

**CITY OF ROCKY RIVER
CUYAHOGA COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2002



**Auditor of State
Betty Montgomery**

CITY OF ROCKY RIVER
CUYAHOGA COUNTY

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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

We have audited the basic financial statements of the City of Rocky River, Cuyahoga County, Ohio, (the City) as of and for the year ended December 31, 2002, and have issued our report thereon dated July 28, 2003, wherein we noted the City implemented Governmental Accounting Standards Board Statements No. 34, 37, 38 and Interpretation No. 6. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. The reportable condition involves a matter coming to our attention relating to a significant deficiency 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 the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2002-001.

A material weakness is a 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 in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of 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 to be material weaknesses. However, we do not believe the reportable condition described above is a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the City in a separate letter dated July 28, 2003.

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

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

Betty Montgomery
Auditor of State

July 28, 2003

**CITY OF ROCKY RIVER
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
FOR YEAR ENDED DECEMBER 31, 2002**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number	2002-001
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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 manual listing of certain movable equipment and vehicles, however, does not maintain a complete detail 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 maintains a manual capital asset listing and does not utilize a computerized capital asset system to account for their capital assets.
- The City utilized a specialist to compile infrastructure assets, however, no infrastructure assets other than traffic signals and a sanitary pump station were recorded in the fiscal year 2002 CAFR. 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 failed to originally record additions to construction in progress for the Wagar Road project initiated in fiscal year 2002. This resulted in an audit adjustment of \$917,601.

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

City of Rocky River, Ohio

Comprehensive Annual Financial Report

For the Year Ended December 31, 2002

Issued By:

City of Rocky River
Department of Finance

Susan E. Wollenzier
Director of Finance

City of Rocky River, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2002
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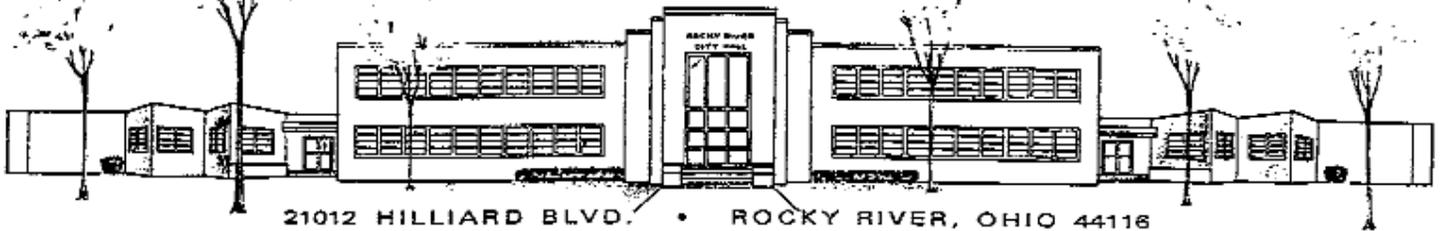
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CITY OF ROCKY RIVER



SUSAN E. WOLLENZIER
DIRECTOR OF FINANCE

WILLIAM F. KNOBLE
MAYOR

(440) 895-2582

July 28, 2003

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

The City is pleased to submit Rocky River's Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2002. This CAFR was prepared by the City's Department of Finance. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data as presented is accurate in all material respects, that it is presented in a manner designed to set forth fairly the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain the maximum understanding of the City's financial activity have been included. This report will provide the taxpayers of the City of Rocky River with comprehensive financial data in a format that will give them an understanding of the City's financial affairs.

The comprehensive annual financial report is presented in three sections as follows:

1. The Introductory Section, which contains a Table of Contents, the Letter of Transmittal, a list of the City's elected officials, the City's Organization Chart and the GFOA Certificate of Achievement.
2. The Financial Section, which contains the Independent Accountants' Report and includes Management's Discussion and Analysis, the Basic Financial Statements and notes which provide an overview of the City's financial position and operating results, and also includes Combining Statements for nonmajor funds and other Schedules that provide detailed information relative to the Basic Financial Statements.
3. The Statistical Section, which presents various tables reflecting social and economic information, financial trends and the fiscal capacity of the City of Rocky River.

City Organization

The City of Rocky River, located in Northeastern Ohio and west of Cleveland, has been a long-established residential community that covers 4.48 square miles. The City's 2002 population according to the 2000 Federal Census was 20,735. The City is a home rule municipal corporation established under the law of the State of Ohio and operated under its own charter. The current charter, which provides for the Council/Mayor form of government, was adopted in 1960.

- v -

(440) 331-0600 • FAX (440) 895-2620

The City has a full-time Mayor elected for a two-year term. Council consists of seven elected members who serve two-year terms. The Mayor appoints the directors of the following departments: Finance, Safety-Service, Engineering/Building, Office on Aging, Recreation and Economic and Community Development.

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

City Services

The City provides various services including police and fire protection, health, parks, recreation, street maintenance, planning and zoning, sewer services, municipal court and general administrative services.

The Illuminating Company, the Dominion East Ohio Company and Cleveland Water Department provide the City residents with electricity, natural gas and water.

In addition to basic services, the City continues to offer superior recreational facilities to its residents. The City operates eight municipal playgrounds and tot lots and a senior citizens center. The City abuts the Cuyahoga County Metro-Parks-Rocky River Reservation, which provides even more recreational facilities including horseback riding, fishing, walking, hiking and biking trails.

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

In downtown Cleveland the Cleveland Browns of the NFL play in their spectacular Browns Stadium. Jacobs Field is the home the Cleveland Indians. The Cleveland Cavaliers of the NBA and the Cleveland Hockey team play at Gund Arena which is also a venue for concerts by major recording artists, the circus, ice shows, and a variety of other professional attractions. The Cleveland State University Convocation Center is home to the Cleveland State University Vikings, the Cleveland Crunch professional soccer team and even more concerts and shows. All four venues are less than ten years old.

Cleveland also 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 Flats area along the Cuyahoga River, Cleveland's downtown is a center of activity for all ages and just minutes from Rocky River.

The world-renowned Cleveland Clinic and University Hospitals supplement health care provided by nearby community hospitals and immediate care centers. Fairview, Lakewood and St. Johns West Shore Hospitals serve as emergency care facilities for our residents and visitors who require use of our Fire Department's ambulances and staff of professional paramedics and EMT's. The Greater Cleveland area is known worldwide for excellence in health care.

Reporting Entity

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

Rocky River School District and the Rocky River Library have not been included in the accompanying financial statements because the City is not financially accountable for either entity and neither is fiscally dependent on the City.

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

The City has an explicit and measurable equity interest in the Rocky River Wastewater Treatment 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 joint venture.

The City is associated with the West Shore Council of Governments, Tri-City Park, West Shore Area Rescue Association and Safe Air For Environment (S.A.F.E.) Council of Governments as jointly governed organizations.

Economic Conditions and Outlook

Because of its proximity to major cultural, educational and medical facilities in Northeastern Ohio, the City of Rocky River continues to enjoy economic strength.

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

The value of new construction based on the building permit records, decreased 2.70 percent in 2002. The value of construction during 2001 was \$13,115,000, while the value of construction during 2002 was \$12,760,917.

Major Initiatives

The City of Rocky River takes pride in its administration, council, department supervisors, employees and volunteers for the quality of services provided to its citizens. During 2002, the City completed or made substantial progress toward several major goals and projects.

The major street improvement program that began in 1985 continues. The City is also continuing its streets resurfacing projects.

The City has an agreement with Cuyahoga County and the State of Ohio for the reconstruction of Wagar Road from Center Ridge Road to Lake Road at an estimated cost of \$4,125,000.

The City has an agreement with the Cuyahoga County and the State of Ohio for the reconstruction of Hilliard Boulevard from the west corporation line to the east corporation line at a total estimated cost \$4,195,000.

The City of Rocky River and the City of Fairview Park have an agreement for the reconstruction of Wooster Road from Lorain Avenue to Carolyn Avenue and Story Road to Center Ridge Road at a cost of \$2,307,564, of which the cities have a grant in the amount of \$423,028 from the Ohio Public Works Commission.

The City has an agreement with the railroad to replace the Conrail Railroad Bridge over West Lake Road. The State of Ohio will fund the project.

The City now has a new facility for the Rocky River Municipal Court. The cost for construction was \$4,457,960.

The City renovated Elmwood Park at the cost of \$36,718.

Financial Information

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

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

Budgetary Controls The City adopts a temporary appropriation ordinance on or before January 1 of each year for the period January 1 through March 31. The Mayor and the Director of Finance prepare an annual appropriation ordinance which is then submitted to Council's Finance Committee for its recommendations by January 31 of each year for the period January 1 through December 31. All members of Council review it before its adoption. All disbursements require appropriation authority. The legal level of budgetary control is at the object level within each department. Any budgetary modification at the object level may only be made by resolution of the City Council. All funds, other than agency funds, are budgeted annually.

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

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

This is the first year that the City of Rocky River has prepared financial statements following GASB Statement 34, "Basic Financial Statement-Management's Discussion and Analysis-for State and Local Governments." GASB 34 creates new basic financial statements for reporting on the City's financial activities as follows:

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

Fund financial statements These statements present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column. Governmental funds use the modified accrual basis of accounting and include reconciliation to the governmental activities accrual information presented in the government-wide financial statements. Proprietary and fiduciary funds use the accrual basis of accounting.

Statement of budgetary comparison These statements present comparison of accrual information to the legally adopted budget. The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts disbursements and encumbrances.

As part of this new reporting model, management is responsible for preparing a Discussion and Analysis of the City. This discussion follows the Independent Accountants' Report, providing an assessment of the City finances for 2002.

Cash Management

The City cash is pooled for investment purpose in order to generate the highest possible yield. A majority of the City's deposits are collateralized by pooled collateral. By law, financial institutions may establish a collateral pool to cover all public deposits. The market value of pooled collateral must equal at least one hundred five percent of the public funds on deposit. Trustees, including the Federal Reserve Bank and designated third party trustees of the financial institutions, hold the collateral.

Risk Management

The City carries \$1,000,000 of comprehensive general liability per occurrence and \$2,000,000 general liability in aggregate coverage as well as certain coverage for the City's property losses. The City also contributes to the State of Ohio for worker's compensation and unemployment insurance services.

Independent Audit

In accordance with Ohio law, independent audits are required to be performed on all financial operations of the City. Either the Auditor of State of Ohio or, if the Auditor permits, an independent public accounting firm conducts these audits. The Rocky River City Council selected the Auditor of State's Office to perform these services for the year 2002. Their report is presented in the Financial Section.

Awards

Certificate of Achievement The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement of Excellence in Financial Reporting to the City for its comprehensive annual financial report for the year ended December 31, 2001. This was the fifteenth year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized comprehensive annual financial report, which conforms to the programs standards. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate Achievement Program's requirements, and we are submitting it to determine its eligibility for another certificate.

Tree City USA The City has received the award of Tree City, USA, sponsored by the National Arbor Day Foundation in cooperation with the U.S. Forestry Service.

Acknowledgements

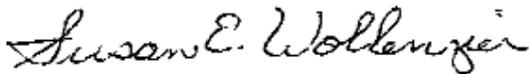
The City would like to express its appreciation to the Local Government Services Section of Auditor of State Betty Montgomery office for their assistance with the preparation of the Comprehensive Annual Financial Report. Appreciation is also expressed to those other City departments who assisted in preparing the report.

In addition, I would like to thank the Mayor and Members of City Council for their continued support, which has enabled the City to upgrade its Financial and Accounting Information System to provide the residents of the City of Rocky River with the financial accountability they deserve.

We, the employees of the City of Rocky River, are proud of the community in which we work and live. We pledge our continued dedication to providing the highest possible level of service to the citizens of the City, and we commit ourselves to enhancing the quality of life which our residents have come to expect and enjoy.

Respectfully submitted,

CITY OF ROCKY RIVER



Susan E. Wollenzier
Director of Finance

City of Rocky River, Ohio
List of Elected Officials
December 31, 2002

Mayor..... William F. Knoble

Law Director..... David J. Matty

City Council at Large..... Pamela E. Bobst
(President of Council)

City Council at Large..... Brian A. Hurtuk

City Council at Large..... James Bartolozzi

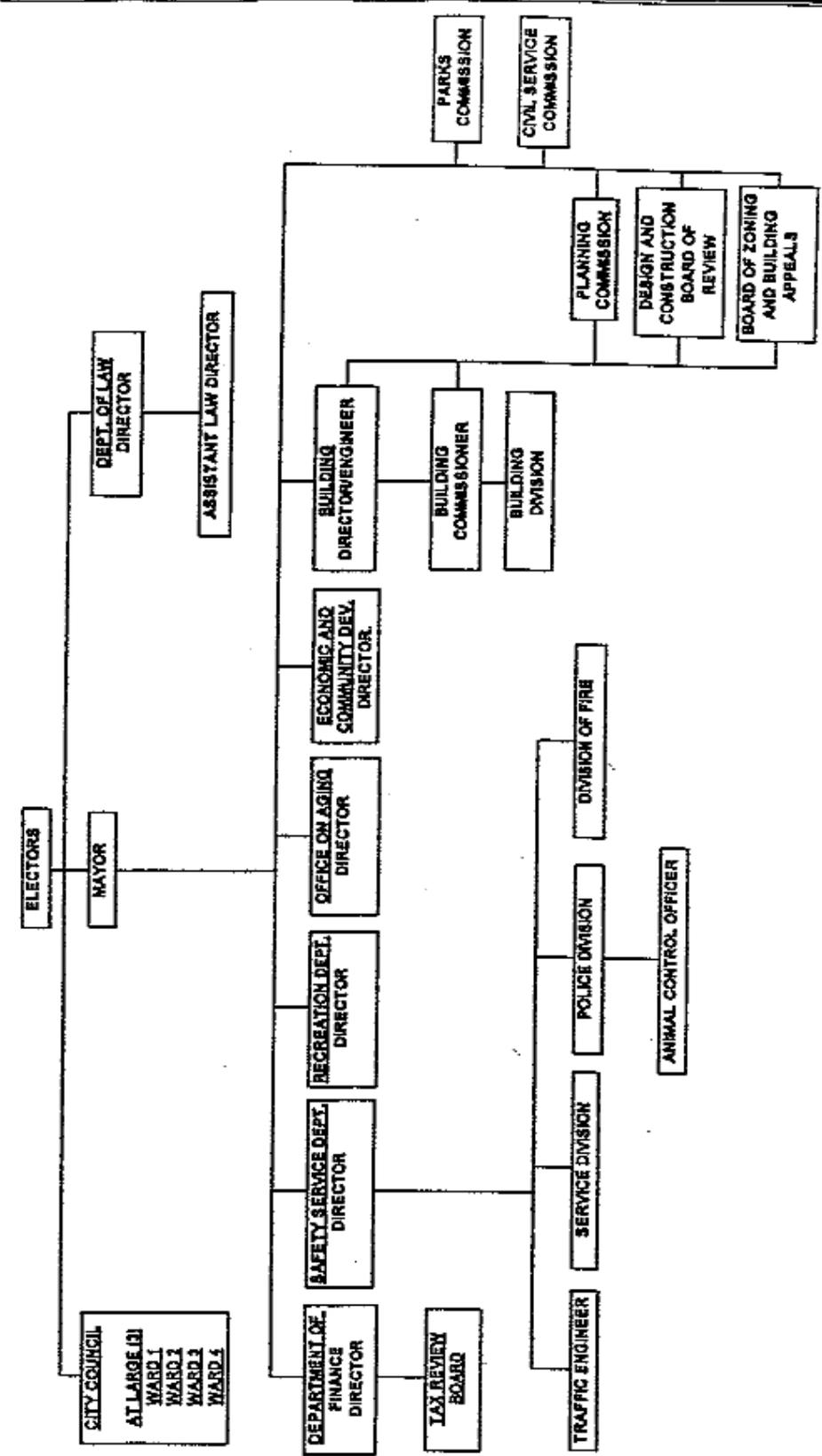
City Council – Ward One Robert Frost

City Council – Ward Two..... Earl Potterfield

City Council – Ward Three..... Frank Gollinger

City Council – Ward Four Thomas Malling

CITY OF ROCKY RIVER ORGANIZATIONAL CHART



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, 2001

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.



William Patrick Voth

President

Jeffrey R. Ennis

Executive Director

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

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

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, 2002, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rocky River, Cuyahoga County, Ohio, as of December 31, 2002, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General and Recreation funds thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, during the year ended December 31, 2002, the City implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. The City also implemented GASB Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus*, GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, and GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 28, 2003 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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Telephone: (216) 787-3665 (800) 626-2297 Fax: (216) 787-3361
www.auditor.state.oh.us

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to form opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund statements and statistical tables are presented for additional analysis and are not a required part of the basic financial statements. We subjected the combining and individual nonmajor fund statements 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.



Betty Montgomery
Auditor of State

July 28, 2003

City of Rocky River, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2002
Unaudited

The discussion and analysis of the City of Rocky River's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2002. The intent of this discussion and analyses 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 2002 are:

- City income tax revenue in the general fund totaled \$7,770,663. City income tax is a steady source of income because the homes have continued to increase in value and the citizens have enjoyed the little extra services that are offered by the City of Rocky River.
- Total assets increased by \$3,541,153 or 5.92 percent increase over 2001.
- Total liabilities decreased by \$1,320,015, or 6.33 percent decrease from 2001.
- Total net assets increased by \$4,861,168 or 12.47 percent over 2001.
- Total capital assets increased \$4,147,020 or 15.24 percent over 2001.
- Total outstanding long-term liabilities increased \$3,487,903 over 2001, an increase of 40.15 percent.

Using This Comprehensive Annual Financial Report (CAFR)

This annual report 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 of Rocky River as a financial whole or as an entire operating entity. The statements proceed to provide an increasingly detailed look at our specific financial condition.

The statement of Net Assets and Statement of Activities provides 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 our 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 2002?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting method used by the private sector. The basis of this accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

City of Rocky River, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2002
Unaudited

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

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

Reporting the City of Rocky River Most Significant Funds

Fund Financial Statements

The presentation of the City's major funds begins on page 16. Fund financial reports 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 our residents. However, these fund financial statements focus on the City's most significant funds. In the case of the City of Rocky River, the major funds are the General, Recreation Center, Capital Improvement, Permanent Improvement and Municipal Court 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 you determine whether there are more or fewer financial resources that can be spent in the near future on services provided to our 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.

