Total Other Financing Sources (Uses)	<u>886,000</u>	<u>1,056,000</u>	<u>798,050</u>	<u>(257,950)</u>
Net Change in Fund Balances	(325,985)	(155,985)	(252,981)	(96,996)
Fund Balance at Beginning of Year	<u>406,039</u>	<u>406,039</u>	<u>406,039</u>	<u>0</u>
Fund Balance at End of Year	\$ <u>80,054</u>	\$ <u>250,054</u>	\$ <u>153,058</u>	\$ <u>(96,996)</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, 2005

	Budget		Actual	Variance With
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 647,948	\$ 647,948	\$ 568,974	\$ (78,974)
Fees, Fines, And Permits	0	0	745	745
Charges For Services	0	1,500	550	(950)
Intergovernmental	68,500	68,500	78,825	10,325
Special Assessment	3,600	3,600	2,316	(1,284)
Investment Income	0	1,500	18,326	16,826
Other Local Taxes	120,000	120,000	127,010	7,010
Other	5,000	5,000	3,114	(1,886)
Total Revenues	<u>845,048</u>	<u>848,048</u>	<u>799,860</u>	<u>(48,188)</u>
Expenditures:				
Capital Outlay	<u>13,087,446</u>	<u>13,702,746</u>	<u>5,385,431</u>	<u>8,317,315</u>
Excess of Revenues Over (Under) Expenditures	<u>(12,242,398)</u>	<u>(12,854,698)</u>	<u>(4,585,571)</u>	<u>8,269,127</u>
Other Financing Sources (Uses):				
General Obligation Bonds Issued	8,400,000	8,400,000	8,494,913	94,913
Transfers - In	<u>651,772</u>	<u>651,772</u>	<u>0</u>	<u>(651,772)</u>
Total other Financing Sources (Uses)	<u>9,051,772</u>	<u>9,051,772</u>	<u>8,494,913</u>	<u>(556,859)</u>
Net Change in Fund Balance	(3,190,626)	(3,802,926)	3,909,342	7,712,268
Fund Balance at Beginning of Year	1,177,773	1,177,773	1,177,773	0
Prior Year Encumbrances Appropriated	<u>2,415,944</u>	<u>2,415,944</u>	<u>2,415,944</u>	<u>0</u>
Fund Balance at End of Year	\$ <u>403,091</u>	\$ <u>(209,209)</u>	\$ <u>7,503,059</u>	\$ <u>7,712,268</u>

City of Rocky River, Ohio

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

Permanent Improvement Fund

For The Year Ended December 31, 2005

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ <u>1,000,000</u>	\$ <u>1,900,000</u>	\$ <u>2,349,622</u>	\$ <u>449,622</u>
Excess of Revenues Over (Under) Expenditures	1,000,000	1,900,000	2,349,622	449,622
Other Financing Sources (Uses):				
Transfers - Out	<u>(2,910,000)</u>	<u>(3,510,000)</u>	<u>(135,000)</u>	<u>3,375,000</u>
Net Change in Fund Balance	(1,910,000)	(1,610,000)	2,214,622	3,824,622
Fund Balance at Beginning of Year	<u>3,664,649</u>	<u>3,664,649</u>	<u>3,664,649</u>	<u>0</u>
Fund Balance at End of Year	\$ <u>1,754,649</u>	\$ <u>2,054,649</u>	\$ <u>5,879,271</u>	\$ <u>3,824,622</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, 2005

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines, Fees, and Permits	\$ 7,000	\$ 7,000	\$ 2,440	\$ (4,560)
Intergovernmental	<u>16,116</u>	<u>16,116</u>	<u>0</u>	<u>(16,116)</u>
Total Revenues	<u>23,116</u>	<u>23,116</u>	<u>2,440</u>	<u>(20,676)</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Law Enforcement Trust:				
Personal Service	15,000	15,000	15,000	0
Other	<u>39,534</u>	<u>39,534</u>	<u>8,814</u>	<u>30,720</u>
Total Expenditures	<u>54,534</u>	<u>54,534</u>	<u>23,814</u>	<u>30,720</u>
Net Change in Fund Balance	(31,418)	(31,418)	(21,374)	10,044
Fund Balance at Beginning of Year	34,141	34,141	34,141	0
Prior Year Encumbrances Appropriated	<u>4,534</u>	<u>4,534</u>	<u>4,534</u>	<u>0</u>
Fund Balance at End of Year	\$ <u><u>7,257</u></u>	\$ <u><u>7,257</u></u>	\$ <u><u>17,301</u></u>	\$ <u><u>10,044</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, 2005

	<u>Budget</u>		<u>Actual</u>	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines, Fees and Permits	\$ <u>5,000</u>	\$ <u>5,000</u>	\$ <u>22,484</u>	\$ <u>17,484</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Commercial Driver Program:				
Personal Service	<u>8,700</u>	<u>8,700</u>	<u>8,237</u>	<u>463</u>
Net Change in Fund Balance	(3,700)	(3,700)	14,247	17,947
Fund Balance at Beginning of Year	<u>4,986</u>	<u>4,986</u>	<u>4,986</u>	<u>0</u>
Fund Balance at End of Year	\$ <u><u>1,286</u></u>	\$ <u><u>1,286</u></u>	\$ <u><u>19,233</u></u>	\$ <u><u>17,947</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, 2005

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines, Fees, and Permits	\$ <u>32,000</u>	\$ <u>32,000</u>	\$ <u>43,658</u>	\$ <u>11,658</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Indigent Driver Alcohol Treatment:				
Other	<u>83,000</u>	<u>83,000</u>	<u>40,730</u>	<u>42,270</u>
Net Change in Fund Balance	(51,000)	(51,000)	2,928	53,928
Fund Balance at Beginning of Year	<u>83,896</u>	<u>83,896</u>	<u>83,896</u>	<u>0</u>
Fund Balance at End of Year	\$ <u><u>32,896</u></u>	\$ <u><u>32,896</u></u>	\$ <u><u>86,824</u></u>	\$ <u><u>53,928</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, 2005