Proprietary Fund

Proprietary fund (the Sanitary Sewer Fund) has historically operated as an enterprise fund using the same basis of accounting as business-type activities; therefore, these statements will essentially match the information provided in statements for the City as a whole.

City of Rocky River, Ohio
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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 2002 compared to 2001.

Table 1
Net Assets

	Governmental Activities		Business Type Activities		Totals	
	2002	2001	2002	2001	2002	2001
Assets						
Current and Other Assets	\$24,405,268	\$26,581,994	\$7,596,297	\$6,025,438	\$32,001,565	\$32,607,432
Capital Assets, Net	24,031,412	19,589,280	7,331,637	7,626,749	31,363,049	27,216,029
<i>Total Assets</i>	<u>48,436,680</u>	<u>46,171,274</u>	<u>14,927,934</u>	<u>13,652,187</u>	<u>63,364,614</u>	<u>59,823,461</u>
Liabilities						
Current and Other Liabilities	7,308,867	11,992,905	43,610	167,490	7,352,477	12,160,395
Long-Term Liabilities:						
Due Within One Year	825,321	746,266	12,453	14,012	837,774	760,278
Due In More Than One Year	10,947,221	7,534,201	390,111	392,724	11,337,332	7,926,925
<i>Total Liabilities</i>	<u>19,081,409</u>	<u>20,273,372</u>	<u>446,174</u>	<u>574,226</u>	<u>19,527,583</u>	<u>20,847,598</u>
Net Assets						
Invested in Capital Assets Net of Related Debt	15,909,277	13,356,150	7,003,398	7,291,048	22,912,675	20,647,198
Restricted for:						
Capital Projects	7,233,806	5,480,479	0	0	7,233,806	5,480,479
Debt Service	1,048,268	1,009,658	0	0	1,048,268	1,009,658
Other Purposes	1,027,335	1,346,536	0	0	1,027,335	1,346,536
Unrestricted	4,136,585	4,705,079	7,478,362	5,786,913	11,614,947	10,491,992
<i>Total Net Assets</i>	<u>\$29,355,271</u>	<u>\$25,897,902</u>	<u>\$14,481,760</u>	<u>\$13,077,961</u>	<u>\$43,837,031</u>	<u>\$38,975,863</u>

Total assets increased by \$3,541,153 from 2001 to 2002. Current assets increased mainly due to the large amount of estate taxes available to the City at December 31, 2002. In addition, the capital assets of the City increased mainly due to the completion of the new Rocky River Municipal Court Building.

Total liabilities decreased by \$1,320,015. The City retired \$5,200,000 in notes payable in 2002, and issued \$3,700,000 in general obligation bonds.

Total net assets increased \$4,861,168 with governmental net assets comprising \$3,457,369 and business-type activities comprising \$1,403,799 of that amount.

Table 2 shows the changes in net assets for the year ended December 31, 2002. Since this is the first year the City has prepared financial statements implementing GASB Statement 34, revenue and expense comparisons to 2001 are not available. In future years, when prior-year information is available, a comparative analysis of government-wide data will be presented.

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

	Governmental Activities	Business - Type Activities	Total
Revenues			
Program Revenues:			
Charges for Services	\$4,851,870	\$1,280,969	\$6,132,839
Operating Grants and Contributions	549,203	0	549,203
Capital Grants and Contributions	5,204,972	0	5,204,972
<i>Total Program Revenues</i>	<u>10,606,045</u>	<u>1,280,969</u>	<u>11,887,014</u>
General Revenues:			
Property and Other Local Taxes	5,302,721	0	5,302,721
Income Taxes	7,667,847	0	7,667,847
Grants and Entitlements	1,591,815	0	1,591,815
Interest and Other	432,038	9,690	441,728
Total General Revenues	<u>14,994,421</u>	<u>9,690</u>	<u>15,004,111</u>
<i>Total Revenues</i>	<u>25,600,466</u>	<u>1,290,659</u>	<u>26,891,125</u>
Program Expenses			
General Government	3,605,760	0	3,605,760
Security of Persons and Property	7,360,825	0	7,360,825
Public Health Services	1,066,523	0	1,066,523
Transportation	2,664,483	0	2,664,483
Community Environment	613,151	0	613,151
Basic Utility Services	1,656,791	0	1,656,791
Leisure Time Activities	2,654,654	0	2,654,654
Interest and Fiscal Charges	370,540	0	370,540
Sewer	0	2,037,230	2,037,230
<i>Total Expenses</i>	<u>19,992,727</u>	<u>2,037,230</u>	<u>22,029,957</u>
<i>Increase (Decrease) in Net Assets before Transfers</i>	5,607,739	(746,571)	4,861,168
Transfers	<u>(2,150,370)</u>	<u>2,150,370</u>	<u>0</u>
<i>Increase in Net Assets</i>	<u>\$3,457,369</u>	<u>\$1,403,799</u>	<u>\$4,861,168</u>

GOVERNMENTAL ACTIVITIES

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 percentage and then on March 28, 1977 by 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 2002 was \$7,667,847. General revenues from property taxes, local government funds and estate taxes are also significant revenue generators. The City monitors its sources of revenue very closely for any changes or fluctuations.

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The City has enjoyed a steady increase in income tax collections for the past several years. This has been especially important to the City because the tax revenue has provided the City the funds to maintain streets, make infrastructure improvements and strengthen the safety forces. The City of Rocky River continues to be very aggressive in collecting delinquent income tax. City income tax revenues of \$7,770,663 were designated for the City's General Fund.

Total revenues of governmental activities for 2002 were \$25,600,466. Income tax made up 29.95 percent of total revenues for governmental activities for the City. Charges for services accounted for 18.95 percent, property taxes accounted for 20.71 percent, operating grants, capital grants and contributions accounted for 22.48 percent and the remaining 7.91 percent consists of grants and entitlements, investments and other revenues. Charges for services represents receipts from building permits, licenses, and fees, county health fees, civic center fees, and rental fees.

Total expenses of governmental activities for 2002 were \$19,992,727. Security of persons and property accounted for program expenses of \$7,360,825, which is 36.82 percent of the total City expenses for the year 2002. General government represents the next highest program expense at 18.04 percent, followed by transportation expenses at 13.33 percent.

The Police Division, funded from the general fund, is very efficient and continues to operate within its operating budget. The Police Division purchased three new police vehicles from the equipment purchase fund that receives state liquor permit money and transfers from the permanent improvement fund-estate taxes. The Division continues to upgrade the vehicles to better serve the community.

In 2002, the Fire Department operated with 30 full-time paramedics/firefighters. The Fire Department is funded with general fund revenues. The Fire Department purchased two new rescue squads from the equipment purchase fund that receives state liquor permit money and transfers from the permanent improvement fund-estate taxes. The Department continues to upgrade emergency fire and rescue equipment to better serve the community.

Transportation costs of \$2,664,483, or 13.33 percent of the 2002 program expenses, were used for the maintenance and repairs to the City's roads and infrastructure. The City paid for these projects primarily from the City's general revenues, a part of which is provided by the City's income tax and estate taxes. We are able to either pay cash for our improvement projects or take out a short-term loan and complete repayment within one year. We continue annually to earmark dollars toward capital projects.

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Table 3 presents a summary for governmental activities, the total cost of services and the net cost of providing these services. Comparison to 2001 has not been made since they are not available.

Table 3
Governmental Activities

	Total Cost of Services 2002	Net Cost of Services 2002
	2002	2002
General Government	\$3,605,760	(\$15,250)
Security of Persons and Property	7,360,825	7,026,503
Public Health Services	1,066,523	639,852
Transportation	2,664,483	(2,267,122)
Community Environment	613,151	612,356
Basic Utility Services	1,656,791	1,624,105
Leisure Time Activities	2,654,654	1,395,698
Interest and Fiscal Charges	370,540	370,540
<i>Total</i>	\$19,992,727	\$9,386,682

The City's Funds

Information about the City's governmental funds begins on page 16. These funds are accounted for by using the modified accrual bases of accounting. All governmental funds had total revenues of \$25,825,719 and expenditures of \$24,942,931. The most significant fund is the General Fund, which had an unreserved fund balance at year-end of \$4,514,569 compared to annual expenditures of \$11,825,943. While revenues exceeded expenditures by \$4,115,785, the excess was transferred to other funds. These transferred funds enabled the City to fund other special revenue departments and capital improvements.

General Fund Budgeting Highlights

The City's budget is prepared according to Ohio law 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 2002, the City amended its general fund budget ten times. At the direction of Council, all capital projects and requests for capital type purchases must be reviewed and approved individually by Council. Recommendations from the Finance Director for budget changes are referred to the Finance Committee Chairman of City Council for review, after which it is presented to the formal Council Meeting for Ordinance enactment on the change. The City does allow small interdepartmental budget changes that modify line items within departments within the same fund. The general fund supports many major activities such as the Police Department, Fire Department, Building and Economic/Community Development Departments as well as the legislative and most executive activities. For the general fund, the original budgeted revenues were \$15,201,767 and the final budgeted amount was \$15,112,336. Of this \$89,431 difference, most was due to decreased court costs. Although the original appropriations were gradually decreased during the year, the City continued to maintain a respectable level of liquidity in the general fund by maintaining unrestricted cash at year-end of 19.99 percent of those revenues.

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Capital Assets and Debt Administration

Capital Assets

Table 4
Capital Assets
(Net of Depreciation)

	Governmental Activities		Business Type Activities		Totals	
	2002	2001	2002	2001	2002	2001
Land	\$1,376,404	\$1,202,374	\$39,516	\$39,516	\$1,415,920	\$1,241,890
Right of Way	0	0	250,000	250,000	250,000	250,000
Construction in Progress	917,601	217,590	0	0	917,601	217,590
Buildings	16,865,855	13,171,658	0	0	16,865,855	13,171,658
Equipment	765,206	691,663	0	527	765,206	692,190
Vehicles	1,579,231	1,563,462	82,997	147,439	1,662,228	1,710,901
Infrastructure:						
Traffic Signals	1,893,334	2,060,000	0	0	1,893,334	2,060,000
Sewer Lines	0	0	6,959,124	7,189,267	6,959,124	7,189,267
Storm Sewers	633,781	682,533	0	0	633,781	682,533
<i>Total</i>	<u>\$24,031,412</u>	<u>\$19,589,280</u>	<u>\$7,331,637</u>	<u>\$7,626,749</u>	<u>\$31,363,049</u>	<u>\$27,216,029</u>

Total capital assets for the City of Rocky River as of December 31, 2002 were \$31,363,049, \$4,147,020 more than 2001. The most significant increase in capital assets came in the area of buildings of \$3,694,197. This was due to the addition of the municipal court building.

The City seeks grants for infrastructure projects as well as improving our City facilities and although we did not obtain any additional funding in the year 2002, in recent history we have received millions of dollars in grants and low interest loans. It is through these grants and loans as well as short-term Councilmatic notes that we are able to improve upon our capital assets and at the same time maintain our revenue level which enables us to pay cash or to pay off any indebtedness on capital assets in the very short term. See Note 10 for additional information on capital assets.

Debt

On December 31, 2002, the City of Rocky River had \$8,408,239 in bonds and loans outstanding. Table 5 summarizes bonds, loans, and notes outstanding.

Table 5
Outstanding Debt

	Governmental Activities		Business Type Activities		Totals	
	2002	2001	2002	2001	2002	2001
General Obligation Bonds	\$7,215,000	\$3,835,000	\$0	\$0	\$7,215,000	\$3,835,000
Special Assessment Bonds	865,000	895,000	0	0	865,000	895,000
Notes	0	5,200,000	0	0	0	5,200,000
OWDA Loan	0	0	328,239	335,701	328,239	335,701
<i>Total</i>	<u>\$8,080,000</u>	<u>\$9,930,000</u>	<u>\$328,239</u>	<u>\$335,701</u>	<u>\$8,408,239</u>	<u>\$10,265,701</u>

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The general obligation bonds outstanding are composed of a Various Projects Bond of \$3,515,000 and Rocky River Municipal Court Facility for \$3,700,000. The first bond obligation is paid from monies transferred from the general, office on aging, refuse and recycling, motor vehicle license tax, street repair and maintenance and sewer funds into the general obligation bond retirement debt service fund and the second will be paid from monies received from the Court.

The special assessment bonds outstanding consist of two Erosion Control A & B Bonds-one for \$525,000 and one for \$340,000. The principal and interest for these bonds are paid from the special assessment bond retirement debt service fund and the assessments are collected by the Cuyahoga County Auditor.

The Ohio Water Development Authority 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 \$56,104,023 at December 31, 2002.

See Note 17 of the Basic Financial Statements for additional information on the City's debt.

Current Financial Related Activities

The City of Rocky River is celebrating its centennial in 2003 and we are very 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 Cleveland, Ohio and Cleveland Hopkins International Airport.

The City of Rocky River is financially strong. Over the past years the City have enjoyed a strong growth in revenues as a result of new residential development and at the same time adopted a strong, fiscally responsible financial plan to live within our means. The City has not gone to the voters for an increase in taxes since 1993. We have built the Senior Center, which is one of the finest in the State, a service garage that is dedicated to Earl Martin, the Don Umerley Civic Center, renovated the ice rink and dedicated it to Alex Hamilton, and built the Rocky River Municipal Court without the need for additional taxes.

This year the City has reduced its health care costs by operating a self-funded insurance program and joining the group rating workers' compensation program through the Ohio Municipal League. Our premiums for health insurance and our cost for Workers' Compensation have kept our costs at a reasonable level while providing the best possible coverage for our employees.

The Finance Director, Mayor, and City Council work extremely hard at keeping our debt low. We plan our finances so that we can pay cash for many of the facility improvements and acquisitions and continue to pay cash for all equipment and other major purchases necessary to maintain our level of services. We live within our means and plan ahead knowing that responsible leadership commands that we observe the budget and expend less than the revenues we receive. We have kept the size of our work force to a level where we believe we meet the needs to our residents.

The City of Rocky River has committed itself to financial excellence is proven by the bond rating Aa2 by Moody's Investors Service. In its report Moody's said "We believe the City's financial operations will remain sound, due to its maintenance of favorable operating reserves and conservative approach to budgeting."

The residents of the City voted in November 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 sixty-nine thousand seven hundred dollars has been allotted for the master plan design.

City of Rocky River, Ohio
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Our commitment to our residents has always been one of full disclosure of the financial positions of the City. We make available this report to all residents who wish to review. We also have a publication produced called the Newsletter that is mailed four times per year.

Contacting the City's Finance Department

This financial report is designed to provide our 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. If you have any questions about this report or need financial information contact Director of Finance, Susan E. Wollenzier, City of Rocky River, 21012 Hilliard Blvd., Rocky River, Ohio 44016, telephone 440-331-0600. We also offer information regarding our City on our website, which is at www.rrcity.com.

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City of Rocky River, Ohio

Statement of Net Assets

December 31, 2002

	Governmental Activities	Business Type Activity	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$11,124,378	\$496,972	\$11,621,350
Cash and Cash Equivalents in Segregated Accounts	423,345	0	423,345
Cash and Cash Equivalents with Fiscal Agent	5,000	0	5,000
Accrued Interest Receivable	12,432	0	12,432
Accounts Receivable	252,569	152,816	405,385
Intergovernmental Receivable	4,143,146	0	4,143,146
Materials and Supplies Inventory	101,613	10,160	111,773
Prepaid Items	1,987	0	1,987
Income Taxes Receivable	1,862,061	0	1,862,061
Property Taxes Receivable	5,561,151	0	5,561,151
Special Assessments Receivable	876,568	0	876,568
Investment in Joint Venture	0	6,936,349	6,936,349
Deferred Charges	41,018	0	41,018
Nondepreciable Fixed Assets	2,294,005	289,516	2,583,521
Depreciable Capital Assets, Net	21,737,407	7,042,121	28,779,528
<i>Total Assets</i>	<u>48,436,680</u>	<u>14,927,934</u>	<u>63,364,614</u>
Liabilities			
Accounts Payable	284,748	7,362	292,110
Contracts Payable	474,956	0	474,956
Accrued Wages and Benefits	134,899	8,760	143,659
Matured Compensated Absences Payable	29,466	0	29,466
Intergovernmental Payable	664,710	19,873	684,583
Deferred Revenue	5,357,754	0	5,357,754
Retainage Payable	244,595	0	244,595
Matured Bonds Payable	5,000	0	5,000
Accrued Interest Payable	36,578	7,615	44,193
Claims Payable	76,161	0	76,161
Long-Term Liabilities:			
Due Within One Year	825,321	12,453	837,774
Due In More Than One Year	10,947,221	390,111	11,337,332
<i>Total Liabilities</i>	<u>19,081,409</u>	<u>446,174</u>	<u>19,527,583</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	15,909,277	7,003,398	22,912,675
Restricted for:			
Capital Projects	7,233,806	0	7,233,806
Debt Service	1,048,268	0	1,048,268
Other Purposes	1,027,335	0	1,027,335
Unrestricted	4,136,585	7,478,362	11,614,947
<i>Total Net Assets</i>	<u>\$29,355,271</u>	<u>\$14,481,760</u>	<u>\$43,837,031</u>

See accompanying notes to the basic financial statements

City of Rocky River, Ohio
Statement of Activities
For the Year Ended December 31, 2002

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General Government	\$3,605,760	\$2,820,511	\$0	\$800,499
Security of Persons and Property	7,360,825	293,277	41,045	0
Public Health Services	1,066,523	426,671	0	0
Transportation	2,664,483	18,974	508,158	4,404,473
Community Environment	613,151	795	0	0
Basic Utility Services	1,656,791	32,686	0	0
Leisure Time Activities	2,654,654	1,258,956	0	0
Interest and Fiscal Charges	370,540	0	0	0
<i>Total Governmental Activities</i>	19,992,727	4,851,870	549,203	5,204,972
Business-Type Activity				
Sewer	2,037,230	1,280,969	0	0
<i>Totals</i>	<u>\$22,029,957</u>	<u>\$6,132,839</u>	<u>\$549,203</u>	<u>\$5,204,972</u>

General Revenues

Property Taxes Levied for:

 General Purposes

 Special Revenue

 Capital Improvements

Income Taxes Levied for

 General Purposes

Grants and Entitlements not Restricted
to Specific Programs

Interest

Other

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets Beginning of Year

- See Note 3

Net Assets End of Year

See accompanying notes to the basic financial statements

Net (Expense) and
Changes in Net Assets

Governmental Activities	Business-Type Activity	Total
\$15,250	\$0	\$15,250
(7,026,503)	0	(7,026,503)
(639,852)	0	(639,852)
2,267,122	0	2,267,122
(612,356)	0	(612,356)
(1,624,105)	0	(1,624,105)
(1,395,698)	0	(1,395,698)
(370,540)	0	(370,540)
(9,386,682)	0	(9,386,682)
<u>0</u>	<u>(756,261)</u>	<u>(756,261)</u>
(9,386,682)	(756,261)	(10,142,943)
3,358,723	0	3,358,723
1,403,999	0	1,403,999
539,999	0	539,999
7,667,847	0	7,667,847
1,591,815	0	1,591,815
267,852	6	267,858
164,186	9,684	173,870
14,994,421	9,690	15,004,111
<u>(2,150,370)</u>	<u>2,150,370</u>	<u>0</u>
<u>12,844,051</u>	<u>2,160,060</u>	<u>15,004,111</u>
3,457,369	1,403,799	4,861,168
<u>25,897,902</u>	<u>13,077,961</u>	<u>38,975,863</u>
<u>\$29,355,271</u>	<u>\$14,481,760</u>	<u>\$43,837,031</u>

City of Rocky River, Ohio

Balance Sheet

Governmental Funds

December 31, 2002

	<u>General</u>	<u>Recreation Center</u>	<u>Capital Improvement</u>	<u>Permanent Improvement</u>
Assets				
Equity in Pooled Cash and				
Cash Equivalents	\$3,287,366	\$609,688	\$1,452,426	\$1,071,628
Cash and Cash Equivalents				
In Segregated Accounts	423,345	0	0	0
Cash and Cash Equivalents				
With Fiscal Agent	0	0	0	0
Accrued Interest Receivable	10,947	0	1,485	0
Accounts Receivable	166,887	0	26,658	0
Intergovernmental Receivable	713,899	17,637	35,267	3,043,867
Materials and Supplies Inventory	14,532	6,934	0	0
Prepaid Items	1,987	0	0	0
Income Taxes Receivable	1,862,061	0	0	0
Property Taxes Receivable	3,541,763	280,470	560,941	0
Special Assessments Receivable	0	0	0	0
<i>Total Assets</i>	<u>\$10,022,787</u>	<u>\$914,729</u>	<u>\$2,076,777</u>	<u>\$4,115,495</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$83,211	\$44,285	\$4,745	\$0
Contracts Payable	0	0	7,611	0
Accrued Wages and Benefits	69,677	12,633	0	0
Matured Compensated Absences Payable	29,466	0	0	0
Retainage Payable	0	0	27,021	0
Intergovernmental Payable	132,422	23,146	0	0
Deferred Revenue	4,977,993	298,107	596,208	0
Matured Bonds Payable	0	0	0	0
<i>Total Liabilities</i>	<u>5,292,769</u>	<u>378,171</u>	<u>635,585</u>	<u>0</u>
Fund Balances				
Reserved for Encumbrances	215,449	35,538	567,242	0
Unreserved, Undesignated, Reported in:				
General Fund	4,514,569	0	0	0
Special Revenue Funds	0	501,020	0	0
Debt Service Funds	0	0	0	0
Capital Projects Funds	0	0	873,950	4,115,495
<i>Total Fund Balances</i>	<u>4,730,018</u>	<u>536,558</u>	<u>1,441,192</u>	<u>4,115,495</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$10,022,787</u>	<u>\$914,729</u>	<u>\$2,076,777</u>	<u>\$4,115,495</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, 2002*

Municipal Court Capital Improvement	Other Governmental Funds	Total Governmental Funds
\$2,154,009	\$2,229,109	\$10,804,226
0	0	423,345
0	5,000	5,000
0	0	12,432
51,283	7,741	252,569
0	332,476	4,143,146
0	80,147	101,613
0	0	1,987
0	0	1,862,061
0	1,177,977	5,561,151
0	876,568	876,568
<u>\$2,205,292</u>	<u>\$4,709,018</u>	<u>\$24,044,098</u>
65,259	87,248	284,748
467,345	0	474,956
598	51,991	134,899
0	0	29,466
217,574	0	244,595
1,360	58,030	214,958
0	2,316,700	8,189,008
0	5,000	5,000
<u>752,136</u>	<u>2,518,969</u>	<u>9,577,630</u>
728,636	154,353	1,701,218
0	0	4,514,569
0	1,779,046	2,280,066
0	126,242	126,242
724,520	130,408	5,844,373
<u>1,453,156</u>	<u>2,190,049</u>	<u>14,466,468</u>
<u>\$2,205,292</u>	<u>\$4,709,018</u>	<u>\$24,044,098</u>

Total Governmental Funds Balances	\$14,466,468
<i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	24,031,412
Other long-term assets are not available to pay for current-period expenditures and therefore are not deferred in the funds.	
Delinquent Property Taxes	195,557
Municipal Income Taxes	923,873
Intergovernmental	835,256
Special Assessments	<u>876,568</u>
Total	2,831,254
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.	243,991
Intergovernmental payable includes contractually required pension contributions not expected to be paid with expendable available financial resources and therefore not reported in the funds.	(449,752)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(36,578)
Bond issuance costs will be amortized over the life of the bonds on the statement of assets.	41,018
Long-term liabilities, such as compensated absences payable, are not due and payable in the current period and therefore are not reported in the funds.	
General Obligation Bonds	(7,215,000)
Special Assessment Bonds	(865,000)
Compensated Absences Payable	(2,975,027)
Capital Leases Payable	(1,117)
Police and Fire Pension Liability	<u>(716,398)</u>
Total	<u>(11,772,542)</u>
Net Assets of Governmental Activities	<u>\$29,355,271</u>

City of Rocky River, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2002

	General	Recreation Center	Capital Improvement	Permanent Improvement	Municipal Court Capital Improvement
Revenues					
Property and Other Taxes	\$3,360,060	\$266,671	\$533,342	\$0	\$0
Municipal Income Taxes	7,770,663	0	0	0	0
Charges for Services	54,967	1,148,078	2,868	0	0
Fines, Fees and Permits	2,797,922	0	455	0	0
Intergovernmental	1,427,122	35,268	70,535	4,404,473	773,859
Special Assessments	0	0	5,324	0	0
Interest	220,248	0	1,983	0	13,047
Other Local Taxes	90,385	0	105,469	0	0
Rentals	65,212	21,480	0	0	0
Other	155,149	0	5,411	0	0
<i>Total Revenues</i>	<u>15,941,728</u>	<u>1,471,497</u>	<u>725,387</u>	<u>4,404,473</u>	<u>786,906</u>
Expenditures					
Current:					
General Government	3,372,844	0	0	0	0
Security of Persons and Property	6,888,315	0	0	0	0
Public Health Services	61,168	0	0	0	0
Transportation	544,610	0	0	0	0
Community Environment	623,812	0	0	0	0
Basic Utility Services	0	0	0	0	0
Leisure Time Activities	332,871	2,082,541	0	0	0
Capital Outlay	0	0	1,282,049	0	4,478,675
Debt Service:					
Principal Retirement	2,013	0	0	0	0
Interest and Fiscal Charges	310	0	2,422	0	68,222
Bond Issuance Costs	0	0	0	0	41,018
<i>Total Expenditures</i>	<u>11,825,943</u>	<u>2,082,541</u>	<u>1,284,471</u>	<u>0</u>	<u>4,587,915</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>4,115,785</u>	<u>(611,044)</u>	<u>(559,084)</u>	<u>4,404,473</u>	<u>(3,801,009)</u>
Other Financing Sources (Uses)					
General Obligation Bonds Issued	0	0	0	0	3,700,000
Sale of Capital Assets	17,571	0	0	0	0
Transfers In	300,357	811,500	2,454,500	0	0
Transfers Out	(5,814,960)	0	0	(2,725,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(5,497,032)</u>	<u>811,500</u>	<u>2,454,500</u>	<u>(2,725,000)</u>	<u>3,700,000</u>
<i>Net Change in Fund Balances</i>	<u>(1,381,247)</u>	<u>200,456</u>	<u>1,895,416</u>	<u>1,679,473</u>	<u>(101,009)</u>
<i>Fund Balances (Deficit) Beginning of Year - Restated (See Note 3)</i>	<u>6,111,265</u>	<u>336,102</u>	<u>(454,224)</u>	<u>2,436,022</u>	<u>1,554,165</u>
<i>Fund Balances End of Year</i>	<u>\$4,730,018</u>	<u>\$536,558</u>	<u>\$1,441,192</u>	<u>\$4,115,495</u>	<u>\$1,453,156</u>

See accompanying notes to the basic financial statements

City of Rocky River, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2002*

Other Governmental Funds	Total Governmental Funds		
		Net Change in Fund Balances - Total Governmental Funds	\$2,449,989
		<i>Amounts reported for governmental activities in the statement of activities are different because</i>	
\$1,120,019	\$5,280,092	Governmental funds report capital outlays as expenditures.	
0	7,770,663	However, in the statement of activities, the cost of those	
445,958	1,651,871	assets is allocated over their estimated useful lives as	
110,257	2,908,634	depreciation expense. This is the amount by which capital	
753,294	7,464,551	outlays exceeded depreciation in the current period.	
30,000	35,324	Capital Asset Additions	6,151,503
32,574	267,852	Current Year Depreciation	<u>1,666,964</u>
0	195,854		
0	86,692		
3,626	164,186	Total	4,484,539
<u>2,495,728</u>	<u>25,825,719</u>	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.	(42,407)
0	3,372,844	Revenues in the statement of activities that do not provide current	
112,798	7,001,113	financial resources are not reported as revenues in the funds.	
953,900	1,015,068	Delinquent Property Taxes	22,629
1,568,594	2,113,204	Municipal Income Taxes	(102,816)
0	623,812	Special Assessments	(26,505)
1,365,575	1,365,575	Intergovernmental	<u>(118,561)</u>
0	2,415,412		
507,014	6,267,738	Total	(225,253)
370,057	372,070	Repayment of bond principal is an expenditure in the	
284,123	355,077	governmental funds, but the repayment reduces long-term	
0	41,018	liabilities in the statement of net assets.	350,000
<u>5,162,061</u>	<u>24,942,931</u>	In the statement of activities, interest is accrued on	
		outstanding bonds, whereas in governmental funds, an	
		interest expenditure is reported when due.	(15,463)
(2,666,333)	882,788	Other financing sources in the governmental funds that	
		Increase long-term liabilities in the statements of net assets	
0	3,700,000	are not reported as revenues in the statement of activities.	(3,700,000)
0	17,571	Bond issuance costs will be amortized over the life of the	
3,488,202	7,054,559	bonds on the statement of net assets.	41,018
(664,969)	(9,204,929)	Some expenses reported in the statement of activities, such as	
<u>2,823,233</u>	<u>1,567,201</u>	compensated absences, do not require the use of current	
		financial resources and therefore are not reported as expenditures.	
156,900	2,449,989	Compensated Absences	(164,145)
		Pension Obligation	13,030
2,033,149	12,016,479	Police and Fire Pension Liability	20,057
		Capital Lease Obligation	<u>2,013</u>
<u>\$2,190,049</u>	<u>\$14,466,468</u>	Total	(129,045)
		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 revenue (expense) of the internal service fund is allocated	
		among the governmental activities	<u>243,991</u>
		<i>Change in Net Assets of Governmental Activities</i>	<u><u>\$3,457,369</u></u>

City of Rocky River, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2002

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Budget</u>	<u>Actual</u>	
Revenues				
Property and Other Taxes	\$3,354,110	\$3,354,110	\$3,360,060	\$5,950
Municipal Income Taxes	7,500,000	7,500,000	7,658,729	158,729
Charges for Services	41,400	41,400	55,488	14,088
Fines, Fees and Permits	2,473,280	2,362,280	2,346,163	(16,117)
Intergovernmental	1,333,977	1,297,546	1,293,796	(3,750)
Interest	300,000	300,000	273,072	(26,928)
Other Local Taxes	88,500	88,500	92,335	3,835
Rentals	46,000	58,000	65,492	7,492
Other	64,500	110,500	155,462	44,962
<i>Total Revenues</i>	<u>15,201,767</u>	<u>15,112,336</u>	<u>15,300,597</u>	<u>188,261</u>
Expenditures				
Current:				
General Government	3,915,429	3,786,956	3,497,251	289,705
Security of Persons and Property	7,121,638	7,195,039	6,874,763	320,276
Public Health Services	61,168	61,168	61,168	0
Transportation	574,457	576,710	547,859	28,851
Community Environment	763,745	716,488	648,858	67,630
Leisure Time Activities	383,568	383,694	331,084	52,610
<i>Total Expenditures</i>	<u>12,820,005</u>	<u>12,720,055</u>	<u>11,960,983</u>	<u>759,072</u>
<i>Excess of Revenues Over Expenditures</i>	<u>2,381,762</u>	<u>2,392,281</u>	<u>3,339,614</u>	<u>947,333</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	0	0	17,571	17,571
Advances In	1,500,000	1,500,000	1,500,000	0
Transfers In	300,000	300,000	300,357	357
Transfers Out	(5,070,293)	(5,820,293)	(5,814,960)	5,333
<i>Total Other Sources (Uses)</i>	<u>(3,270,293)</u>	<u>(4,020,293)</u>	<u>(3,997,032)</u>	<u>23,261</u>
<i>Net Change in Fund Balance</i>	(888,531)	(1,628,012)	(657,418)	970,594
<i>Fund Balance Beginning of Year</i>	3,530,457	3,530,457	3,530,457	0
Prior Year Encumbrances Appropriated	185,815	185,815	185,815	0
<i>Fund Balance End of Year</i>	<u>\$2,827,741</u>	<u>\$2,088,260</u>	<u>\$3,058,854</u>	<u>\$970,594</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 Basis) and Actual
Recreation Center Fund
For the Year Ended December 31, 2002

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Budget</u>	<u>Actual</u>	
Revenues				
Property Taxes	\$266,198	\$266,198	\$266,671	\$473
Charges for Services	1,201,450	1,136,450	1,148,078	11,628
Intergovernmental	35,268	35,268	35,268	0
Rentals	<u>20,000</u>	<u>20,000</u>	<u>21,480</u>	<u>1,480</u>
<i>Total Revenues</i>	1,522,916	1,457,916	1,471,497	13,581
Expenditures				
Current:				
Leisure Time Activities	<u>2,308,468</u>	<u>2,357,277</u>	<u>2,109,875</u>	<u>247,402</u>
<i>Excess of Revenues</i> <i>Under Expenditures</i>	(785,552)	(899,361)	(638,378)	260,983
Other Financing Sources				
Transfers In	<u>813,000</u>	<u>813,000</u>	<u>811,500</u>	<u>(1,500)</u>
<i>Net Change in Fund Balance</i>	27,448	(86,361)	173,122	259,483
<i>Fund Balance Beginning of Year</i>	349,619	349,619	349,619	0
Prior Year Encumbrances Appropriated	<u>48,809</u>	<u>48,809</u>	<u>48,809</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$425,876</u></u>	<u><u>\$312,067</u></u>	<u><u>\$571,550</u></u>	<u><u>\$259,483</u></u>

See accompanying notes to the basic financial statements

City of Rocky River, Ohio

Statement of Fund Net Assets

Proprietary Funds

December 31, 2002

	Business Type Activity - Sewer	Governmental Activity - Internal Service Fund
Assets		
<i>Current Assets</i>		
Equity in Pooled Cash and Cash Equivalents	\$496,972	\$320,152
Accounts Receivable	152,816	0
Materials and Supplies Inventory	10,160	0
<i>Total Current Assets</i>	<u>659,948</u>	<u>320,152</u>
<i>Noncurrent Assets</i>		
Investment in Joint Venture	6,936,349	0
Nondepreciable Capital Assets	289,516	0
Depreciable Capital Assets, Net	7,042,121	0
<i>Total Noncurrent Assets</i>	<u>14,267,986</u>	<u>0</u>
<i>Total Assets</i>	<u>14,927,934</u>	<u>320,152</u>
Liabilities		
<i>Current Liabilities</i>		
Accounts Payable	7,362	0
Accrued Wages and Benefits	8,760	0
Intergovernmental Payable	19,873	0
Claims Payable	0	76,161
Accrued Interest Payable	7,615	0
Compensated Absences Payable	448	0
OWDA Loans Payable	12,005	0
<i>Total Current Liabilities</i>	<u>56,063</u>	<u>76,161</u>
<i>Long-Term Liabilities</i>		
Compensated Absences Payable (Net of Current Portion)	73,877	0
OWDA Loans Payable (Net of Current Portion)	316,234	0
<i>Total Long-Term Liabilities</i>	<u>390,111</u>	<u>0</u>
<i>Total Liabilities</i>	<u>446,174</u>	<u>76,161</u>
Net Assets		
Invested in Capital Assets, Net of Related Debt	7,003,398	0
Unrestricted	7,478,362	243,991
<i>Total Net Assets</i>	<u>\$14,481,760</u>	<u>\$243,991</u>

See accompanying notes to the basic financial statements

City of Rocky River
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2002

	Business Type Activity	Governmental Activity - Internal Service Fund
	Sewer	Self Insurance
Operating Revenues		
Charges for Services	\$1,280,969	\$889,043
Other	9,684	0
<i>Total Revenues</i>	<u>1,290,653</u>	<u>889,043</u>
Operating Expenses		
Personal Services	485,840	0
Materials and Supplies	55,078	0
Contractual Services	1,044,510	74,302
Heat, Light and Power	16,058	0
Depreciation	295,112	0
Other	2,313	0
Claims	0	570,750
<i>Total Expenses</i>	<u>1,898,911</u>	<u>645,052</u>
<i>Operating Income (Loss)</i>	<u>(608,258)</u>	<u>243,991</u>
Nonoperating Expenses		
Equity in Loss of Joint Venture	(122,576)	0
Interest	6	0
Interest and Fiscal Charges	(15,743)	0
<i>Total Nonoperating Expenses</i>	<u>(138,313)</u>	<u>0</u>
<i>Income (Loss) Before Transfers</i>	<u>(746,571)</u>	<u>243,991</u>
Transfers In	2,250,000	0
Transfers Out	(99,630)	0
<i>Change in Net Assets</i>	<u>1,403,799</u>	<u>243,991</u>
<i>Net Asssets Beginning of Year - Restated (See Note 3)</i>	<u>13,077,961</u>	<u>0</u>
<i>Net Asssets End of Year</i>	<u><u>\$14,481,760</u></u>	<u><u>\$243,991</u></u>