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines, Fees, and Permits	\$ <u>4,000</u>	\$ <u>4,000</u>	\$ <u>3,700</u>	\$ <u>(300)</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Enforcement and Education:				
Other	<u>10,000</u>	<u>10,000</u>	<u>550</u>	<u>9,450</u>
Net Change in Fund Balance	(6,000)	(6,000)	3,150	9,150
Fund Balance at Beginning of Year	<u>8,611</u>	<u>8,611</u>	<u>8,611</u>	<u>0</u>
Fund Balance at End of Year	\$ <u><u>2,611</u></u>	\$ <u><u>2,611</u></u>	\$ <u><u>11,761</u></u>	\$ <u><u>9,150</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, 2005

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fees, Fines, and Permits	\$ <u>65,000</u>	\$ <u>65,000</u>	\$ <u>89,252</u>	\$ <u>24,252</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Municipal Probation Services:				
Personal Service	97,090	97,090	48,811	48,279
Capital Outlay	13,300	13,300	2,488	10,812
Other	<u>32,276</u>	<u>32,276</u>	<u>12,015</u>	<u>20,261</u>
Total Expenditures	<u>142,666</u>	<u>142,666</u>	<u>63,314</u>	<u>79,352</u>
Net Change in Fund Balance	(77,666)	(77,666)	25,938	103,604
Fund Balance at Beginning of Year	336,024	336,024	336,024	0
Prior Year Encumbrances Appropriated	<u>2,076</u>	<u>2,076</u>	<u>2,076</u>	<u>0</u>
Fund Balance at End of Year	\$ <u>260,434</u>	\$ <u>260,434</u>	\$ <u>364,038</u>	\$ <u>103,604</u>

City of Rocky River, Ohio

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

Young Adult Alcohol Diversion Fund

For The Year Ended December 31, 2005

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines, Fees, and Permits	\$ 20,000	\$ 20,000	\$ 16,227	\$ (3,773)
Expenditures:				
Current:				
Security of Persons and Property:				
Young Adult Alcohol Diversion:				
Other	43,000	43,000	1,400	41,600
Net Change in Fund Balance	(23,000)	(23,000)	14,827	37,827
Fund Balance at Beginning of Year	43,000	43,000	43,000	0
Fund Balance at End of Year	\$ 20,000	\$ 20,000	\$ 57,827	\$ 37,827

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, 2005

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines, Fees, and Permits	\$ <u>15,000</u>	\$ <u>15,000</u>	\$ <u>13,240</u>	\$ <u>(1,760)</u>
Expenditures:				
Current:				
General Government:				
Other	<u>14,000</u>	<u>14,000</u>	<u>0</u>	<u>14,000</u>
Net Change in Fund Balance	1,000	1,000	13,240	12,240
Fund Balance at Beginning of Year	<u>14,470</u>	<u>14,470</u>	<u>14,470</u>	<u>0</u>
Fund Balance at End of Year	\$ <u><u>15,470</u></u>	\$ <u><u>15,470</u></u>	\$ <u><u>27,710</u></u>	\$ <u><u>12,240</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, 2005

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ <u>360,000</u>	\$ <u>225,000</u>	\$ <u>225,000</u>	\$ <u>0</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Fire Department:				
Capital Outlay	<u>360,000</u>	<u>360,500</u>	<u>360,415</u>	<u>85</u>
Excess of Revenues Over (Under) Expenditures	<u>0</u>	<u>(135,500)</u>	<u>135,415</u>	<u>85</u>
Other Financing Sources (Uses):				
Transfers – In	0	135,000	135,000	0
Transfers – Out	<u>(1,772)</u>	<u>(1,272)</u>	<u>0</u>	<u>1,272</u>
Total Other Financing Sources (Uses):	<u>(1,772)</u>	<u>133,728</u>	<u>135,000</u>	<u>1,272</u>
Net Change in Fund Balance	(1,772)	(1,772)	(415)	1,357
Fund Balance at Beginning of Year	<u>1,772</u>	<u>1,772</u>	<u>1,772</u>	<u>0</u>
Fund Balance at End of Year	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>	\$ <u><u>1,357</u></u>	\$ <u><u>1,357</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, 2005

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 323,973	\$ 323,973	\$ 284,487	\$ (39,486)
Intergovernmental	3,700	3,700	43,040	39,340
Charges for Services	334,000	414,000	423,841	9,841
Other	<u>5,500</u>	<u>5,500</u>	<u>497</u>	<u>(5,003)</u>
Total Revenues	<u>667,173</u>	<u>747,173</u>	<u>751,865</u>	<u>4,692</u>
Expenditures:				
Current:				
Public Health Services:				
Office on Aging:				
Personal Service	667,966	672,966	661,734	11,232
Other	<u>404,636</u>	<u>498,936</u>	<u>461,559</u>	<u>37,377</u>
Total Office on Aging	1,072,602	1,171,902	1,123,293	48,609
Capital Outlay	<u>0</u>	<u>330</u>	<u>157</u>	<u>173</u>
Total Expenditures	<u>1,072,602</u>	<u>1,172,232</u>	<u>1,123,450</u>	<u>48,782</u>
Excess of Revenues Over (Under) Expenditures	(405,429)	(425,059)	(371,585)	53,474
Other Financing Sources (Uses):				
Transfers – In	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>0</u>
Net Change in Fund Balance	(205,429)	(225,059)	(171,585)	53,474
Fund Balance at Beginning of Year	358,658	358,658	358,658	0
Prior Year Encumbrances Appropriated	<u>15,634</u>	<u>15,634</u>	<u>15,634</u>	<u>0</u>
Fund Balance at End of Year	\$ <u>168,863</u>	\$ <u>149,233</u>	\$ <u>202,707</u>	\$ <u>53,474</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, 2005