See accompanying notes to the basic financial statements

City of Rocky River, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2002

	Business Type Activity	Governmental Activity - Internal Service Fund
	Sewer	
<i>Increase (Decrease) in Cash and Cash Equivalents</i>		
Cash Flows from Operating Activities		
Cash Received from Customers	\$1,280,180	\$889,043
Cash Payments for Good and Services	(1,241,458)	(74,302)
Cash Payments to Employees for Services and Benefits	(476,887)	0
Cash Payments for Claims	0	(494,589)
Cash Received from Other Sources	9,684	0
Cash Payments for Other Operating Expenses	(2,313)	0
<i>Net Cash Provided by (Used for) Operating Activities</i>	(430,794)	320,152
Cash Flows from Noncapital Financing Activities		
Transfers In	2,250,000	0
Transfers Out	(99,630)	0
Advances Out	(1,500,000)	0
<i>Net Cash Provided by Noncapital Financing Activities</i>	650,370	0
Cash Flows from Capital and Related Financing Activities		
Principal Paid on OWDA Loan	(7,462)	0
Interest Paid on OWDA Loan	(16,534)	0
<i>Net Cash Used for Capital and Related Financial Activities</i>	(23,996)	0
Cash Flows from Investing Activities		
Capital Contributed to Joint Venture	(113,648)	0
Interest on Investments	6	0
<i>Net Cash Used for Investing Activities</i>	(113,642)	0
<i>Net Increase in Cash and Cash Equivalents</i>	81,938	320,152
<i>Cash and Cash Equivalents Beginning of Year</i>	415,034	0
<i>Cash and Cash Equivalents End of Year</i>	\$496,972	\$320,152

(continued)

City of Rocky River, Ohio
Statement of Cash Flows
Proprietary Funds (continued)
For the Year Ended December 31, 2002

	Business Type Activity	Governmental Activity - Internal Service Fund
	Sewer	
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities		
<i>Operating Income (Loss)</i>	(\$608,258)	\$243,991
Adjustments:		
Depreciation	295,112	0
(Increase)/Decrease in Assets:		
Accounts Receivable	(789)	0
Materials and Supplies Inventory	2,940	0
Increase/(Decrease) in Liabilities:		
Accounts Payable	5,848	0
Contracts Payable	(135,915)	0
Accrued Wages and Benefits	2,881	0
Compensated Absences Payable	3,290	0
Intergovernmental Payable	4,097	0
Claims Payable	0	76,161
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>(\$430,794)</u>	<u>\$320,152</u>

See accompanying notes to the basic financial statements

City of Rocky River, Ohio
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2002

	<u>Investment Trust</u>	
	<u>Individual Investment Account</u>	<u>Agency</u>
Assets		
Equity in Pooled Cash and Cash Equivalents	\$0	\$241,547
Cash and Cash Equivalents:		
In Segregated Accounts	4,162,667	0
With Fiscal Agents	2,992,275	0
Accrued Interest Receivable	4,531	0
<i>Total Assets</i>	<u>7,159,473</u>	<u>\$241,547</u>
Liabilities		
Undistributed Monies	0	\$204,258
Deposits Held and Due to Others	0	37,289
<i>Total Liabilities</i>	<u>0</u>	<u>\$241,547</u>
Net Assets		
Held in Trust for Participants	<u>\$7,159,473</u>	

See accompanying notes to the basic financial statements

City of Rocky River, Ohio
Statement of Changes in Fiduciary Net Assets
Investment Trust Fund
For the Year Ended December 31, 2002

	Individual Investment Account
Additions	
Interest	\$101,938
Capital Transactions - Purchases	4,378,560
<i>Total Additions</i>	4,480,498
Deductions	
Capital Transaction - Redemptions	4,425,068
Distributions to Participants	115,388
<i>Total Deductions</i>	4,540,456
<i>Change in Net Assets</i>	(59,958)
<i>Net Assets Beginning of Year</i>	7,219,431
<i>Net Assets End of Year</i>	\$7,159,473

See accompanying notes to the basic financial statements

City of Rocky River, Ohio
Notes to the Basic Financial Statements
For Year Ended December 31, 2002

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 and seven member Council all serve two year terms.

Reporting Entity

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

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

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

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

The City has an explicit and measurable equity interest in the Rocky River Wastewater Treatment 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 joint venture.

The City is associated with the West Shore Council of Governments, Tri-City Park, Safe Air For Environment (S.A.F.E.) Council of Governments, and West Shore Area Rescue Association as jointly governed organizations. These organizations are presented in Note 21 to the basic financial statements.

City of Rocky River, Ohio
Notes to the Basic Financial Statements
For Year Ended December 31, 2002

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 more significant of the City's accounting policies are described below.

A. Basis of Presentation

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

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

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

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

B. Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are 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.

City of Rocky River, Ohio
Notes to the Basic Financial Statements
For Year Ended December 31, 2002

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 of Rocky River and/or the general laws 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 recreation center.

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 State levied shared monies restricted by the City for expenditures related to permanent improvements.

Municipal Court Capital Improvement Fund The municipal court improvement fund accounts for specific court costs created to maintain operating and capital needs of the Municipal Court.

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 sewer charges. This fund also accounts for the City's investment in the Rocky River Wastewater Treatment Plant.

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

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the City 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, donations and bequests, the S.A.F.E. fund and the municipal court.

City of Rocky River, Ohio
Notes to the Basic Financial Statements
For Year Ended December 31, 2002

C. Measurement Focus

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

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

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

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

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.

City of Rocky River, Ohio
Notes to the Basic Financial Statements
For Year Ended December 31, 2002

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: income tax, state-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, 2002, but which were levied to finance year 2003 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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 2002, investments of the cash management pool were limited to certificates of deposit which are nonparticipating investment contracts and are reported at cost.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2002 amounted to \$220,248, which includes \$148,608 assigned from other City funds.

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

The City serves as fiscal agent for the Rocky River Wastewater Treatment Plant. This individual investment account is presented as "cash and cash equivalents in segregated accounts" and represent deposits or nonnegotiable certificates of deposit which are reported at cost. Also included in this individual investment account are monies with a separate fiscal agent for current and future debt service payments, and asset replacement under provisions of a bond indenture. This balance is presented as "cash and cash equivalents with fiscal agents". During 2002, investments purchased through this account were limited to a money market mutual fund and are reported at fair value, which is determined by the fund's current share price.

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

City of Rocky River, Ohio
Notes to the Basic Financial Statements
For Year Ended December 31, 2002

F. Inventory

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

G. Deferred Charges

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

H. Investment in Joint Venture

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

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2002 are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

J. Capital Assets

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

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

All capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

Buildings	50 Years
Equipment	5 to 7 Years
Vehicles	5 to 7 Years
Infrastructure	18 - 50 Years

For 2002, the City's infrastructure consists only of traffic signals and storm sewers. In addition, the City has recorded construction in progress for City road projects initiated in 2002. The City plans to phase in the remaining infrastructure assets in future years.

City of Rocky River, Ohio
Notes to the Basic Financial Statements
For Year Ended December 31, 2002

K. Interfund Balances

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

L. Compensated Absences

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

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

M. Accrued Liabilities and Long-term Obligations

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

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, capital leases and long-term loans are recognized as a liability on the governmental fund financial statements when due.

N. Fund Balance Reserves

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

O. Net Assets

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

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

City of Rocky River, Ohio
Notes to the Basic Financial Statements
For Year Ended December 31, 2002

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 sewer services and self-insurance programs. Operating expenses are necessary costs that have been incurred in order to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating.

Q. Interfund Activity

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

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

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence.

S. Estimates

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

T. Budgetary Data

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriations resolution 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. Budgetary modifications may only be made by resolution of the City Council at the legal level of control.

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

City of Rocky River, Ohio
Notes to the Basic Financial Statements
For Year Ended December 31, 2002

The appropriation resolution 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.

Note 3 – Change in Accounting Principles and Restatement of Prior Year Fund Equity

A. Changes in Accounting Principles

For 2002, the City has implemented GASB Statement No. 34, “Basic Financial Statements - and Management’s Discussion and Analysis - for State and Local Governments”, GASB Statement No. 37, “Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments: Omnibus”, GASB Statement No. 38, “Certain Financial Statement Note Disclosures”, and GASB Interpretation No. 6, “Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.”

GASB Statement No. 34 creates new basic financial statements for reporting on the City’s financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

The government-wide financial statements split the City’s programs between business-type and governmental activities. Except as explained below, the beginning net asset amount for the business-type activities equals fund equity of the enterprise funds from last year. The beginning net asset amount for governmental activities reflects the change in fund balance for governmental funds at December 31, 2001, caused by the elimination of the internal service fund and the conversion to the accrual basis of accounting.

GASB Statement No. 37 clarifies certain provisions of Statement No. 34, including the required content of the MD&A, the classification of program revenues and the criteria for determining major funds. GASB Statement No. 38 modifies, establishes and rescinds certain financial statement note disclosures.

GASB Interpretation No. 6 clarifies the application of standards for modified accrual recognition of certain liabilities and expenditures in areas where differences have arisen, or potentially could arise, in interpretation and practice.

B. Restatement of Fund Balance

The implementation of these changes, along with an overstatement of deferred revenue and understatement of prepaid assets, had the following effects on fund balance of the major and nonmajor funds of the City as they were previously reported. The transition from governmental fund balance to net assets of the governmental activities is also presented.

City of Rocky River, Ohio
Notes to the Basic Financial Statements
For Year Ended December 31, 2002

	General	Recreation	Capital Improvements	Permanent Improvement
Fund Balances (Deficit), December 31, 2001	\$6,004,590	\$333,631	(\$454,224)	2,353,579
Prepays	4,299	0	0	0
Deferred Revenue	0	0	0	82,443
Implementation of GASB Interpretation 6	102,376	2,471	0	0
Adjusted Fund Balances (Deficit) December 31, 2001	<u>\$6,111,265</u>	<u>\$336,102</u>	<u>(\$454,224)</u>	<u>\$2,436,022</u>

(continued)

	Municipal Court Capital Projects	Non Major	Total
Fund Balances (Deficit), December 31, 2001	\$1,554,165	\$2,017,837	\$11,809,578
Prepays	0	0	4,299
Deferred Revenue			82,443
Implementation of GASB Interpretation 6	0	15,312	120,159
Adjusted Fund Balances (Deficit) December 31, 2001	<u>\$1,554,165</u>	<u>\$2,033,149</u>	12,016,479

GASB 34 Adjustments:

Capital Assets	19,589,280
Long-Term (Deferred) Assets	3,056,507
Long-Term Liabilities	(8,280,467)
Pension Obligation	(462,782)
Accrued Interest Payable	<u>(21,115)</u>

Governmental Activities Net Assets,
December 31, 2001

\$25,897,902

The implementation of these changes had no effect on net assets for business type activities at December 31, 2001; however, an overstatement in capital assets, and understatements in accrued interest payable and OWDA loans payable, had the following effect on net assets at December 31, 2001:

Fund Equity, December 31, 2001 as Previously Reported	\$13,233,434
Capital Assets	(140,752)
Accrued Interest Payable	(8,406)
OWDA Loans Payable	<u>(6,315)</u>
Restated Net Assets at December 31, 2001	<u>\$13,077,961</u>

City of Rocky River, Ohio
Notes to the Basic Financial Statements
For Year Ended December 31, 2002

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 law 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 Basis) and Actual for the general fund and recreation center major special revenue fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are as follows:

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

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

	Net Change in Fund Balance	
	General	Recreation Center
GAAP Basis	(\$1,381,247)	\$200,456
Net Adjustment for Revenue Accruals	(640,916)	0
Advance In	1,500,000	0
Unrecorded Cash	(215)	0
Net Adjustment for Expenditure Accruals	93,256	10,804
Encumbrances	(228,296)	(38,138)
Budget Basis	(\$657,418)	\$173,122

Note 5 – Deposits and Investments

The City Charter allows the Director of Finance to invest moneys of the City in any or all the following: bonds or notes of this City, bonds or other obligations of the United States or those for the payment of principal and interest of which the faith of the United States is pledged, bonds or other obligations of this State and bonds or other obligations of any political subdivision or taxing district of this State as to which there is no default of principal or interest, in such a manner as is now or hereafter provided by ordinance of Council or by the laws of the State of Ohio and/or STAROhio. In addition, certificates of deposit may be purchased from commercial banks having a branch office in the City.

City of Rocky River, Ohio
Notes to the Basic Financial Statements
For Year Ended December 31, 2002

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

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

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

Deposits: At year end, the carrying amount of the City's deposits was \$16,453,909 and the bank balance was \$16,578,359. \$825,000 of the bank balance was covered by federal depository insurance. \$15,753,359 was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

Investments: The City's investments are required to be categorized to give an indication of the level of risk assumed by the City at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the City's name. At December 31, 2002, the City has invested in a money market mutual fund with a fair value of \$2,992,275. The Armada Money Market Mutual Fund is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

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

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9	\$19,446,184	\$0
Armada Money Market Mutual Fund	(2,992,275)	2,992,275
GASB Statement No. 3	\$16,453,909	\$2,992,275

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 2002 for real and public utility property taxes represents collections of the 2001 taxes. Property tax payments received during 2002 for tangible personal property (other than public utility property) are for 2002 taxes.

City of Rocky River, Ohio
Notes to the Basic Financial Statements
For Year Ended December 31, 2002

2002 real property taxes are levied after October 1, 2002 on the assessed value as of January 1, 2002, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2002 real property taxes are collected in and intended to finance 2003.

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. 2002 public utility property taxes which became a lien December 31, 2001, are levied after October 1, 2002, and are collected in 2003 with real property taxes.

2002 tangible personal property taxes are levied after October 1, 2001, on the value as of December 31, 2001. Collections are made in 2002. Tangible personal property assessments are 25 percent of true value for capital assets and 24 percent of true value for inventory.

The full tax rate for all City operations for the year ended December 31, 2002, was \$9.90 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2002 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Property	\$577,506,520
Public Utility Real	9,536,030
Tangible Personal	<u>14,906,102</u>
Total	<u><u>\$601,948,652</u></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, State statute permits later payment dates to be established.

Taxable 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 by September 20.

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City of Rocky River. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and tangible personal property taxes and public utility taxes which are measurable as of December 31, 2002 and for which there is an enforceable legal claim. In the general fund, the recreation center, office on aging, refuse and recycling and police and fire levy special revenue funds, and the capital improvement capital projects fund, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2002 operations and the collections 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 revenue while the remainder of the receivable is deferred.

City of Rocky River, Ohio
Notes to the Basic Financial Statements
For Year Ended December 31, 2002

Note 7 - Income Tax

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 .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 2002 were \$173,385.

Note 8 - Receivables

Receivables at December 31, 2002, consisted of taxes, accounts (billings for user charged services), special assessments, interest, and intergovernmental receivables. All receivables are deemed collectible in full.

Special assessments expected to be collected in more than one year amount to \$830,000 in the special assessment bond retirement fund. The amount of delinquent special assessments outstanding is \$11,568 at December 31, 2002.

A summary of the principal items of intergovernmental receivables follows:

	<u>Amount</u>
Gasoline Tax	\$56,104
Auto Registration	67,375
Municipal Cents Per Gallon	111,157
Permissive Tax	21,539
Local Government	491,714
Estate Tax	3,043,867
Homestead and Rollback	349,150
Miscellaneous	<u>2,240</u>
Total	<u><u>\$4,143,146</u></u>

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

Note 9 - Joint Venture - Rocky River Wastewater Treatment Plant

The Rocky River Wastewater Treatment Plant (the "Plant") is a joint venture among the cities of Rocky River, Bay Village, Fairview Park and Westlake. The Plant is governed by a management board consisting of the elected mayors of the four member cities and a fifth person nominated and elected by the mayors. The board has complete authority over all aspects of the Plant's operation. The Plant supplies all participating residents of the member cities with 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 \$6,936,349 which represents 28.41 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 City of Rocky River, 21012 Hilliard Boulevard, Rocky River, Ohio 44116.