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ <u>68,000</u>	\$ <u>38,000</u>	\$ <u>25,584</u>	\$ <u>(12,416)</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Marine Patrol:				
Personal Service	55,000	56,000	46,806	9,194
Capital Outlay	1,000	3,700	883	2,817
Other	<u>12,210</u>	<u>17,140</u>	<u>8,446</u>	<u>8,694</u>
Total Expenditures	<u>68,210</u>	<u>76,840</u>	<u>56,135</u>	<u>20,705</u>
Excess of Revenues Over (Under) Expenditures	(210)	(38,840)	(30,551)	8,289
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	29,790	(8,840)	(551)	8,289
Fund Balance at Beginning of Year	9,804	9,804	9,804	0
Prior Year Encumbrances Appropriated	<u>209</u>	<u>209</u>	<u>209</u>	<u>0</u>
Fund Balance at End of Year	\$ <u><u>39,803</u></u>	\$ <u><u>1,173</u></u>	\$ <u><u>9,462</u></u>	\$ <u><u>8,289</u></u>

City of Rocky River, Ohio

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

Community Impacts Fund

For The Year Ended December 31, 2005

	<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>3,312</u>	\$ <u>3,312</u>	\$ <u>0</u>	\$ <u>3,312</u>
Net Change in Fund Balance	(3,212)	(3,312)	0	3,312
Fund Balance at Beginning of Year	<u>3,312</u>	<u>3,312</u>	<u>3,312</u>	<u>0</u>
Fund Balance at End of Year	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>	\$ <u><u>3,312</u></u>	\$ <u><u>3,312</u></u>

City of Rocky River, Ohio

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

Refuse and Recycling Fund

For The Year Ended December 31, 2005

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 647,948	\$ 647,948	\$ 568,974	\$ (78,974)
Charges for Services	20,000	20,000	16,982	(3,018)
Intergovernmental	0	0	78,825	78,825
Other	<u>5,000</u>	<u>5,000</u>	<u>6,576</u>	<u>1,576</u>
Total Revenues	<u>672,948</u>	<u>672,948</u>	<u>671,357</u>	<u>(1,591)</u>
Expenditures:				
Current:				
Basic Utilities Service:				
Refuse and Recycling:				
Personal Service	928,470	928,470	917,105	11,365
Other	<u>640,747</u>	<u>646,617</u>	<u>545,725</u>	<u>100,892</u>
Total Refuse and Recycling	1,569,217	1,575,087	1,462,830	112,257
Capital Outlay	<u>0</u>	<u>130</u>	<u>88</u>	<u>42</u>
Total Expenditures	<u>1,569,217</u>	<u>1,575,217</u>	<u>1,462,918</u>	<u>112,299</u>
Excess of Revenues Over (Under) Expenditures	(896,269)	(902,269)	(791,561)	110,708
Other Financing Sources (Uses):				
Transfers – In	<u>600,000</u>	<u>600,000</u>	<u>600,000</u>	<u>0</u>
Net Change in Fund Balance	(296,269)	(302,269)	(191,561)	110,708
Fund Balance at Beginning of Year	281,800	281,800	281,800	0
Prior Year Encumbrances Appropriated	<u>55,071</u>	<u>55,071</u>	<u>55,071</u>	<u>0</u>
Fund Balance at End of Year	\$ <u><u>40,602</u></u>	\$ <u><u>34,602</u></u>	\$ <u><u>145,310</u></u>	\$ <u><u>110,708</u></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, 2005

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ <u>48,000</u>	\$ <u>48,000</u>	\$ <u>41,894</u>	\$ <u>(6,106)</u>
Expenditures:				
Current:				
Transportation:				
Motor Vehicle License Tax:				
Personal Service	267,786	275,086	258,077	17,009
Capital Outlay	6,000	6,858	6,034	824
Other	<u>81,465</u>	<u>86,607</u>	<u>73,198</u>	<u>13,409</u>
Total Expenditures	<u>355,251</u>	<u>368,551</u>	<u>337,309</u>	<u>31,242</u>
Excess of Revenues Over (Under) Expenditures	(307,251)	(320,551)	(295,415)	25,136
Other Financing Sources (Uses):				
Transfers – In	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>0</u>
Net Change in Fund Balance	(7,251)	(20,551)	4,585	25,136
Fund Balance at Beginning of Year	104,264	104,264	104,264	0
Prior Year Encumbrances Appropriated	<u>1,559</u>	<u>1,559</u>	<u>1,559</u>	<u>0</u>
Fund Balance at End of Year	\$ <u><u>98,572</u></u>	\$ <u><u>85,272</u></u>	\$ <u><u>110,408</u></u>	\$ <u><u>25,136</u></u>

City of Rocky River, Ohio

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

Street Repair and Maintenance Fund

For The Year Ended December 31, 2005

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ <u>600,000</u>	\$ <u>600,000</u>	\$ <u>593,637</u>	\$ <u>(6,363)</u>
Expenditures:				
Current:				
Transportation				
Street Repair and Maintenance:				
Personal Service	1,077,412	1,077,412	972,586	104,826
Capital Outlay	17,350	27,350	23,070	4,280
Other	<u>356,473</u>	<u>391,473</u>	<u>339,558</u>	<u>51,915</u>
Total Expenditures	<u>1,451,235</u>	<u>1,496,235</u>	<u>1,335,214</u>	<u>161,021</u>
Excess of Revenues Over (Under) Expenditures	(851,235)	(896,235)	(741,577)	154,658
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	(451,235)	(496,235)	(341,577)	154,658
Fund Balance at Beginning of Year	511,476	511,476	511,476	0
Prior Year Encumbrances Appropriated	<u>50,802</u>	<u>50,802</u>	<u>50,802</u>	<u>0</u>
Fund Balance at End of Year	\$ <u>111,043</u>	\$ <u>66,043</u>	\$ <u>220,701</u>	\$ <u>154,658</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, 2005

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ <u>51,500</u>	\$ <u>51,500</u>	\$ <u>48,133</u>	\$ <u>(3,367)</u>
Expenditures:				
Current:				
Transportation:				
State Highway Patrol:				
Other	<u>74,429</u>	<u>74,429</u>	<u>73,483</u>	<u>946</u>
Net Change in Fund Balance	(22,929)	(22,929)	(25,350)	(2,421)
Fund Balance at Beginning of Year	16,322	16,322	16,322	0
Prior Year Encumbrances Appropriated	<u>19,428</u>	<u>19,428</u>	<u>19,428</u>	<u>0</u>
Fund Balance at End of Year	\$ <u><u>12,821</u></u>	\$ <u><u>12,821</u></u>	\$ <u><u>10,400</u></u>	\$ <u><u>(2,421)</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, 2005

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 194,384	\$ 194,384	\$ 170,693	\$ (23,691)
Intergovernmental	0	0	23,647	23,647
Total Revenues	<u>194,384</u>	<u>194,384</u>	<u>194,340</u>	<u>(44)</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Fire:				
Personal Service	0	185,000	142,426	42,574
Other	<u>20,139</u>	<u>20,139</u>	<u>20,139</u>	<u>0</u>
Total Expenditures	<u>20,139</u>	<u>205,139</u>	<u>162,565</u>	<u>42,574</u>
Excess of Revenues Over (Under) Expenditures	174,245	(10,755)	31,775	42,530
Other Financing Sources (Uses):				
Transfers – Out	<u>(185,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	(10,755)	(10,755)	31,775	42,530
Fund Balance at Beginning of Year	<u>34,180</u>	<u>34,180</u>	<u>34,180</u>	<u>0</u>
Fund Balance at End of Year	\$ <u>23,425</u>	\$ <u>23,425</u>	\$ <u>65,955</u>	\$ <u>42,530</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, 2005

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 194,384	\$ 194,384	\$ 170,692	\$ (23,692)
Intergovernmental	0	0	23,647	23,647
Total Revenues	<u>194,384</u>	<u>194,384</u>	<u>194,339</u>	<u>(45)</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Police:				
Personal Service	0	182,000	144,905	37,095
Other	<u>31,008</u>	<u>34,008</u>	<u>33,033</u>	<u>975</u>
Total Expenditures	<u>31,008</u>	<u>216,008</u>	<u>177,938</u>	<u>38,070</u>
Excess of Revenues Over (Under) Expenditures	163,376	(21,624)	16,401	38,025
Other Financing Sources (Uses):				
Transfers – Out	<u>(185,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	(21,624)	(21,624)	16,401	38,025
Fund Balance at Beginning of Year	<u>35,302</u>	<u>35,302</u>	<u>35,302</u>	<u>0</u>
Fund Balance at End of Year	\$ <u>13,678</u>	\$ <u>13,678</u>	\$ <u>51,703</u>	\$ <u>38,025</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, 2005

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Special Assessments	\$ <u>70,000</u>	\$ <u>70,000</u>	\$ <u>70,198</u>	\$ <u>198</u>
Expenditures:				
Debt Service:				
Principal Retirement	40,000	40,000	40,000	0
Interest and Fiscal Charges	<u>40,263</u>	<u>41,263</u>	<u>40,958</u>	<u>305</u>
Total Expenditures	<u>80,263</u>	<u>81,263</u>	<u>80,958</u>	<u>305</u>
Net Change in Fund Balance	(10,263)	(11,263)	(10,760)	503
Fund balance at Beginning of Year	<u>30,036</u>	<u>30,036</u>	<u>30,036</u>	<u>0</u>
Fund balance at End of Year	\$ <u><u>19,773</u></u>	\$ <u><u>18,773</u></u>	\$ <u><u>19,276</u></u>	\$ <u><u>503</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, 2005

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ <u>30,000</u>	\$ <u>30,000</u>	\$ <u>31,800</u>	\$ <u>1,800</u>
Expenditures:				
Capital Outlay	<u>826,603</u>	<u>826,603</u>	<u>501,065</u>	<u>325,538</u>
Excess of Revenues Over (Under) Expenditures	(796,603)	(796,603)	(469,265)	327,338
Other Financing Sources (Uses):				
Transfers – In	<u>625,000</u>	<u>625,000</u>	<u>0</u>	<u>(625,000)</u>
Net Change in Fund Balance	(171,603)	(171,603)	(469,265)	(297,662)
Fund Balance at Beginning of Year	560,527	560,527	560,527	0
Prior Year Encumbrances Appropriated	<u>113,403</u>	<u>113,403</u>	<u>113,403</u>	<u>0</u>
Fund Balance at End of Year	\$ <u><u>502,327</u></u>	\$ <u><u>502,327</u></u>	\$ <u><u>204,665</u></u>	\$ <u><u>(297,662)</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, 2005

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 776,000	\$ 776,000	\$ 787,994	\$ 11,994
Investment Income	14,700	14,700	23,525	8,825
Total Revenues	<u>790,700</u>	<u>790,700</u>	<u>811,519</u>	<u>20,819</u>
Expenditures:				
Current:				
General Government:				
Personal Service	98,175	98,175	85,975	12,200
Capital Outlay	169,800	162,000	78,941	83,059
Other	111,391	119,191	95,780	23,411
Debt Service:				
Principal Retirement	0	100,000	100,000	0
Interest and Fiscal Charges	0	156,000	155,563	437
Total Expenditures	<u>379,366</u>	<u>635,366</u>	<u>516,259</u>	<u>119,107</u>
Excess of Revenues Over (Under) Expenditures	411,334	155,334	295,260	139,926
Other Financing Sources (Uses):				
Transfers – Out	<u>(256,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	155,334	155,334	295,260	139,926
Fund Balance at Beginning of Year	1,182,828	1,182,828	1,182,828	0
Prior Year Encumbrances Appropriated	<u>11,891</u>	<u>11,891</u>	<u>11,891</u>	<u>0</u>
Fund Balance at End of Year	\$ <u>1,350,053</u>	\$ <u>1,350,053</u>	\$ <u>1,489,979</u>	\$ <u>139,926</u>

City of Rocky River, Ohio

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

Self Insurance Fund

For The Year Ended December 31, 2005

	<u>Budget</u>		<u>Actual</u>	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charge for Services	\$ <u>1,714,000</u>	\$ <u>1,714,000</u>	\$ <u>1,711,788</u>	\$ <u>(2,212)</u>
Expenditures:				
Claims	1,540,001	1,510,001	1,297,484	212,517
Contractual Services	<u>268,000</u>	<u>298,000</u>	<u>264,298</u>	<u>33,702</u>
Total Expenditures	<u>1,808,001</u>	<u>1,808,001</u>	<u>1,561,782</u>	<u>246,219</u>
Net Change in Fund Balance	(94,001)	(94,001)	150,006	244,007
Fund Balance at Beginning of Year	<u>414,868</u>	<u>414,868</u>	<u>414,868</u>	<u>0</u>
Fund Balance at End of Year	\$ <u><u>320,867</u></u>	\$ <u><u>320,867</u></u>	\$ <u><u>564,874</u></u>	\$ <u><u>244,007</u></u>