City of Rocky River, Ohio
Notes to the Basic Financial Statements
For Year Ended December 31, 2002

Note 10 – Capital Assets

A summary of changes in capital assets during 2002 follows:

	Balance 12/31/01	Additions	Deletions	Balance 12/31/02
Governmental Activities				
<i>Capital Assets Not Being Depreciated</i>				
Land	\$1,202,374	\$174,030	\$0	\$1,376,404
Construction in Progress	217,590	5,157,971	(4,457,960)	917,601
<i>Total Capital Assets Not Being Depreciated</i>	<u>1,419,964</u>	<u>5,332,001</u>	<u>(4,457,960)</u>	<u>2,294,005</u>
<i>Capital Assets Being Depreciated</i>				
Building	19,095,200	4,457,960	(399,345)	23,153,815
Equipment	3,424,813	224,458	(2,648)	3,646,623
Vehicles	5,128,418	595,044	(400,596)	5,322,866
Infrastructure				
Traffic Signals	3,000,000	0	0	3,000,000
Storm Sewers	731,285	0	0	731,285
<i>Total Capital Assets Being Depreciated</i>	<u>31,379,716</u>	<u>5,277,462</u>	<u>(802,589)</u>	<u>35,854,589</u>
Less Accumulated Depreciation				
Building	(5,923,542)	(763,763)	399,345	(6,287,960)
Equipment	(2,733,150)	(148,267)	0	(2,881,417)
Vehicles	(3,564,956)	(539,516)	360,837	(3,743,635)
Infrastructure				
Traffic Signals	(940,000)	(166,666)	0	(1,106,666)
Storm Sewers	(48,752)	(48,752)	0	(97,504)
<i>Total Accumulated Depreciation</i>	<u>(13,210,400)</u>	<u>(1,666,964)</u>	<u>760,182</u>	<u>(14,117,182)</u>
Total Capital Assets Being Depreciated, Net	<u>18,169,316</u>	<u>3,610,498</u>	<u>(42,407)</u>	<u>21,737,407</u>
Governmental Activities Capital Assets, Net	<u>\$19,589,280</u>	<u>\$8,942,499</u>	<u>(\$4,500,367)</u>	<u>\$24,031,412</u>

City of Rocky River, Ohio
Notes to the Basic Financial Statements
For Year Ended December 31, 2002

	Balance 12/31/01	Additions	Deletions	Balance 12/31/02
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
<i>Total Capital Assets Not Being Depreciated</i>	<u>289,516</u>	<u>0</u>	<u>0</u>	<u>289,516</u>
<i>Capital Assets Being Depreciated</i>				
Equipment	2,634	0	0	2,634
Vehicles	652,590	0	0	652,590
Sewer Lines	15,769,145	0	0	15,769,145
<i>Total Capital Assets Being Depreciated</i>	<u>16,424,369</u>	<u>0</u>	<u>0</u>	<u>16,424,369</u>
Less Accumulated Depreciation				
Equipment	(2,107)	(527)	0	(2,634)
Vehicles	(505,151)	(64,442)	0	(569,593)
Sewer Lines	(8,579,878)	(230,143)	0	(8,810,021)
<i>Total Accumulated Depreciation</i>	<u>(9,087,136)</u>	<u>(295,112)</u>	<u>0</u>	<u>(9,382,248)</u>
Total Capital Assets Being Depreciated, Net	<u>7,337,233</u>	<u>(295,112)</u>	<u>0</u>	<u>7,042,121</u>
Total Business Type Activities				
Capital Assets, Net	<u>\$7,626,749</u>	<u>(\$295,112)</u>	<u>\$0</u>	<u>\$7,331,637</u>

*Depreciation expense was charged to governmental functions as follows:

General Government	\$132,034
Security of Persons and Property	340,507
Public Health and Welfare	41,234
Transportation	540,468
Community Environment	18,287
Basic Utility Services	327,815
Leisure Time Activities	266,619
	<u> </u>
Total	<u>\$1,666,964</u>

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 2002, the City procured insurance through the St. Paul Insurance Company for the following types of insurance:

City of Rocky River, Ohio
Notes to the Basic Financial Statements
For Year Ended December 31, 2002

Type of Coverage	Coverage Amount
Property	\$23,104,000
Automobile Liability	1,000,000
General Liability, Per Occurrence	1,000,000
General Liability, In Aggregate	2,000,000
Public Employee Dishonest Bond	50,000
Money and Securities	100,000
Fire/EMT Liability	2,000,000
Public Officials Liability	2,000,000
Umbrella Liability	2,000,000
Inland Marine	1,245,675
Law Enforcement Liability	
Per Occurrence	1,000,000
In Aggregate	2,000,000
Employee Benefit Plan Administration Liability	3,000,000

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.

In May 2002, the City elected to provide employee hospital/medical and prescription insurance benefits on a self-insured basis using an internal service fund. A third party administrator processes and pays the claims. The City purchased stop loss coverage for claims in excess of \$75,000 per individual and \$1,117,024 aggregate per year. For each employee, the City paid monthly into the Self Insurance internal service fund \$211 for single and \$570 for family coverage. These rates are paid by the fund from which the employees' salary is paid. Incurred but not reported claims of \$76,161 have been accrued as a liability at December 31, 2002, based on an estimate by the third party administrator.

The claims liability of \$76,161 reported in the funds at December 31, 2002, was estimated by reviewing current claims and is based on the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claims adjustment expenses. Changes in the fund's claims liability amount in 2002 were:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2002	\$0	\$570,750	\$494,589	\$76,161

The City participates in the Ohio Municipal League Group Rating Plan (OML) for workers' compensation. The intent of the OML is to achieve the benefit of a reduced premium for the participants, foster safer working environments and foster cost-effective claims management skills by virtue of its grouping and representation with other participants in the OML. The workers' compensation experience of the participating cities is calculated as one experience and a common premium rate is applied to all cities in the OML. Each participant pays its workers' compensation premium to the State based on the rate for the OML rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the OML. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the OML.

City of Rocky River, Ohio
Notes to the Basic Financial Statements
For Year Ended December 31, 2002

Participation in the OML is limited to cities that can meet the OML's selection criteria. The firm of Gates McDonald & Company provides administrative, cost control and actuarial services to the OML.

Note 12 - Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

All full-time employees, other than non-administrative full-time police officers and firefighters, participate in the Ohio Public Employees Retirement System (OPERS), a cost-sharing multiple-employer public employee retirement system administered by the Ohio Public Employees Retirement Board. OPERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. The authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report which may be obtained by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. The 2002 employer contribution rate for the City was 8.55 percent of covered payroll, decreased from 9.25 percent in 2001. Contributions are authorized by State statute. The City's required contributions to OPERS for the years ended December 31, 2002, 2001, and 2000 were \$582,756, \$590,792, and \$448,535, respectively. The full amount has been contributed for 2001 and 2000. 72.65 percent has been contributed for 2002, with the remainder being presented as "intergovernmental payable" in the governmental activities column of the statement of net assets.

B. Ohio Police and Fire Pension Fund

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

Police and firefighters are required to contribute 10 percent of their annual covered salary to fund pension obligations and the City is required to contribute 11.75 percent for police and 16.25 percent for firefighters. For 2001, the City contributions were 12 percent for police and 16.75 percent for firefighters. Contributions are authorized by State statute. The City's contributions to the OP&F for police and firefighters were \$240,145 and \$285,695 for the year ended December 31, 2002, \$232,952 and \$275,512 for the year ended December 31, 2001, \$228,251 and \$279,760 for the year ended December 31, 2000. The full amount has been contributed for 2001 and 2000. 71.41 percent and 72.05 percent, respectively, have been contributed for 2002 with the remainder being presented as "intergovernmental payable" in the governmental activities column of the statement of net assets.

In addition to the current contribution, the City pays installments on the accrued liability incurred when the State of Ohio established the statewide pension system for police and firefighters in 1967. As of December 31, 2002, the unfunded liability of the City was \$716,398 payable in semiannual installments through the year 2033. This is an accounting liability of the City which will not vary.

City of Rocky River, Ohio
Notes to the Basic Financial Statements
For Year Ended December 31, 2002

Note 13 – Postemployment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System of Ohio (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. 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 OPERS is set aside for the funding of postretirement health care based on authority granted by State statute. The 2002 employer contribution rate was 13.55 percent of covered payroll; 5 percent was the portion that was used to fund health care for 2002. For 2001, the contribution rate was 13.55 percent of covered payroll; 4.30 percent was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2001, include a rate of return on investments of 8 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .5 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase 4 percent annually.

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.

The number of active contributing participants was 402,041. The City's actual contributions for 2002 which were used to fund postemployment benefits were \$340,793. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2001, (the latest information available) were \$11.6 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$16.4 billion and \$4.8 billion, respectively.

B. Ohio Police and Fire Pension Fund

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

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the Ohio Police and Fire 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 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 2002. For 2001 the percent used to fund healthcare was 7.50 percent. 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.

City of Rocky River, Ohio
Notes to the Basic Financial Statements
For Year Ended December 31, 2002

The City's actual contributions for 2002 that were used to fund postemployment benefits were \$158,393 for police and \$136,255 for fire. The OP&F's total health care expenses for the year ended December 31, 2001, (the latest information available) were \$122,298,771, which was net of member contributions of \$6,874,699. The number of OP&F participants eligible to receive health care benefits as of December 31, 2001, was 13,174 for police and 10,239 for firefighters.

Note 14 – Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements, State laws 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 5.73 hours for every one hundred hours worked. Sick leave accumulation is limited to 960 hours, except for the fire division where a maximum of 1,249 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 - Capital Leases

In prior years, the City entered into leases for the acquisition of equipment for the City's police department payable from the general fund. The leases meet the criteria of a capital lease as defined by Financial Accounting Standards No. 13 "Accounting for Leases" and have been recorded on the government-wide statements. The agreement provides for a minimum annual payment of \$1,163, \$1,117 representing principal and \$46 representing interest. The equipment has been capitalized in the amount of \$14,463, the present value of the minimum lease payments at the inception of the lease. The book value as of December 31, 2002 was \$2,066.

City of Rocky River, Ohio
Notes to the Basic Financial Statements
For Year Ended December 31, 2002

Note 16 - Note Obligations

The City's note activity, including amounts outstanding, interest rates and the fund in which the note liability is reported is as follows:

	Outstanding 12/31/01	Additions	Reductions	Outstanding 12/31/02
Capital Improvement Fund				
2001 3.06% Various Capital Improvements	\$1,500,000	\$0	\$1,500,000	\$0
Municipal Court Capital Improvement Fund				
2001 2.22% Municipal Court Capital Improvements	3,700,000	0	3,700,000	0
Total Notes	<u>\$5,200,000</u>	<u>\$0</u>	<u>\$5,200,000</u>	<u>\$0</u>

All of the notes were backed by the full faith and credit of the City of Rocky River. The various capital improvements notes matured on January 26, 2002 and the municipal court capital improvements notes matured on November 1, 2002.

Note 17 - 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:

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

City of Rocky River, Ohio
Notes to the Basic Financial Statements
For Year Ended December 31, 2002

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

	Outstanding 12/31/2001	Additions	Reductions	Outstanding 12/31/2002	Amount Due in One Year
Governmental Activities					
General Obligation Bonds					
Municipal Court Facility	\$0	\$3,700,000	\$0	\$3,700,000	\$85,000
General Purpose	3,835,000	0	320,000	3,515,000	320,000
Total General Obligation Bonds	3,835,000	3,700,000	320,000	7,215,000	405,000
Special Assessment Bonds					
Erosion Control (B)	350,000	0	10,000	340,000	10,000
Erosion Control	545,000	0	20,000	525,000	25,000
Total Special Assessment Bonds	895,000	0	30,000	865,000	35,000
Compensated Absences Payable	2,810,882	263,550	99,405	2,975,027	363,284
Police and Fire Pension Liability	736,455	0	20,057	716,398	20,920
Capital Lease Payable	3,130	0	2,013	1,117	1,117
<i>Total Governmental Activities</i>	<u>\$8,280,467</u>	<u>\$3,963,550</u>	<u>\$471,475</u>	<u>\$11,772,542</u>	<u>\$825,321</u>
Business Type Activities					
OWDA Loan	\$335,701	\$0	\$7,462	\$328,239	\$12,005
Compensated Absences Payable	71,035	3,290	0	74,325	448
Total Business Type Activities	<u>\$406,736</u>	<u>\$3,290</u>	<u>\$7,462</u>	<u>\$402,564</u>	<u>\$12,453</u>

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

The City's overall legal debt margin was \$56,104,023 at December 31, 2002. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2002, are as follows:

City of Rocky River, Ohio
Notes to the Basic Financial Statements
For Year Ended December 31, 2002

	General Obligation Bonds		Special Assessment Bonds		Police and Fire Pension		Total Governmental Activities	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2003	\$405,000	\$364,349	\$35,000	\$43,888	\$20,920	\$30,227	\$460,920	\$438,464
2004	425,000	331,093	40,000	42,200	21,817	29,329	486,817	402,622
2005	425,000	310,543	40,000	40,262	22,755	28,391	487,755	379,196
2006	430,000	289,993	40,000	38,313	23,732	27,414	493,732	355,720
2007	435,000	269,173	40,000	36,363	24,751	26,395	499,751	331,931
2008-2012	1,925,000	1,055,918	200,000	152,188	140,646	115,084	2,265,646	1,323,190
2013-2017	1,240,000	603,915	200,000	102,137	173,560	82,170	1,613,560	788,222
2018-2022	855,000	380,714	200,000	50,237	122,717	45,975	1,177,717	476,926
2023-2027	1,075,000	157,938	70,000	6,225	72,161	28,534	1,217,161	192,697
2028-2033	0	0	0	0	93,339	11,738	93,339	11,738
Total	\$7,215,000	\$3,763,636	\$865,000	\$511,813	\$716,398	\$425,257	\$8,796,398	\$4,700,706

Business Type Activity		
OWDA Loan		
	Principal	Interest
2003	\$12,005	\$15,093
2004	12,568	14,530
2005	13,159	13,939
2006	13,776	13,322
2007	14,423	12,675
2008-2012	82,925	52,560
2013-2017	104,304	31,186
2018-2022	75,079	6,213
Total	\$328,239	\$159,518

Note 18 – Conduit Debt

The City has issued industrial revenue bonds to provide financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2002, the outstanding industrial revenue bonds principal amount payable was \$7,000,000 with an original issue amount of \$8,000,000.

Note 19 - Litigation

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

City of Rocky River, Ohio
Notes to the Basic Financial Statements
For Year Ended December 31, 2002

Note 20 – Interfund Transfers

The general fund transfers to the major and nonmajor governmental funds and the sewer fund were made to provide additional resources for current operations and for the payment of debt. The transfer from the permanent improvement capital projects fund to the capital improvement and equipment replacement capital projects funds were to finance capital improvements and equipment purchases in the City. The transfers from the office on aging, refuse and recycling, motor vehicle license tax and street repair and maintenance special revenue funds and the sewer enterprise fund to the general obligation bond retirement fund were to cover various debt obligations of the City. The transfer from the fire levy and police levy special revenue funds to the general fund were to pay for the current portion of the Ohio Police and Fire Pension. The transfer from the sewer enterprise fund to the general fund was to pay for expenses originally covered by the general fund.

Transfers made during the year ended December 31, 2002 were as follows:

Transfer To	Transfer from					
	Governmental Activities					
	General	Permanent Improvement	Office on Aging	Refuse and Recycling	Motor Vehicle License Tax	Street Repair and Maintenance
Governmental Activities						
General	\$0	\$0	\$0	\$0	\$0	\$0
Recreation	811,500	0	0	0	0	0
Capital Improvements	0	2,454,500	0	0	0	0
Office on Aging	487,000	0	0	0	0	0
Marine Patrol	25,000	0	0	0	0	0
Refuse and Recycling	865,000	0	0	0	0	0
Motor Vehicle License Tax	295,700	0	0	0	0	0
Street Repair and Maintenance	1,006,000	0	0	0	0	0
General Obligation Bond Retirement	62,848	0	150,000	94,272	31,424	94,273
Special Assessment Bond Retirement	11,912	0	0	0	0	0
Equipment Replacement	0	270,500	0	0	0	0
Total Governmental Activities	3,564,960	2,725,000	150,000	94,272	31,424	94,273
Business Type Activities						
Sewer	2,250,000	0	0	0	0	0
Total	\$5,814,960	\$2,725,000	\$150,000	\$94,272	\$31,424	\$94,273

(continued)

City of Rocky River, Ohio
Notes to the Basic Financial Statements
For Year Ended December 31, 2002

Transfer To	Fire Levy	Police Levy	Total Governmental Activities	Business Type Activity Sewer	Total
<i>Governmental Activities</i>					
General	\$155,000	\$140,000	\$295,000	\$5,357	\$300,357
Recreation	0	0	811,500	0	811,500
Capital Improvements	0	0	2,454,500	0	2,454,500
Office on Aging	0	0	487,000	0	487,000
Marine Patrol	0	0	25,000	0	25,000
Refuse and Recycling	0	0	865,000	0	865,000
Motor Vehicle License Tax	0	0	295,700	0	295,700
Street Repair and Maintenance	0	0	1,006,000	0	1,006,000
General Obligation Bond Retirement	0	0	432,817	94,273	527,090
Special Assessment Bond Retirement	0	0	11,912	0	11,912
Equipment Replacement	0	0	270,500	0	270,500
<i>Total Governmental Activities</i>	155,000	140,000	6,954,929	99,630	7,054,559
<i>Business Type Activities</i>					
Sewer	0	0	2,250,000	0	2,250,000
<i>Total</i>	<u>\$155,000</u>	<u>\$140,000</u>	<u>\$9,204,929</u>	<u>\$99,630</u>	<u>\$9,304,559</u>

Note 21 - Jointly Governed Organizations

A. West Shore Council of Governments

The West Shore Council of Governments helps foster cooperation between municipalities in areas affecting health, safety, welfare, education, economic conditions and regional development. The board is comprised of one member from each of the six participating entities. The board exercises total control over the operation of the Council including budgeting, appropriating, contracting and designating management. Budgets are adopted by the board. Each City's degree of control is limited to its representation on the board. In 2002, the City contributed \$36,099 which represented 12.41 percent of total contributions.

The Council has established two subsidiary organizations, the West Shore Hazardous Materials Committee ("HAZ MAT") which provides hazardous material protection and assistance, and the West Shore Enforcement Bureau which provides extra assistance to cities in the form of a Swat Team.

B. Tri-City Park

The Tri-City Park provides a recreational park to the cities of Rocky River, Westlake and Fairview Park. The park is governed by a board consisting of the elected mayors of the three cities. The board exercises total control over the operation of the park including budgeting, appropriating, contracting and designating management. Budgets are adopted by the board. Each city's degree of control is limited to its representation on the board. In 2002, the City contributed \$1,000 which represented 33.3 percent of total contributions.

City of Rocky River, Ohio
Notes to the Basic Financial Statements
For Year Ended December 31, 2002

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

The S.A.F.E. Council of Governments was formed between municipalities to oppose changes to Cleveland Hopkins International Airport air traffic pattern. The Cities of Rocky River, Bay Village, Fairview Park and Westlake govern by a board consisting of the elected mayors. The board exercises total control over the operation of the Council including budgeting, appropriating, contracting and designating management. Budgets are adopted by the board. Each City's degree of control is limited to its representation on the board. The City did not contribute to S.A.F.E. in 2002.

D. West Shore Area Rescue Association

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

Budgets are adopted by the Board. Each City's degree of control is limited to its representation on the Board. In 2002, the City contributed \$300 which represented 8.3 percent of total contributions.

Note 22 - Contractual Commitments

At December 31, 2002, the City's significant contractual commitments consisted of:

Project	Contract Amount	Amount Paid	Remaining on Contract
Wagar Road	\$1,053,620	\$941,511	\$112,109
Resurfacing	1,197,658	1,036,487	161,171
Underground Storage Tanks	10,150	9,560	590
Televising Sewer	81,854	39,483	42,371
Professional Services	123,332	66,460	56,872
Fire Station Roof	26,401	25,228	1,173
Emergency Sewers Repairs	50,000	3,500	46,500
Elmwood Park Wetlands	9,880	8,362	1,518
Railroad Crossings	70,000	58,159	11,841
Sidewalk Paving	46,770	33,370	13,400
Gym and Memorial Hall	62,100	60,974	1,126
Court Facility	4,648,086	3,657,731	990,355
Waterproofing City Hall	18,332	10,721	7,611
Soil Removal	250,000	152,505	97,495
<i>Total</i>	<u>\$7,648,183</u>	<u>\$6,104,051</u>	<u>\$1,544,132</u>

Combining Statements and Individual Fund Schedules

Combining Statements – Nonmajor Funds

Nonmajor 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.