City of Rocky River, Ohio

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

Sanitary Sewer Fund

For The Year Ended December 31, 2005

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services	\$ <u>2,020,000</u>	\$ <u>2,028,000</u>	\$ <u>1,836,182</u>	\$ <u>(191,818)</u>
Expenditures:				
Water Operations:				
Personal Service	678,503	678,503	633,932	44,571
Contractual Services	1,219,496	1,212,996	766,700	446,296
Heat, Light, And Power	14,500	14,500	13,222	1,278
Materials And Supplies	90,908	87,408	75,175	12,233
Other	2,337	2,337	1,941	396
Capital Outlay	14,600	24,600	24,475	125
Debt Service:				
Principal Retirement	13,158	13,158	13,158	0
Interest and Fiscal Charges	<u>13,939</u>	<u>13,939</u>	<u>13,939</u>	<u>0</u>
Total Expenditures	<u>2,047,441</u>	<u>2,047,441</u>	<u>1,542,542</u>	<u>504,899</u>
Net Change in Fund Balance	(27,441)	(19,441)	293,640	313,081
Fund Balance at Beginning of Year	361,196	361,196	361,196	0
Prior Year Encumbrances Appropriated	<u>8,845</u>	<u>8,845</u>	<u>8,845</u>	<u>0</u>
Fund Balance at End of Year	\$ <u>342,600</u>	\$ <u>350,600</u>	\$ <u>663,681</u>	\$ <u>313,081</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.

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

Fund Descriptions

	<u>Deposits Fees and Miscellaneous Clearance</u>	<u>Donations and Bequests</u>	<u>S.A.F.E.</u>	<u>Total</u>
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ <u>57,578</u>	\$ <u>242,469</u>	\$ <u>25,261</u>	\$ <u>325,308</u>
Liabilities:				
Undistributed Monies	\$ 0	\$ 242,469	\$ 25,261	\$ 267,730
Deposits Held and Due To Others	<u>57,578</u>	<u>0</u>	<u>0</u>	<u>57,578</u>
Total Liabilities	\$ <u>57,578</u>	\$ <u>242,469</u>	\$ <u>25,261</u>	\$ <u>325,308</u>

City of Rocky River, Ohio

Combining Statement of Changes in Assets and Liabilities – Agency Funds

For The Year Ended December 31, 2005

	<u>Balance</u> <u>12/31/04</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12/31/05</u>
Deposits, Fees and Miscellaneous Clearance				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ <u>46,419</u>	\$ <u>17,867</u>	\$ <u>6,708</u>	\$ <u>57,578</u>
Liabilities:				
Deposits Held and Due to Others	\$ <u>46,419</u>	\$ <u>17,867</u>	\$ <u>6,708</u>	\$ <u>57,578</u>
Donations and Bequests				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ <u>255,332</u>	\$ <u>13,343</u>	\$ <u>26,206</u>	\$ <u>242,469</u>
Liabilities:				
Undistributed Monies	\$ <u>255,332</u>	\$ <u>13,343</u>	\$ <u>26,206</u>	\$ <u>242,469</u>
S.A.F.E.				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ <u>25,539</u>	\$ <u>580</u>	\$ <u>858</u>	\$ <u>25,261</u>
Liabilities:				
Undistributed Monies	\$ <u>25,539</u>	\$ <u>580</u>	\$ <u>858</u>	\$ <u>25,261</u>
All Agency Funds				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ <u>327,290</u>	\$ <u>31,790</u>	\$ <u>33,772</u>	\$ <u>325,308</u>
Liabilities:				
Undistributed Monies	\$ <u>280,871</u>	\$ <u>13,923</u>	\$ <u>27,064</u>	\$ <u>267,730</u>
Deposits Held and Due to Others	<u>46,419</u>	<u>17,867</u>	<u>6,708</u>	<u>57,578</u>
Total Liabilities	\$ <u>327,290</u>	\$ <u>31,790</u>	\$ <u>33,772</u>	\$ <u>325,308</u>

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City of Rocky River, Ohio

Governmental Revenues by Source and Expenditures by Function

Last Three Years

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Program Revenues			
Charges for Services and Sales	\$ 5,429,609	\$ 4,592,873	\$ 4,451,138
Operating Grants and Contributions	809,038	804,681	628,874
Capital Grants and Contributions	823,422	789,079	749,605
General Revenues			
Property and Other Taxes	6,254,004	5,730,142	5,255,119
Municipal Income Taxes	7,794,391	8,159,833	7,450,963
Estate Taxes	122,358	278,970	1,485,683
Other Local Taxes	0	0	195,006
Grants and Entitlements	4,688,251	4,955,054	1,455,607
Investment Earnings	986,902	281,820	195,673
Other	<u>127,716</u>	<u>116,350</u>	<u>327,212</u>
Total	\$ <u>27,035,691</u>	\$ <u>25,708,802</u>	\$ <u>22,194,880</u>
Expenses			
General Government	\$ 4,509,493	\$ 4,555,899	\$ 5,142,027
Security of Persons and Property	7,748,618	7,673,916	8,037,215
Public Health	1,142,913	977,448	1,071,428
Transportation	4,337,813	4,698,400	2,619,434
Leisure Time Activities	1,549,673	3,933,467	2,738,117
Community Environment	703,873	803,006	823,487
Basic Utility Service	1,784,199	1,739,378	2,161,930
Interest and Fiscal Charges	<u>965,098</u>	<u>507,297</u>	<u>439,230</u>
Total	\$ <u>22,741,680</u>	\$ <u>24,888,811</u>	\$ <u>23,032,868</u>