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

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

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

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

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.

(continued)

Combining Statements – Nonmajor Funds (continued)

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.

Nonmajor 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.

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

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.

Nonmajor 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.

City of Rocky River, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2002

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,910,987	\$126,242	\$191,880	\$2,229,109
Cash and Cash Equivalents In Segregated Accounts		5,000	0	5,000
Accounts Receivable	7,741	0	0	7,741
Intergovernmental Receivable	332,476	0	0	332,476
Materials and Supplies Inventory	80,147	0	0	80,147
Property Taxes Receivable	1,177,977	0	0	1,177,977
Special Assessments Receivable	0	876,568	0	876,568
<i>Total Assets</i>	<u>\$3,509,328</u>	<u>\$1,007,810</u>	<u>\$191,880</u>	<u>\$4,709,018</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$87,248	\$0	\$0	\$87,248
Accrued Wages and Benefits	51,991	0	0	51,991
Intergovernmental Payable	58,030	0	0	58,030
Deferred Revenue	1,440,132	876,568	0	2,316,700
Matured Bonds Payable	0	5,000	0	5,000
<i>Total Liabilities</i>	<u>1,637,401</u>	<u>881,568</u>	<u>0</u>	<u>2,518,969</u>
Fund Balances				
Reserved for Encumbrances	92,881	0	61,472	154,353
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	1,779,046	0	0	1,779,046
Debt Service Funds	0	126,242	0	126,242
Capital Projects Funds	0	0	130,408	130,408
<i>Total Fund Balances</i>	<u>1,871,927</u>	<u>126,242</u>	<u>191,880</u>	<u>2,190,049</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$3,509,328</u>	<u>\$1,007,810</u>	<u>\$191,880</u>	<u>\$4,709,018</u>

City of Rocky River, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2002

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues				
Property Taxes	\$1,120,019	\$0	\$0	\$1,120,019
Charges for Services	445,958	0	0	445,958
Fines, Fees and Permits	110,257	0	0	110,257
Intergovernmental	726,654	0	26,640	753,294
Special Assessments	0	30,000	0	30,000
Interest	0	32,574	0	32,574
Rentals	0	0	0	0
Other	3,626	0	0	3,626
<i>Total Revenues</i>	<u>2,406,514</u>	<u>62,574</u>	<u>26,640</u>	<u>2,495,728</u>
Expenditures				
Current:				
Security of Persons and Property	112,798	0	0	112,798
Public Health Services	953,900	0	0	953,900
Transportation	1,568,594	0	0	1,568,594
Basic Utility Services	1,365,575	0	0	1,365,575
Capital Outlay	0	0	507,014	507,014
Debt Service:				
Principal Retirement	20,057	350,000	0	370,057
Interest and Fiscal Charges	31,089	253,034	0	284,123
<i>Total Expenditures</i>	<u>4,052,013</u>	<u>603,034</u>	<u>507,014</u>	<u>5,162,061</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(1,645,499)</u>	<u>(540,460)</u>	<u>(480,374)</u>	<u>(2,666,333)</u>
Other Financing Sources (Uses)				
Transfers In	2,678,700	539,002	270,500	3,488,202
Transfers Out	(664,969)	0	0	(664,969)
<i>Total Other Financing Sources (Uses)</i>	<u>2,013,731</u>	<u>539,002</u>	<u>270,500</u>	<u>2,823,233</u>
<i>Net Change in Fund Balances</i>	368,232	(1,458)	(209,874)	156,900
<i>Fund Balances Beginning of Year</i>	<u>1,503,695</u>	<u>127,700</u>	<u>401,754</u>	<u>2,033,149</u>
<i>Fund Balances End of Year</i>	<u><u>\$1,871,927</u></u>	<u><u>\$126,242</u></u>	<u><u>\$191,880</u></u>	<u><u>\$2,190,049</u></u>

City of Rocky River, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2002

	Law Enforcement Trust	Community Diversion Program	Indigent Driver Alcohol Treatment	Enforcement and Education
Assets				
Equity in Pooled Cash and				
Cash Equivalents	\$10,929	\$3,067	\$82,078	\$16,771
Accounts Receivable	200	0	1,426	293
Intergovernmental Receivable	2,240	0	0	0
Materials and Supplies Inventory	0	0	0	0
Property Taxes Receivable	0	0	0	0
<i>Total Assets</i>	<u>\$13,369</u>	<u>\$3,067</u>	<u>\$83,504</u>	<u>\$17,064</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$0	\$0	\$5,378	\$0
Accrued Wages and Benefits	0	0	0	0
Intergovernmental Payable	0	44	0	0
Deferred Revenue	2,240	0	0	0
<i>Total Liabilities</i>	<u>2,240</u>	<u>44</u>	<u>5,378</u>	<u>0</u>
Fund Balances				
Reserved for Encumbrances	0	0	0	0
Unreserved, Undesignated	11,129	3,023	78,126	17,064
<i>Total Fund Balances</i>	<u>11,129</u>	<u>3,023</u>	<u>78,126</u>	<u>17,064</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$13,369</u>	<u>\$3,067</u>	<u>\$83,504</u>	<u>\$17,064</u>

Municipal Probation Services	Young Adult Alcohol Diversion	Office on Aging	Marine Patrol	Community Impacts	Refuse and Recycling	Motor Vehicle License Tax
\$297,860	\$13,480	\$561,719	\$15,749	\$3,312	\$298,569	\$61,776
4,477	1,345	0	0	0	0	0
0		17,634	0	0	35,267	21,539
0	0	34,941	0	0	0	0
0	0	280,470	0	0	560,941	0
<u>\$302,337</u>	<u>\$14,825</u>	<u>\$894,764</u>	<u>\$15,749</u>	<u>\$3,312</u>	<u>\$894,777</u>	<u>\$83,315</u>
\$938	\$0	\$17,877	\$0	\$0	\$37,306	\$1,545
0	0	4,887	0	0	17,798	3,031
0	0	8,887	6,200	0	14,263	3,422
0	0	298,104	0	0	596,208	15,064
<u>938</u>	<u>0</u>	<u>329,755</u>	<u>6,200</u>	<u>0</u>	<u>665,575</u>	<u>23,062</u>
32,189	0	5,635	874	0	42,810	727
<u>269,210</u>	<u>14,825</u>	<u>559,374</u>	<u>8,675</u>	<u>3,312</u>	<u>186,392</u>	<u>59,526</u>
<u>301,399</u>	<u>14,825</u>	<u>565,009</u>	<u>9,549</u>	<u>3,312</u>	<u>229,202</u>	<u>60,253</u>
<u>\$302,337</u>	<u>\$14,825</u>	<u>\$894,764</u>	<u>\$15,749</u>	<u>\$3,312</u>	<u>\$894,777</u>	<u>\$83,315</u>

(continued)

City of Rocky River, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2002

	Street Repair and Maintenance	State Highway	Fire Levy	Police Levy	Total Nonmajor Special Revenue Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$437,584	\$54,651	\$27,976	\$25,466	\$1,910,987
Accounts Receivable	0	0	0	0	7,741
Intergovernmental Receivable	217,066	17,570	10,580	10,580	332,476
Materials and Supplies Inventory	45,206	0	0	0	80,147
Property Taxes Receivable	0	0	168,283	168,283	1,177,977
<i>Total Assets</i>	<u>\$699,856</u>	<u>\$72,221</u>	<u>\$206,839</u>	<u>\$204,329</u>	<u>\$3,509,328</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	\$24,204	\$0	\$0	\$0	\$87,248
Accrued Wages and Benefits	26,275	0	0	0	51,991
Intergovernmental Payable	17,192	0	3,397	4,625	58,030
Deferred Revenue	158,008	12,782	178,863	178,863	1,440,132
<i>Total Liabilities</i>	<u>225,679</u>	<u>12,782</u>	<u>182,260</u>	<u>183,488</u>	<u>1,637,401</u>
Fund Balances					
Reserved for Encumbrances	10,646	0	0	0	92,881
Unreserved, Undesignated	463,531	59,439	24,579	20,841	1,779,046
<i>Total Fund Balances</i>	<u>474,177</u>	<u>59,439</u>	<u>24,579</u>	<u>20,841</u>	<u>1,871,927</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$699,856</u>	<u>\$72,221</u>	<u>\$206,839</u>	<u>\$204,329</u>	<u>\$3,509,328</u>

City of Rocky River, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2002

	Law Enforcement Trust	Community Diversion Program	Indigent Driver Alcohol Treatment	Enforcement and Education	Municipal Probation Services
Revenues					
Property Taxes	\$0	\$0	\$0	\$0	\$0
Charges for Services	0	0	0	0	0
Fines, Fees and Permits	784	3,600	43,295	4,193	49,255
Intergovernmental	10,205	0	0	0	0
Rentals	0	0	0	0	0
Other	0	0	0	0	0
<i>Total Revenues</i>	<u>10,989</u>	<u>3,600</u>	<u>43,295</u>	<u>4,193</u>	<u>49,255</u>
Expenditures					
Current:					
Security of Persons and Property	259	3,076	31,711	4,380	3,859
Public Health Services	0	0	0	0	0
Transportation	0	0	0	0	0
Basic Utility Services	0	0	0	0	0
Debt Service:					
Principal Retirement	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0
<i>Total Expenditures</i>	<u>259</u>	<u>3,076</u>	<u>31,711</u>	<u>4,380</u>	<u>3,859</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>10,730</u>	<u>524</u>	<u>11,584</u>	<u>(187)</u>	<u>45,396</u>
Other Financing Sources (Uses)					
Transfers In	0	0	0	0	0
Transfers Out	0	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	10,730	524	11,584	(187)	45,396
<i>Fund Balances Beginning of Year</i>	<u>399</u>	<u>2,499</u>	<u>66,542</u>	<u>17,251</u>	<u>256,003</u>
<i>Fund Balances End of Year</i>	<u>\$11,129</u>	<u>\$3,023</u>	<u>\$78,126</u>	<u>\$17,064</u>	<u>\$301,399</u>

(continued)

City of Rocky River, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds (Continued)
For the Year Ended December 31, 2002

	Young Adult Alcohol Diversions	Office of Aging	Marine Patrol	Community Impacts	Refuse and Recycling
Revenues					
Property Taxes	\$0	\$266,671	\$0	\$0	\$533,342
Charges for Services	0	416,767	0	0	29,191
Fines, Fees and Permits	9,130	0	0	0	0
Intergovernmental	0	35,267	30,840	0	70,535
Rentals	0	0	0	0	0
Other	0	2,062	0	0	1,564
<i>Total Revenues</i>	<u>9,130</u>	<u>720,767</u>	<u>30,840</u>	<u>0</u>	<u>634,632</u>
Expenditures					
Current:					
Security of Persons and Property	900	0	58,565	0	0
Public Health Services	0	953,900	0	0	0
Transportation	0	0	0	0	0
Basic Utility Services	0	0	0	0	1,365,575
Debt Service:					
Principal Retirement	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0
<i>Total Expenditures</i>	<u>900</u>	<u>953,900</u>	<u>58,565</u>	<u>0</u>	<u>1,365,575</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>8,230</u>	<u>(233,133)</u>	<u>(27,725)</u>	<u>0</u>	<u>(730,943)</u>
Other Financing Sources (Uses)					
Transfers In	0	487,000	25,000	0	865,000
Transfers Out	0	(150,000)	0	0	(94,272)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>337,000</u>	<u>25,000</u>	<u>0</u>	<u>770,728</u>
<i>Net Change in Fund Balances</i>	8,230	103,867	(2,725)	0	39,785
<i>Fund Balances Beginning of Year</i>	<u>6,595</u>	<u>461,142</u>	<u>12,274</u>	<u>3,312</u>	<u>189,417</u>
<i>Fund Balances End of Year</i>	<u>\$14,825</u>	<u>\$565,009</u>	<u>\$9,549</u>	<u>\$3,312</u>	<u>\$229,202</u>

Motor Vehicle License Tax	Street Repair and Maintenance	State Highway	Fire Levy	Police Levy	Total Nonmajor Special Revenue Funds
\$0	\$0	\$0	\$160,003	\$160,003	\$1,120,019
0	0	0	0	0	445,958
0	0	0	0	0	110,257
45,482	455,835	36,170	21,160	21,160	726,654
0	0	0	0	0	0
0	0	0	0	0	3,626
45,482	455,835	36,170	181,163	181,163	2,406,514
0	0	0	3,397	6,651	112,798
0	0	0	0	0	953,900
309,751	1,258,843	0	0	0	1,568,594
0	0	0	0	0	1,365,575
0	0	0	5,476	14,581	20,057
0	0	0	14,663	16,426	31,089
309,751	1,258,843	0	23,536	37,658	4,052,013
(264,269)	(803,008)	36,170	157,627	143,505	(1,645,499)
295,700	1,006,000	0	0	0	2,678,700
(31,424)	(94,273)	0	(155,000)	(140,000)	(664,969)
264,276	911,727	0	(155,000)	(140,000)	2,013,731
7	108,719	36,170	2,627	3,505	368,232
60,246	365,458	23,269	21,952	17,336	1,503,695
\$60,253	\$474,177	\$59,439	\$24,579	\$20,841	\$1,871,927

City of Rocky River, Ohio
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2002

	General Obligation Bond Retirement	Special Assessment Bond Retirement	Total Nonmajor Debt Service Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$114,415	\$11,827	\$126,242
Cash and Cash Equivalents In Segregated Accounts	5,000	0	5,000
Special Assessments Receivable	0	876,568	876,568
<i>Total Assets</i>	<u>\$119,415</u>	<u>\$888,395</u>	<u>\$1,007,810</u>
Liabilities and Fund Balances			
Liabilities			
Deferred Revenue	\$0	\$876,568	\$876,568
Matured Bonds Payable	5,000	0	5,000
<i>Total Liabilities</i>	5,000	876,568	881,568
Fund Balances			
Unreserved, Undesignated	114,415	11,827	126,242
<i>Total Liabilities and Fund Balances</i>	<u>\$119,415</u>	<u>\$888,395</u>	<u>\$1,007,810</u>

City of Rocky River, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended December 31, 2002

	General Obligation Bond Retirement	Special Assessment Bond Retirement	Total Nonmajor Debt Service Funds
Revenues			
Special Assessments	\$0	\$30,000	\$30,000
Interest	0	32,574	32,574
<i>Total Revenues</i>	<u>0</u>	<u>62,574</u>	<u>62,574</u>
Expenditures			
Debt Service:			
Principal Retirement	320,000	30,000	350,000
Interest and Fiscal Charges	207,090	45,944	253,034
<i>Total Expenditures</i>	<u>527,090</u>	<u>75,944</u>	<u>603,034</u>
<i>Excess of Revenues Under Expenditures</i>	(527,090)	(13,370)	(540,460)
Other Financing Sources			
Transfers In	527,090	11,912	539,002
<i>Net Change in Fund Balances</i>	0	(1,458)	(1,458)
<i>Fund Balances Beginning of Year</i>	<u>114,415</u>	<u>13,285</u>	<u>127,700</u>
<i>Fund Balances End of Year</i>	<u><u>\$114,415</u></u>	<u><u>\$11,827</u></u>	<u><u>\$126,242</u></u>

Combining Statements – Agency Funds

Fiduciary Funds

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

Investment Trust Fund

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

Agency Funds

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

Donations and Bequests Fund - To account for monies given to the City for the special group projects.

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

Municipal Court Fund – To account for monies collected by the City's municipal court to be disbursed to various parties other than the City.