Source: City Financial Records

City of Rocky River, Ohio

Governmental Revenues by Source and Expenditures by Function

Last Ten Years

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Revenues				
Property and Other Taxes	\$ 6,235,604	\$ 5,667,016	\$ 5,251,769	\$ 5,280,092
Municipal Income Taxes	8,064,069	7,732,660	7,553,532	7,770,663
Other Local Taxes	171,013	278,970	195,006	195,854
Intergovernmental	6,168,682	6,823,149	4,351,557	7,464,551
Charges for Services	1,850,165	1,686,685	1,609,543	1,651,871
Fees, Fines and Permits	3,292,766	2,857,860	2,739,144	2,908,634
Special Assessments	72,514	86,950	41,018	35,324
Investment Income	986,902	281,820	195,673	267,852
Contributions and Donations	0	0	0	0
Rentals	109,372	107,664	98,771	86,692
Other	<u>250,230</u>	<u>315,554</u>	<u>327,212</u>	<u>164,186</u>
<i>Total Revenues</i>	<u>\$ 27,201,317</u>	<u>\$ 25,838,328</u>	<u>\$ 22,363,225</u>	<u>\$ 25,825,719</u>
Expenditures				
Current:				
Security of Persons and Property	\$ 7,680,206	\$ 7,339,482	\$ 7,309,763	\$ 7,001,113
Public Health	1,063,225	918,244	1,081,332	1,015,068
Leisure Time Activities	2,661,923	2,433,953	3,528,925	2,415,412
Community Environment	679,701	766,159	806,798	623,812
Basic Utility Service	1,437,860	1,339,321	1,485,120	1,365,575
Transportation	2,323,383	2,072,377	2,317,478	2,113,204
General Government	4,661,055	4,153,103	4,544,926	3,372,844
Capital Outlay	4,773,885	9,201,024	5,611,179	6,267,738
Debt Service	<u>1,991,643</u>	<u>3,842,320</u>	<u>901,206</u>	<u>768,165</u>
<i>Total Expenditures</i>	<u>\$ 27,272,881</u>	<u>\$ 32,065,983</u>	<u>\$ 24,410,694</u>	<u>\$ 24,942,931</u>

Source: City Financial Records

	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>
\$	5,221,797	\$ 4,578,689	\$ 4,709,924	\$ 4,511,492	\$ 4,086,738	\$ 4,150,989
	7,397,168	7,662,097	7,066,577	6,734,847	6,140,693	5,726,342
	218,398	168,846	81,758	89,292	98,036	91,137
	5,467,168	5,195,635	5,721,211	4,413,915	3,748,460	3,845,070
	1,686,484	1,562,961	1,302,873	1,283,320	1,313,562	1,128,488
	2,739,133	2,299,698	1,933,030	1,752,247	1,809,238	1,392,022
	76,550	64,163	72,729	31,419	33,749	35,796
	559,625	874,993	467,281	413,197	362,611	374,595
	0	0	0	50,000	0	0
	59,013	36,195	0	0	0	0
	<u>243,123</u>	<u>89,786</u>	<u>118,981</u>	<u>447,328</u>	<u>109,757</u>	<u>100,401</u>
\$	<u>23,668,459</u>	\$ <u>22,533,063</u>	\$ <u>21,474,364</u>	\$ <u>19,727,057</u>	\$ <u>17,702,844</u>	\$ <u>16,844,840</u>
\$	6,619,901	\$ 6,144,881	\$ 5,929,591	\$ 5,665,424	\$ 5,572,535	\$ 5,572,616
	1,043,279	1,037,212	725,795	736,802	628,542	591,740
	2,482,386	2,175,412	2,167,980	2,031,202	1,831,721	1,719,459
	538,504	519,004	444,319	408,127	414,040	401,952
	1,246,307	1,344,343	1,228,850	1,316,780	1,175,994	1,090,517
	1,999,681	1,880,336	1,734,809	1,551,570	1,578,005	1,542,601
	3,392,994	2,955,625	2,869,638	2,586,954	2,543,231	2,445,079
	4,563,260	7,014,377	2,331,325	2,703,315	2,009,638	3,705,131
	<u>733,060</u>	<u>787,498</u>	<u>702,978</u>	<u>722,341</u>	<u>720,997</u>	<u>738,914</u>
\$	<u>22,619,372</u>	\$ <u>23,858,688</u>	\$ <u>18,135,285</u>	\$ <u>17,722,515</u>	\$ <u>16,474,703</u>	\$ <u>17,808,009</u>

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>
2005	\$ 7,216,321	\$ 6,814,655	94.43%	\$ 124,325
2004	6,568,175	6,170,368	93.94	139,194
2003	6,258,955	5,889,910	94.10	122,928
2002	6,366,351	5,872,530	92.24	160,298
2001	5,960,601	5,813,998	97.54	157,811
2000	5,206,250	5,084,043	97.65	98,465
1999	5,258,181	5,149,513	97.93	83,151
1998	5,150,639	4,899,380	95.12	86,257
1997	4,749,511	4,460,772	93.92	59,499
1996	4,764,477	4,525,056	94.97	60,483

Source: Cuyahoga County, Ohio; County Auditor

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

	<u>Total Tax Collections</u>	<u>Percent of Total Collections To Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Percent of Delinquent Taxes to Tax Levy</u>
\$	6,938,980	96.16%	\$ 286,098	3.96 %
	6,309,562	96.06	292,542	4.45
	6,012,838	96.07	248,027	3.96
	6,032,828	94.76	195,557	3.07
	5,971,809	100.19	267,631	4.49
	5,182,508	99.54	196,071	3.77
	5,232,664	99.51	149,061	2.83
	4,985,637	96.80	170,634	3.31
	4,520,271	95.17	152,899	3.22
	4,585,539	96.24	149,267	3.13

City of Rocky River, Ohio

Assessed and Estimated Actual Value of Taxable Property

Last Ten Years

Year	Real Property		Public Utility Property	
	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)
2005	\$ 637,972,350	\$ 1,822,778,143	\$ 8,772,100	\$ 9,968,295
2004	636,121,350	1,817,489,571	9,737,980	11,065,806
2003	634,723,650	1,813,496,142	9,544,580	10,846,113
2002	577,506,520	1,650,018,629	9,536,030	10,836,398
2001	571,695,000	1,633,414,286	12,675,450	14,403,920
2000	498,017,510	1,422,907,171	12,157,730	13,815,602
1999	494,359,080	1,412,454,514	13,324,420	15,141,386
1998	491,143,400	1,403,266,857	13,681,070	15,546,670
1997	451,184,260	1,289,097,886	14,287,460	16,235,750
1996	450,464,400	1,287,041,143	14,775,920	16,790,818

Source: Cuyahoga County, Ohio; County Auditor

- (1) This amount is calculated for 2005 based on the following percentages:
 Real property is assessed at thirty-five percent of actual value.
 Public utility is assessed at eighty-eight percent of actual value.
 Tangible personal is assessed at twenty-five percent of true value
 for capital assets and twenty-three percent of true value for inventory.

<u>Tangible Personal Property</u>		<u>Total</u>		<u>Ratio</u>
<u>Assessed Value</u>	<u>Estimated Actual Value (1)</u>	<u>Assessed Value</u>	<u>Estimated Actual Value (1)</u>	
\$ 10,280,540	\$ 44,698,000	\$ 657,024,990	\$ 1,877,444,438	34.99%
11,888,430	51,688,826	657,747,760	1,880,244,283	34.98
14,696,532	58,786,128	658,964,762	1,883,128,383	34.99
14,906,102	59,624,408	601,948,652	1,720,479,435	34.99
15,716,132	62,864,528	600,086,582	1,710,682,734	35.08
15,769,844	63,079,376	525,945,084	1,499,802,149	35.07
15,823,705	63,294,820	523,507,205	1,490,890,720	35.11
14,249,598	56,998,392	519,074,068	1,475,811,919	35.17
14,360,719	57,442,876	479,832,439	1,362,776,512	35.21
13,301,596	53,206,384	478,541,916	1,357,038,345	35.26

City of Rocky River, Ohio

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

Last Ten Years

<u>Year</u>	<u>City of Rocky River</u>					<u>Total</u>	<u>Rocky River School and Library</u>	<u>Cuyahoga County</u>	<u>Special(1) Taxing Districts</u>	<u>Total</u>
	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Debt Bond Service</u>	<u>Total</u>					
2005	\$ 6.30	\$ 2.60	\$ 1.00	\$ 1.00	\$ 10.90	\$ 83.10	\$ 13.52	\$ 4.78	\$ 112.30	
2004	6.30	2.60	1.00	1.00	10.90	78.10	13.52	4.78	107.30	
2003	6.30	2.60	1.00	0	9.90	76.70	13.52	4.48	104.60	
2002	6.30	2.60	1.00	0	9.90	72.20	11.72	4.48	98.30	
2001	6.30	2.60	1.00	0	9.90	72.70	11.72	1.55	95.87	
2000	6.30	2.60	1.00	0	9.90	73.30	10.82	1.55	95.57	
1999	6.30	2.60	1.00	0	9.90	68.50	10.82	4.48	93.70	
1998	6.30	2.60	1.00	0	9.90	68.20	10.82	4.48	93.40	
1997	6.30	2.60	1.00	0	9.90	64.70	12.12	4.48	91.20	
1996	6.30	2.60	1.00	0	9.90	62.20	12.12	4.48	88.70	

Source: Cuyahoga County, Ohio; County Auditor

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

City of Rocky River, Ohio

Special Assessment Levies and Collections (1)

Last Ten Years

<u>Year</u>	<u>Current Assessments Due</u>	<u>Current Assessments Collected(1)</u>	<u>Ratio of Collections To Amount Due</u>
2005	\$ 102,359	\$ 96,101	93.88 %
2004	98,183	94,407	96.15
2003	95,383	69,497	72.86
2002	87,278	62,574	71.70
2001	97,650	76,550	78.39
2000	80,549	64,163	79.66
1999	83,900	72,729	86.69
1998	42,724	31,419	73.54
1997	47,599	33,749	70.90
1996	48,005	35,796	74.57

Source: Cuyahoga County, Ohio; County Auditor

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

City of Rocky River, Ohio

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

Last Ten Years

<u>Year</u>	<u>Population</u>	<u>Net General Obligation Bonded Debt</u>	<u>Assessed Value</u>	<u>Ratio of Net General Bonded Debt to Assessed Value</u>	<u>Net General Bonded Debt Capita</u>
2005	20,735	\$ 21,938,364	\$ 657,024,990	3.33%	\$ 1,058.04
2004	20,735	14,228,490	657,747,760	2.16	686.21
2003	20,735	6,695,585	658,964,762	1.02	322.91
2002	20,735	7,100,585	601,948,652	1.18	342.44
2001	20,735	3,720,585	600,086,582	0.62	179.44
2000	20,735	4,030,585	525,945,084	0.77	194.39
1999	20,410	4,340,585	523,507,205	0.83	212.67
1998	20,410	4,650,585	519,074,068	0.90	227.86
1997	20,410	4,960,585	479,832,439	1.03	243.05
1996	20,410	5,270,585	478,541,916	1.10	258.24

City of Rocky River, Ohio

Computation of Legal Debt Margin

December 31, 2005

Assessed Value \$ 657,024,990

Legal Debt Margin:

Debt Limitation - 10.5 percent
of Assessed Value 68,987,624

Debt Applicable to Limitation:

General Obligation Bonds \$ 22,228,603
Special Assessment Bonds 750,000
OWDA Loan 290,509

Gross Indebtedness 23,269,112
(Total Voted and Unvoted Debt)

Less: Debt Outside Limitations:

Special Assessment Bonds 750,000
OWDA Loan 290,509

Total Debt Outside Limitations 1,040,509

Total Debt Applicable to Limitation -
Within 10.5% Limitations 22,228,603

Less: Amount Available in Debt Service Fund
to pay debt applicable to limitation 290,239

Net Debt Within 10.5% Limitation 21,938,364

Overall Debt Margin Within 10.5% Limitation \$ 47,049,260

Unvoted Debt Limitation - 5.5% of Assessed Valuation \$ 36,136,374

Gross Indebtedness Authorized by Council \$ 23,269,112

Less: Debt Outside Limitations:

Total Debt Outside Limitations 1,040,509

Debt Within 5.5% Limitation 22,228,603

Less Amount Available in Debt Service Fund 290,239

Net Debt Within 5.5% Limitation 21,938,364

Unvoted Debt Margin Within 5.5% Limitation \$ 14,198,010

Source: City Financial Records

City of Rocky River, Ohio

Computation of Direct and Overlapping General Obligation Bonded Debt

December 31, 2005

	General Obligation Debt <u>Outstanding</u>	Percentage Applicable to City (1) <u>to City (1)</u>	Amount Applicable to City of Rocky River <u>Rocky River</u>
<u>Direct:</u>			
City of Rocky River	\$ <u>22,228,603</u>	100.00%	\$ <u>22,228,603</u>
<u>Overlapping:</u>			
Cuyahoga County	231,365,971	2.14	4,951,232
Greater Cleveland Regional Transit Authority	139,790,000	2.14	2,991,506
Rocky River School District	<u>21,089,128</u>	96.90	<u>20,435,365</u>
Total Overlapping	<u>392,245,099</u>		<u>28,378,103</u>
Total	\$ <u>414,473,702</u>		\$ <u>50,606,706</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>
2005	\$ 1,991,643	\$ 27,272,881	7.30%
2004	3,842,320	32,065,983	12.00
2003	769,349	24,410,694	3.15
2002	527,090	24,942,931	2.11
2001	533,830	22,619,372	2.36
2000	550,570	23,858,688	2.31
1999	567,233	18,135,285	3.13
1998	583,895	17,722,515	3.29
1997	600,558	16,474,703	3.65
1996	611,951	17,808,009	3.44

Source: City Financial Records

City of Rocky River, Ohio

Property Value, Construction and Bank Deposits

Last Ten Years

<u>Year</u>	<u>Property Value (1)</u>			<u>Residential (2)</u>	
	<u>Commercial</u>	<u>Residential</u>	<u>Total</u>	<u>Number of Units</u>	<u>Value</u>
2005	\$ 280,632,371	\$ 1,542,145,771	\$ 1,822,778,142	32	\$ 11,465,275
2004	284,197,186	1,533,292,385	1,817,489,571	28	9,652,000
2003	283,572,742	1,529,923,400	1,813,496,142	24	8,195,000
2002	265,627,200	1,384,391,429	1,650,018,629	10	3,190,000
2001	259,539,257	1,373,875,029	1,633,414,286	16	6,646,000
2000	222,395,743	1,200,511,428	1,422,907,171	7	2,476,750
1999	221,891,543	1,190,562,971	1,412,454,514	14	5,810,000
1998	406,947,389	996,319,468	1,403,266,857	24	5,220,000
1997	212,720,061	1,076,377,825	1,289,097,886	16	4,123,500
1996	215,005,800	1,072,035,343	1,287,041,143	75	8,109,237

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

(1) Represents total estimated actual value of real property

(2) Number of units include new construction only

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

<u>Commercial (2) Number of Units</u>	<u>Value</u>	<u>Domestic Bank Deposits in the County (in thousands)</u>
2	\$ 3,500,000	\$ 109,071,512
3	3,082,000	101,838,959
3	6,843,800	97,238,973
1	9,570,917	95,761,917
5	6,469,000	63,893,769
2	6,119,202	61,942,764
3	1,917,500	57,816,942
5	5,485,000	58,904,596
3	3,287,001	53,941,971 (3)
4	3,859,826	27,068,211

City of Rocky River, Ohio

Demographic Statistics

Last Ten Years

<u>Year</u>	<u>Population</u>	<u>School Enrollment</u>	<u>Unemployment Cuyahoga County</u>
2005	20,735	2,623	6.50%
2004	20,735	2,598	6.20
2003	20,735	2,575	6.20
2002	20,735	2,493	6.60
2001	20,735	2,467	4.60
2000	20,735	2,397	4.50
1999	20,410	2,321	4.50
1998	20,410	2,192	4.50
1997	20,410	2,174	4.50
1996	20,410	2,120	5.20

Sources: U.S. Bureau of the Census

City of Rocky River, Board of Education

City of Rocky River, Ohio

Principal Taxpayers – Real and Tangible Personal Property

December 31, 2005

<u>Taxpayer</u>	<u>Real and Tangible Personal Property Assessed Value</u>	<u>Percent of Total Assessed Value</u>
Westwood Town Center	\$ 5,447,130	.83%
Normandy Association, LTD.	5,103,390	.78
Rockport Association Co. LTD	4,731,610	.72
Cleveland Illuminating Company	4,336,960	.66
Presidential Apartments, LTD.	4,057,450	.62
John D. Spielberger	3,258,680	.50
Ohio Bell Telephone Company	3,172,510	.48
Gross Management, Inc.	3,062,650	.47
Linden Apartment Company	2,835,040	.43
W & F Plaza Investments	<u>2,207,080</u>	<u>.34</u>
<i>Totals</i>	\$ <u>38,212,500</u>	<u>5.82%</u>
<i>Total City Assessed Valuation</i>	\$ <u>657,024,990</u>	

Source: Cuyahoga County, Ohio; County Auditor

City of Rocky River, Ohio

Miscellaneous Statistics

December 31, 2005

Date of Incorporation	September 1960
Form of Government	Mayor - Council
Population 2000	20,735
Census Area	4.48 Square Miles
Miles of Streets	60.49
Number of Street Lights	1,813

Fire Protection:

Number of Stations	1
Number of Firefighters and Officers	29
Number of Fire Hydrants	1,093

Police Protection:

Number of Stations	1
Number of Police Officers	29
Number of Canine Units	1

Education (K-12) (Public Only):

Attendance Centers	4
Number of Teachers	162
Number of Students	2,623

Water Department Utility Services

Served by City of Cleveland

Sewers:

Miles of Sanitary Sewers	90
Miles of Storm Sewer	90
Number of Sanitary Sewer Accounts	7,094

Building Permits Issued

725

Recreation and Culture:

Number of Parks	8
Acres of Parks	106
Number of Libraries	1
Miles of Shoreline	2.0

Employees (full time)

209

Source: City Records and Rocky River City School District



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

CITY OF ROCKY RIVER

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 13, 2006**