City of Rocky River, Ohio
Statement of Assets and Liabilities
Agency Funds
December 31, 2002

	Deposits, Fees and Miscellaneous Clearance	Donations and Bequests	S.A.F.E.	Total
Assets				
Equity in Pooled Cash and Cash Equivalents	\$37,289	\$175,340	\$28,918	\$241,547
Liabilities				
Undistributed Monies	\$0	\$175,340	\$28,918	\$204,258
Deposits Held and Due to Others	37,289	0	0	37,289
<i>Total Liabilities</i>	\$37,289	\$175,340	\$28,918	\$241,547

City of Rocky River, Ohio
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
For the Year Ended December 31, 2002

	Balance 1/1/02	Additions	Reductions	Balance 12/31/02
<i>Deposits, Fees and Miscellaneous Clearance</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$76,825	\$23,256	\$62,792	\$37,289
Liabilities				
Deposits Held and Due to Others	\$76,825	\$23,256	\$62,792	\$37,289
 <i>Donations and Bequests</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$127,313	\$79,808	\$31,781	\$175,340
Liabilities				
Undistributed Monies	\$127,313	\$79,808	\$31,781	\$175,340
 <i>S.A.F.E.</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$28,609	\$539	\$230	\$28,918
Liabilities				
Undistributed Monies	\$28,609	\$539	\$230	\$28,918
 <i>Municipal Court</i>				
Assets				
Cash and Cash Equivalents in Segregated Accounts	\$398,033	\$5,294,638	\$5,692,671	\$0
Liabilities				
Undistributed Monies	\$398,033	\$5,294,638	\$5,692,671	\$0

(continued)

City of Rocky River, Ohio
Combining Statement of Changes in Assets and Liabilities
All Agency Funds (continued)
For the Year Ended December 31, 2002

	Balance 1/1/02	Additions	Reductions	Balance 12/31/02
All Agency Funds				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$232,747	\$103,603	\$94,803	\$241,547
Cash and Cash Equivalents in Segregated Accounts	398,033	5,294,638	5,692,671	0
<i>Total Assets</i>	<u>\$630,780</u>	<u>\$5,398,241</u>	<u>\$5,787,474</u>	<u>\$241,547</u>
Liabilities				
Undistributed Monies	\$553,955	\$5,374,985	\$5,724,682	\$204,258
Deposits Held and Due to Others	76,825	23,256	62,792	37,289
<i>Total Liabilities</i>	<u>\$630,780</u>	<u>\$5,398,241</u>	<u>\$5,787,474</u>	<u>\$241,547</u>

**Individual Fund Schedule of Revenues,
Expenditures/Expenses and Changes in Fund Balance/Fund
Equity – Budget (Non-GAAP Basis) and Actual**

City of Rocky River, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2002

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property and Other Taxes	\$3,354,110	\$3,354,110	\$3,360,060	\$5,950
Municipal Income Taxes	7,500,000	7,500,000	7,658,729	158,729
Charges for Services	41,400	41,400	55,488	14,088
Fines, Fees and Permits	2,473,280	2,362,280	2,346,163	(16,117)
Intergovernmental	1,333,977	1,297,546	1,293,796	(3,750)
Interest	300,000	300,000	273,072	(26,928)
Other Local Taxes	88,500	88,500	92,335	3,835
Rentals	46,000	58,000	65,492	7,492
Other	64,500	110,500	155,462	44,962
<i>Total Revenues</i>	<u>15,201,767</u>	<u>15,112,336</u>	<u>15,300,597</u>	<u>188,261</u>
Expenditures				
Current:				
General Government:				
Council:				
Personal Services	86,015	85,556	83,591	1,965
Other	9,210	16,154	13,200	2,954
Total Council	<u>95,225</u>	<u>101,710</u>	<u>96,791</u>	<u>4,919</u>
Mayor:				
Personal Services	143,145	142,365	141,749	616
Capital Outlay	1,100	950	0	950
Other	5,850	6,000	2,505	3,495
Total Mayor	<u>150,095</u>	<u>149,315</u>	<u>144,254</u>	<u>5,061</u>
Finance Department:				
Personal Services	193,846	192,793	191,429	1,364
Capital Outlay	1,700	16,434	16,434	0
Other	65,300	95,659	93,752	1,907
Total Finance Department	<u>260,846</u>	<u>304,886</u>	<u>301,615</u>	<u>3,271</u>
Law Director:				
Personal Services	89,351	88,864	88,590	274
Other	156,025	156,025	80,356	75,669
Total Law Director	<u>245,376</u>	<u>244,889</u>	<u>168,946</u>	<u>75,943</u>
Other Executive Administration:				
Personal Services	72,905	72,698	70,869	1,829
Capital Outlay	3,665	10	0	10
Other	0	3,681	3,061	620
Total Other Executive Administration	<u>\$76,570</u>	<u>\$76,389</u>	<u>\$73,930</u>	<u>\$2,459</u>

(continued)

City of Rocky River, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2002

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Boards and Commissions:				
Personal Services	\$30,114	\$33,573	\$30,411	\$3,162
Other	37,442	37,916	30,238	7,678
Total Boards and Commissions	67,556	71,489	60,649	10,840
Building Maintenance:				
Personal Services	284,620	288,023	259,467	28,556
Capital Outlay	13,000	19,109	17,428	1,681
Other	249,900	263,321	224,510	38,811
Total Building Maintenance	547,520	570,453	501,405	69,048
Municipal Courts:				
Personal Services	1,440,439	1,434,702	1,401,594	33,108
Other	256,625	263,213	249,680	13,533
Total Municipal Courts	1,697,064	1,697,915	1,651,274	46,641
Miscellaneous:				
Other	775,177	569,910	498,387	71,523
Total General Government	3,915,429	3,786,956	3,497,251	289,705
Security of Persons and Property:				
Police Department:				
Personal Services	3,326,613	3,298,071	3,226,753	71,318
Capital Outlay	20,610	16,535	11,983	4,552
Other	323,950	412,331	324,026	88,305
Total Police Department	3,671,173	3,726,937	3,562,762	164,175
Fire Department:				
Personal Services	2,772,899	2,758,043	2,701,810	56,233
Capital Outlay	16,700	58,429	54,022	4,407
Other	160,500	191,254	145,001	46,253
Total Fire Department	2,950,099	3,007,726	2,900,833	106,893
Police on Patrol Arresting Speeders:				
Personal Services	73,796	73,487	56,241	17,246
Capital Outlay	30,000	47,301	26,303	20,998
Other	0	3,200	2,196	1,004
Total Police on Patrol Arresting Speeders	\$103,796	\$123,988	\$84,740	\$39,248

(continued)

City of Rocky River, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2002

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Street Lighting:				
Other	\$320,000	\$260,000	\$252,498	\$7,502
Administrative Support:				
Personal Services	72,905	72,698	70,869	1,829
Capital Outlay	0	10	0	10
Other	3,665	3,680	3,061	619
Total Administrative Support	76,570	76,388	73,930	2,458
Total Security of Persons and Property	7,121,638	7,195,039	6,874,763	320,276
Public Health Services:				
County Health Board:				
Other	61,168	61,168	61,168	0
Transportation:				
Equipment Repair and Garage:				
Personal Services	448,807	450,890	443,748	7,142
Capital Outlay	14,150	6,079	809	5,270
Other	111,500	119,741	103,302	16,439
Total Transportation	574,457	576,710	547,859	28,851
Community Environment:				
Community Development:				
Personal Services	554,132	525,122	498,464	26,658
Capital Outlay	12,500	5,395	0	5,395
Other	93,300	101,233	79,187	22,046
Total Community Development	659,932	631,750	577,651	54,099
Economic Development:				
Personal Services	103,013	79,238	67,297	11,941
Capital Outlay	200	1,100	839	261
Other	600	4,400	3,071	1,329
Total Economic Development	103,813	84,738	71,207	13,531
Total Community Environment	\$763,745	\$716,488	\$648,858	\$67,630

(continued)

City of Rocky River, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2002

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Leisure Time Activities:				
Parks Department:				
Personal Services	\$275,348	\$273,957	\$253,135	\$20,822
Capital Outlay	20,320	19,850	8,581	11,269
Other	87,900	89,887	69,368	20,519
Total Parks Department	<u>383,568</u>	<u>383,694</u>	<u>331,084</u>	<u>52,610</u>
<i>Total Expenditures</i>	<u>12,820,005</u>	<u>12,720,055</u>	<u>11,960,983</u>	<u>759,072</u>
<i>Excess of Revenues Over Expenditures</i>	<u>2,381,762</u>	<u>2,392,281</u>	<u>3,339,614</u>	<u>947,333</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	0	0	17,571	17,571
Advances In	1,500,000	1,500,000	1,500,000	0
Transfers In	300,000	300,000	300,357	357
Transfers Out	(5,070,293)	(5,820,293)	(5,814,960)	5,333
<i>Total Other Financing Sources (Uses)</i>	<u>(3,270,293)</u>	<u>(4,020,293)</u>	<u>(3,997,032)</u>	<u>23,261</u>
<i>Net Change in Fund Balance</i>	(888,531)	(1,628,012)	(657,418)	970,594
<i>Fund Balance Beginning of Year</i>	3,530,457	3,530,457	3,530,457	0
Prior Year Encumbrances Appropriated	<u>185,815</u>	<u>185,815</u>	<u>185,815</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$2,827,741</u>	<u>\$2,088,260</u>	<u>\$3,058,854</u>	<u>\$970,594</u>

City of Rocky River, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Recreation Center Fund
For the Year Ended December 31, 2002

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Property Taxes	\$266,198	\$266,198	\$266,671	\$473
Charges for Services	1,201,450	1,136,450	1,148,078	11,628
Intergovernmental	35,268	35,268	35,268	0
Rentals	20,000	20,000	21,480	1,480
<i>Total Revenues</i>	<u>1,522,916</u>	<u>1,457,916</u>	<u>1,471,497</u>	<u>13,581</u>
Expenditures				
Current:				
Leisure Time Activities:				
Recreation Center:				
Personal Services	1,498,168	1,498,200	1,419,362	78,838
Capital Outlay	73,400	41,306	18,560	22,746
Other	736,900	817,771	671,953	145,818
<i>Total Expenditures</i>	<u>2,308,468</u>	<u>2,357,277</u>	<u>2,109,875</u>	<u>247,402</u>
<i>Excess of Revenues Under Expenditures</i>	(785,552)	(899,361)	(638,378)	260,983
Other Financing Sources				
Transfers In	813,000	813,000	811,500	(1,500)
<i>Net Change in Fund Balance</i>	27,448	(86,361)	173,122	259,483
<i>Fund Balance Beginning of Year</i>	349,619	349,619	349,619	0
Prior Year Encumbrances Appropriated	48,809	48,809	48,809	0
<i>Fund Balance End of Year</i>	<u>\$425,876</u>	<u>\$312,067</u>	<u>\$571,550</u>	<u>\$259,483</u>

City of Rocky River, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Capital Improvement Fund
For the Year Ended December 31, 2002

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Property Taxes	\$532,398	\$532,398	\$533,342	\$944
Fines, Fees and Permits	0	1,579	1,318	(261)
Intergovernmental	70,535	70,535	70,535	0
Special Assessments	5,703	4,124	5,324	1,200
Interest	0	0	498	498
Other Local Taxes	90,000	90,000	105,469	15,469
Other	0	0	5,411	5,411
<i>Total Revenues</i>	<u>698,636</u>	<u>698,636</u>	<u>721,897</u>	<u>23,261</u>
Expenditures				
Capital Outlay	4,425,900	2,603,395	2,084,489	518,906
Debt Service:				
Principal Retirement	1,500,000	1,500,000	1,500,000	0
Interest and Fiscal Charges	45,900	45,900	45,900	0
<i>Total Expenditures</i>	<u>5,971,800</u>	<u>4,149,295</u>	<u>3,630,389</u>	<u>518,906</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(5,273,164)</u>	<u>(3,450,659)</u>	<u>(2,908,492)</u>	<u>542,167</u>
Other Financing Sources				
Notes Issued	2,250,000	0	0	0
Transfers In	2,454,500	2,454,500	2,454,500	0
<i>Total Other Financing Sources</i>	<u>4,704,500</u>	<u>2,454,500</u>	<u>2,454,500</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(568,664)	(996,159)	(453,992)	542,167
<i>Fund Balance Beginning of Year</i>	899,325	899,325	899,325	0
Prior Year Encumbrances Appropriated	427,495	427,495	427,495	0
<i>Fund Balance End of Year</i>	<u>\$758,156</u>	<u>\$330,661</u>	<u>\$872,828</u>	<u>\$542,167</u>

City of Rocky River, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Permanent Improvement Fund
For the Year Ended December 31, 2002

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$1,000,000	\$1,690,000	\$1,690,378	\$378
Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Excess of Revenues Over Expenditures</i>	1,000,000	1,690,000	1,690,378	378
Other Financing Uses				
Transfers Out	<u>(2,725,000)</u>	<u>(2,725,000)</u>	<u>(2,725,000)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(1,725,000)	(1,035,000)	(1,034,622)	378
<i>Fund Balance Beginning of Year</i>	<u>2,106,250</u>	<u>2,106,250</u>	<u>2,106,250</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$381,250</u></u>	<u><u>\$1,071,250</u></u>	<u><u>\$1,071,628</u></u>	<u><u>\$378</u></u>

City of Rocky River, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Municipal Court Capital Improvement Fund
For the Year Ended December 31, 2002

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$840,000	\$795,000	\$775,906	(\$19,094)
Interest	0	20,000	23,050	3,050
<i>Total Revenues</i>	<u>840,000</u>	<u>815,000</u>	<u>798,956</u>	<u>(16,044)</u>
Expenditures				
Capital Outlay:				
Capital Outlay	980,617	5,532,984	5,154,601	378,383
Debt Service:				
Principal Retirement	3,700,000	3,700,000	3,700,000	0
Interest and Fiscal Charges	81,913	81,913	81,912	1
Bond Issuance Costs	41,018	41,018	41,018	0
<i>Total Expenditures</i>	<u>4,803,548</u>	<u>9,355,915</u>	<u>8,977,531</u>	<u>378,384</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(3,963,548)</u>	<u>(8,540,915)</u>	<u>(8,178,575)</u>	<u>362,340</u>
Other Financing Sources				
Notes Issued	3,800,000	100,000	0	(100,000)
General Obligation Bonds Issued	0	3,700,000	3,700,000	0
<i>Total Other Financing Sources</i>	<u>3,800,000</u>	<u>3,800,000</u>	<u>3,700,000</u>	<u>(100,000)</u>
<i>Net Change in Fund Balance</i>	(163,548)	(4,740,915)	(4,478,575)	262,340
<i>Fund Balance Beginning of Year</i>	825,293	825,293	825,293	0
Prior Year Encumbrances Appropriated	4,545,317	4,545,317	4,545,317	0
<i>Fund Balance End of Year</i>	<u>\$5,207,062</u>	<u>\$629,695</u>	<u>\$892,035</u>	<u>\$262,340</u>

City of Rocky River, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Sewer Fund
For the Year Ended December 31, 2002

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$1,967,400	\$1,217,350	\$1,280,180	\$62,830
Interest	0	0	6	6
Other	0	0	9,684	9,684
<i>Total Revenues</i>	1,967,400	1,217,350	1,289,870	72,520
Expenses				
Water Operations:				
Personal Services	454,431	478,216	476,887	1,329
Contractual Services	1,200,912	1,351,041	1,323,302	27,739
Heat, Light and Power	10,000	21,000	16,058	4,942
Materials and Supplies	51,500	59,763	55,509	4,254
Other	2,300	2,750	2,313	437
Capital Outlay	35,000	18,583	809	17,774
Debt Service:				
Principal Retirement	12,631	12,631	7,462	5,169
Interest and Fiscal Charges	17,570	17,570	16,534	1,036
<i>Total Expenses</i>	1,784,344	1,961,554	1,898,874	62,680
<i>Excess of Revenues Over (Under) Expenses</i>	183,056	(744,204)	(609,004)	135,200
Advances Out	(1,500,000)	(1,500,000)	(1,500,000)	0
Transfers In	1,500,000	2,250,000	2,250,000	0
Transfers Out	(99,273)	(99,630)	(99,630)	0
<i>Net Change in Fund Equity</i>	83,783	(93,834)	41,366	135,200
<i>Fund Equity Beginning of Year</i>	248,774	248,774	248,774	0
Prior Year Encumbrances Appropriated	166,260	166,260	166,260	0
<i>Fund Equity End of Year</i>	\$498,817	\$321,200	\$456,400	\$135,200

City of Rocky River, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Law Enforcement Trust Fund
For the Year Ended December 31, 2002

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Fines, Fees and Permits	\$800	\$800	\$584	(\$216)
Intergovernmental	0	0	10,205	10,205
<i>Total Revenues</i>	800	800	10,789	9,989
Expenditures				
Current:				
Security of Persons and Property:				
Law Enforcement Trust:				
Other	500	500	259	241
<i>Net Change in Fund Balance</i>	300	300	10,530	10,230
<i>Fund Balance Beginning of Year</i>	399	399	399	0
<i>Fund Balance End of Year</i>	\$699	\$699	\$10,929	\$10,230

City of Rocky River, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Community Diversion Program Fund
For the Year Ended December 31, 2002

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Fines, Fees and Permits	\$3,600	\$3,600	\$3,600	\$0
Expenditures				
Current:				
Security of Persons and Property:				
Commercial Diver Program:				
Personal Services	5,754	5,504	2,772	2,732
Capital Outlay	0	2,940	2,930	10
Other	324	371	46	325
<i>Total Expenditures</i>	6,078	8,815	5,748	3,067
<i>Net Change in Fund Balance</i>	(2,478)	(5,215)	(2,148)	3,067
<i>Fund Balance Beginning of Year</i>	2,478	2,478	2,478	0
Prior Year Encumbrances Appropriated	2,737	2,737	2,737	0
<i>Fund Balance End of Year</i>	\$2,737	\$0	\$3,067	\$3,067

City of Rocky River, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Indigent Driver Alcohol Treatment Fund
For the Year Ended December 31, 2002

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Fines, Fees and Permits	\$42,580	\$42,580	\$43,540	\$960
Expenditures				
Current:				
Security of Persons and Property:				
Indigent Driver Alcohol Treatment:				
Other	<u>65,000</u>	<u>65,000</u>	<u>28,858</u>	<u>36,142</u>
<i>Net Change in Fund Balance</i>	(22,420)	(22,420)	14,682	37,102
<i>Fund Balance Beginning of Year</i>	<u>67,396</u>	<u>67,396</u>	<u>67,396</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$44,976</u></u>	<u><u>\$44,976</u></u>	<u><u>\$82,078</u></u>	<u><u>\$37,102</u></u>

City of Rocky River, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Enforcement and Education Fund
For the Year Ended December 31, 2002

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines, Fees and Permits	\$5,200	\$5,200	\$4,235	(\$965)
Expenditures				
Current:				
Security of Persons and Property:				
Enforcement and Education:				
Capital Outlay	0	4,096	4,060	36
Other	20,000	15,903	320	15,583
<i>Total Expenditures</i>	20,000	19,999	4,380	15,619
<i>Net Change in Fund Balance</i>	(14,800)	(14,799)	(145)	14,654
<i>Fund Balance Beginning of Year</i>	16,916	16,916	16,916	0
<i>Fund Balance End of Year</i>	\$2,116	\$2,117	\$16,771	\$14,654

City of Rocky River, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Municipal Probation Services Fund
For the Year Ended December 31, 2002

	<u>Budget Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines, Fees and Permits	\$49,000	\$49,000	\$48,287	(\$713)
Expenditures				
Current:				
Security of Persons and Property:				
Municipal Probation Services:				
Personal Services	0	32,628	32,627	1
Other	250,000	217,372	3,676	213,696
<i>Total Expenditures</i>	<u>250,000</u>	<u>250,000</u>	<u>36,303</u>	<u>213,697</u>
<i>Net Change in Fund Balance</i>	(201,000)	(201,000)	11,984	212,984
<i>Fund Balance Beginning of Year</i>	<u>252,749</u>	<u>252,749</u>	<u>252,749</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$51,749</u>	<u>\$51,749</u>	<u>\$264,733</u>	<u>\$212,984</u>

City of Rocky River, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Young Adult Alcohol Diversion Fund
For the Year Ended December 31, 2002

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Fines, Fees and Permits	\$17,160	\$8,500	\$8,660	\$160
Expenditures				
Current:				
Security of Persons and Property:				
Young Adult Alcohol Diversion:				
Other	<u>15,000</u>	<u>7,000</u>	<u>900</u>	<u>6,100</u>
<i>Net Change in Fund Balance</i>	2,160	1,500	7,760	6,260
<i>Fund Balance Beginning of Year</i>	<u>5,720</u>	<u>5,720</u>	<u>5,720</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$7,880</u></u>	<u><u>\$7,220</u></u>	<u><u>\$13,480</u></u>	<u><u>\$6,260</u></u>

City of Rocky River, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Office on Aging Fund
For the Year Ended December 31, 2002

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$266,199	\$266,199	\$266,671	\$472
Charges for Services	469,620	425,620	416,767	(8,853)
Intergovernmental	35,267	35,267	35,267	0
Other	1,570	1,570	2,062	492
<i>Total Revenues</i>	772,656	728,656	720,767	(7,889)
Expenditures				
Current:				
Public Health and Welfare:				
Office on Aging:				
Personal Services	552,780	552,780	544,521	8,259
Capital Outlay	28,500	29,948	14,565	15,383
Other	506,750	520,863	396,784	124,079
<i>Total Expenditures</i>	1,088,030	1,103,591	955,870	147,721
<i>Excess of Revenues Under Expenditures</i>	(315,374)	(374,935)	(235,103)	139,832
Other Financing Sources (Uses)				
Transfers In	487,000	487,000	487,000	0
Transfers Out	(150,000)	(150,000)	(150,000)	0
<i>Total Other Financing Sources (Uses)</i>	337,000	337,000	337,000	0
<i>Net Change in Fund Balance</i>	21,626	(37,935)	101,897	139,832
<i>Fund Balance Beginning of Year</i>	435,338	435,338	435,338	0
Prior Year Encumbrances Appropriated	14,061	14,061	14,061	0
<i>Fund Balance End of Year</i>	\$471,025	\$411,464	\$551,296	\$139,832

City of Rocky River, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Marine Patrol Fund
For the Year Ended December 31, 2002

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$35,000	\$35,000	\$30,840	(\$4,160)
Expenditures				
Current:				
Security of Persons and Property:				
Marine Patrol:				
Personal Services	50,668	50,668	45,804	4,864
Capital Outlay	6,100	6,100	2,047	4,053
Other	17,065	17,065	5,615	11,450
<i>Total Expenditures</i>	<u>73,833</u>	<u>73,833</u>	<u>53,466</u>	<u>20,367</u>
<i>Excess of Revenues Under Expenditures</i>	(38,833)	(38,833)	(22,626)	16,207
Other Financing Sources				
Transfers In	28,833	28,833	25,000	(3,833)
<i>Net Change in Fund Balance</i>	(10,000)	(10,000)	2,374	12,374
<i>Fund Balance Beginning of Year</i>	<u>12,501</u>	<u>12,501</u>	<u>12,501</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$2,501</u>	<u>\$2,501</u>	<u>\$14,875</u>	<u>\$12,374</u>

City of Rocky River, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Community Impacts Fund
For the Year Ended December 31, 2002

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Current:				
Basic Utility Services:				
Community Impacts:				
Other	3,000	3,000	0	3,000
<i>Net Change in Fund Balance</i>	(3,000)	(3,000)	0	3,000
<i>Fund Balance Beginning of Year</i>	3,312	3,312	3,312	0
<i>Fund Balance End of Year</i>	<u>\$312</u>	<u>\$312</u>	<u>\$3,312</u>	<u>\$3,000</u>

City of Rocky River, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Refuse and Recycling Fund
For the Year Ended December 31, 2002

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Budget	Actual	
Revenues				
Property Taxes	\$532,398	\$532,398	\$533,342	\$944
Charges for Services	56,500	31,500	29,191	(2,309)
Intergovernmental	70,535	70,535	70,535	0
Other	2,500	2,500	1,564	(936)
<i>Total Revenues</i>	<u>661,933</u>	<u>636,933</u>	<u>634,632</u>	<u>(2,301)</u>
Expenditures				
Current:				
Basic Utility Services:				
Refuse and Recycling:				
Personal Services	878,731	870,231	852,892	17,339
Capital Outlay	2,850	39,475	39,268	207
Other	554,550	599,388	535,534	63,854
<i>Total Expenditures</i>	<u>1,436,131</u>	<u>1,509,094</u>	<u>1,427,694</u>	<u>81,400</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(774,198)</u>	<u>(872,161)</u>	<u>(793,062)</u>	<u>79,099</u>
Other Financing Sources (Uses)				
Transfers In	865,000	865,000	865,000	0
Transfers Out	(94,273)	(94,272)	(94,272)	0
<i>Total Other Financing Sources (Uses)</i>	<u>770,727</u>	<u>770,728</u>	<u>770,728</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(3,471)	(101,433)	(22,334)	79,099
<i>Fund Balance Beginning of Year</i>	203,228	203,228	203,228	0
Prior Year Encumbrances Appropriated	40,963	40,963	40,963	0
<i>Fund Balance End of Year</i>	<u>\$240,720</u>	<u>\$142,758</u>	<u>\$221,857</u>	<u>\$79,099</u>

City of Rocky River, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Motor Vehicle License Tax Fund
For the Year Ended December 31, 2002

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$42,000	\$42,000	\$41,892	(\$108)
Expenditures				
Current:				
Transportation:				
Motor Vehicle License Tax:				
Personal Services	235,115	237,395	236,112	1,283
Capital Outlay	4,500	8,000	6,395	1,605
Other	67,475	76,194	69,097	7,097
<i>Total Expenditures</i>	<u>307,090</u>	<u>321,589</u>	<u>311,604</u>	<u>9,985</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(265,090)</u>	<u>(279,589)</u>	<u>(269,712)</u>	<u>9,877</u>
Other Financing Sources (Uses)				
Transfers In	295,700	295,700	295,700	0
Transfers Out	(31,424)	(31,424)	(31,424)	0
<i>Total Other Financing Sources (Uses)</i>	<u>264,276</u>	<u>264,276</u>	<u>264,276</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(814)	(15,313)	(5,436)	9,877
<i>Fund Balance Beginning of Year</i>	62,486	62,486	62,486	0
Prior Year Encumbrances Appropriated	3,999	3,999	3,999	0
<i>Fund Balance End of Year</i>	<u>\$65,671</u>	<u>\$51,172</u>	<u>\$61,049</u>	<u>\$9,877</u>

City of Rocky River, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Repair and Maintenance Fund
For the Year Ended December 31, 2002

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$433,600	\$433,600	\$430,189	(\$3,411)
Expenditures				
Current:				
Transportation:				
Street Repair and Maintenance:				
Personal Services	1,012,200	1,029,200	992,759	36,441
Capital Outlay	35,000	22,000	17,825	4,175
Other	298,500	328,492	176,798	151,694
<i>Total Expenditures</i>	<u>1,345,700</u>	<u>1,379,692</u>	<u>1,187,382</u>	<u>192,310</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(912,100)</u>	<u>(946,092)</u>	<u>(757,193)</u>	<u>188,899</u>
Other Financing Sources (Uses)				
Transfers In	1,006,000	1,006,000	1,006,000	0
Transfers Out	(94,273)	(94,273)	(94,273)	0
<i>Total Other Financing Sources (Uses)</i>	<u>911,727</u>	<u>911,727</u>	<u>911,727</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(373)	(34,365)	154,534	188,899
<i>Fund Balance Beginning of Year</i>	215,695	215,695	215,695	0
Prior Year Encumbrances Appropriated	33,992	33,992	33,992	0
<i>Fund Balance End of Year</i>	<u>\$249,314</u>	<u>\$215,322</u>	<u>\$404,221</u>	<u>\$188,899</u>

City of Rocky River, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
State Highway Fund
For the Year Ended December 31, 2002

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$35,100	\$35,100	\$34,091	(\$1,009)
Expenditures				
Current:				
Transportation:				
State Highway:				
Other	<u>50,000</u>	<u>50,000</u>	<u>0</u>	<u>50,000</u>
<i>Net Change in Fund Balance</i>	(14,900)	(14,900)	34,091	48,991
<i>Fund Balance Beginning of Year</i>	<u>20,560</u>	<u>20,560</u>	<u>20,560</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$5,660</u></u>	<u><u>\$5,660</u></u>	<u><u>\$54,651</u></u>	<u><u>\$48,991</u></u>

City of Rocky River, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Fire Levy Fund
For the Year Ended December 31, 2002

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$159,720	\$159,720	\$160,003	\$283
Intergovernmental	21,160	21,160	21,160	0
<i>Total Revenues</i>	180,880	180,880	181,163	283
Expenditures				
Current:				
Security of Persons and Property:				
Fire:				
Other	20,139	20,139	20,139	0
<i>Excess of Revenues Over Expenditures</i>	160,741	160,741	161,024	283
Other Financing Uses				
Transfers Out	(155,000)	(155,000)	(155,000)	0
<i>Net Change in Fund Balance</i>	5,741	5,741	6,024	283
<i>Fund Balance Beginning of Year</i>	21,953	21,953	21,953	0
<i>Fund Balance End of Year</i>	<u>\$27,694</u>	<u>\$27,694</u>	<u>\$27,977</u>	<u>\$283</u>

City of Rocky River, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Police Levy Fund
For the Year Ended December 31, 2002

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Property Taxes	\$159,720	\$159,720	\$160,003	\$283
Intergovernmental	21,160	21,160	21,160	0
<i>Total Revenues</i>	180,880	180,880	181,163	283
Expenditures				
Current:				
Security of Persons and Property:				
Police:				
Other	33,034	33,034	33,033	1
<i>Excess of Revenues Over Expenditures</i>	147,846	147,846	148,130	284
Other Financing Uses				
Transfers Out	(140,000)	(140,000)	(140,000)	0
<i>Net Change in Fund Balance</i>	7,846	7,846	8,130	284
<i>Fund Balance Beginning of Year</i>	17,336	17,336	17,336	0
<i>Fund Balance End of Year</i>	<u>\$25,182</u>	<u>\$25,182</u>	<u>\$25,466</u>	<u>\$284</u>

City of Rocky River, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Obligation Bond Retirement Fund
For the Year Ended December 31, 2002

	<u>Budgeted Amounts</u>			Variance with Actual Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Expenditures				
Debt Service:				
Principal Retirement:				
Recreation Center	320,000	320,000	320,000	0
Interest and Fiscal Charges:				
Recreation Center	<u>207,090</u>	<u>207,090</u>	<u>207,090</u>	<u>0</u>
<i>Total Expenditures</i>	<u>527,090</u>	<u>527,090</u>	<u>527,090</u>	<u>0</u>
<i>Excess of Revenues Under Expenditures</i>	(527,090)	(527,090)	(527,090)	0
Other Financing Sources				
Transfers In	<u>527,090</u>	<u>527,090</u>	<u>527,090</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	<u>114,415</u>	<u>114,415</u>	<u>114,415</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$114,415</u>	<u>\$114,415</u>	<u>\$114,415</u>	<u>\$0</u>

City of Rocky River, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Special Assessment Bond Retirement Fund
For the Year Ended December 31, 2002

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Special Assessments	\$63,426	\$63,426	\$62,574	(\$852)
Expenditures				
Debt Service				
Principal Retirement				
Erosion Control	30,000	30,000	30,000	0
Interest and Fiscal Charges				
Erosion Control	46,493	46,493	45,944	549
<i>Total Expenditures</i>	<u>76,493</u>	<u>76,493</u>	<u>75,944</u>	<u>549</u>
<i>Excess of Revenues Under Expenditures</i>	(13,067)	(13,067)	(13,370)	(303)
Other Financing Sources				
Transfers In	11,912	11,912	11,912	0
<i>Net Change in Fund Balance</i>	(1,155)	(1,155)	(1,458)	(303)
<i>Fund Balance Beginning of Year</i>	13,285	13,285	13,285	0
<i>Fund Balance End of Year</i>	<u>\$12,130</u>	<u>\$12,130</u>	<u>\$11,827</u>	<u>(\$303)</u>

City of Rocky River, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Equipment Replacement Fund
For the Year Ended December 31, 2002

	<u>Budgeted Amounts</u>		Actual	Variance with Actual Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$25,000	\$25,000	\$26,640	\$1,640
Expenditures				
Capital Outlay	408,000	659,522	568,486	91,036
<i>Excess of Revenues Under Expenditures</i>	(383,000)	(634,522)	(541,846)	92,676
Other Financing Sources				
Transfers In	270,500	270,500	270,500	0
<i>Net Change in Fund Balance</i>	(112,500)	(364,022)	(271,346)	92,676
<i>Fund Balance Beginning of Year</i>	150,232	150,232	150,232	0
<i>Prior Year Encumbrances Appropriated</i>	251,522	251,522	251,522	0
<i>Fund Balance End of Year</i>	<u>\$289,254</u>	<u>\$37,732</u>	<u>\$130,408</u>	<u>\$92,676</u>

City of Rocky River, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Self Insurance Fund
For the Year Ended December 31, 2002

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	<u>\$895,000</u>	<u>\$895,000</u>	<u>\$889,043</u>	<u>(\$5,957)</u>
Expenses				
Contractual Services	130,000	130,000	74,302	55,698
Claims	<u>750,000</u>	<u>750,000</u>	<u>494,589</u>	<u>255,411</u>
Total Expenses	<u>880,000</u>	<u>880,000</u>	<u>568,891</u>	<u>311,109</u>
<i>Net Change in Fund Equity</i>	15,000	15,000	320,152	305,152
<i>Fund Equity Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u>\$15,000</u>	<u>\$15,000</u>	<u>\$320,152</u>	<u>\$305,152</u>

Statistical Section

The following statistical tables reflect social and economic data, financial trends and fiscal capacity of the City.

City of Rocky River, Ohio
*General Governmental Revenues by Source
and Expenditures by Function
Last Ten Years*

	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
Revenues				
Property and Other Taxes	\$5,280,092	\$5,221,797	\$4,578,689	\$4,709,924
Municipal Income Taxes	7,770,663	7,397,168	7,662,097	7,066,577
Charges for Services	1,651,871	1,686,484	1,562,961	1,302,873
Fees, Fines and Permits	2,908,634	2,739,133	2,299,698	1,933,030
Intergovernmental	7,464,551	5,467,168	5,195,635	5,721,211
Special Assessments	35,324	76,550	64,163	72,729
Interest	267,852	559,625	874,993	467,281
Other Local Taxes	195,854	218,398	168,846	81,758
Contributions and Donations	0	0	0	0
Rentals	86,692	59,013	36,195	0
Other	164,186	243,123	89,786	118,981
<i>Total Revenues</i>	<u>\$25,825,719</u>	<u>\$23,668,459</u>	<u>\$22,533,063</u>	<u>\$21,474,364</u>
Expenditures				
Current:				
General Government	\$3,372,844	\$3,392,994	\$2,955,625	\$2,869,638
Security of Persons and Property	7,001,113	6,619,901	6,144,881	5,929,591
Public Health Services	1,015,068	1,043,279	1,037,212	725,795
Transportation	2,113,204	1,999,681	1,880,336	1,734,809
Community Environment	623,812	538,504	519,004	444,319
Basic Utility Services	1,365,575	1,246,307	1,344,343	1,228,850
Leisure Time Activities	2,415,412	2,482,386	2,175,412	2,167,980
Capital Outlay	6,267,738	4,563,260	7,014,377	2,331,325
Debt Service	768,165	733,060	787,498	702,978
<i>Total Expenditures</i>	<u>\$24,942,931</u>	<u>\$22,619,372</u>	<u>\$23,858,688</u>	<u>\$18,135,285</u>

Source: City Financial Records

(1) Information is based on modified accrual. Information for full accrual for governmental activities will be presented when there are enough years of information to make comparisons.

<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>	<u>1993</u>
\$4,511,492	\$4,086,738	\$4,150,989	\$4,162,785	\$3,667,719	\$3,308,993
6,734,847	6,140,693	5,726,342	5,585,437	5,133,603	5,022,214
1,283,320	1,313,562	1,128,488	1,167,926	980,862	1,321,509
1,752,247	1,809,238	1,392,022	1,309,707	1,354,659	1,296,859
4,413,915	3,748,460	3,845,070	3,227,454	3,012,965	2,721,123
31,419	33,749	35,796	40,389	47,338	33,971
413,197	362,611	374,595	420,030	234,736	100,330
89,292	98,036	91,137	89,851	108,715	112,520
50,000	0	0	0	0	0
0	0	0	0	0	0
447,328	109,757	100,401	96,086	54,206	377,715
<u>\$19,727,057</u>	<u>\$17,702,844</u>	<u>\$16,844,840</u>	<u>\$16,099,665</u>	<u>\$14,594,803</u>	<u>\$14,295,234</u>
\$2,586,954	\$2,543,231	\$2,445,079	\$2,240,941	\$1,846,077	\$2,263,606
5,665,424	5,572,535	5,572,616	5,296,690	5,198,568	4,527,207
736,802	628,542	591,740	555,980	523,773	779,970
1,551,570	1,578,005	1,542,601	1,346,893	1,318,928	780,891
408,127	414,040	401,952	389,935	378,021	318,759
1,316,780	1,175,994	1,090,517	987,231	1,056,786	1,456,346
2,031,202	1,831,721	1,719,459	1,630,443	1,531,378	1,447,614
2,703,315	2,009,638	3,705,131	4,609,291	2,308,033	1,358,200
722,341	720,997	738,914	755,356	353,964	263,408
<u>\$17,722,515</u>	<u>\$16,474,703</u>	<u>\$17,808,009</u>	<u>\$17,812,760</u>	<u>\$14,515,528</u>	<u>\$13,196,001</u>

City of Rocky River, Ohio
Real Property Tax Levies and Collections
Last Ten Years

Year	Total Tax Levy	Current Collections (1)	Percent of Current Collections to Tax Levy	Delinquent Collections
2002	\$6,366,351	\$5,872,530	92.24%	\$160,298
2001	5,960,601	5,813,998	97.54	157,811
2000	5,206,250	5,084,043	97.65	98,465
1999	5,258,181	5,149,513	97.93	83,151
1998	5,150,639	4,899,380	95.12	86,257
1997	4,749,511	4,460,772	93.92	59,499
1996	4,764,477	4,525,056	94.97	60,483
1995	4,912,191	4,689,724	95.47	63,088
1994	4,360,997	4,157,411	95.33	71,463
1993	3,861,996	3,743,835	96.94	46,774

Source: Cuyahoga County, Ohio; County Auditor

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

Total Collections	Percent of Total Collections To Tax Levy	Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
\$6,032,828	94.76%	\$195,557	3.07%
5,971,809	100.19	267,631	4.49
5,182,508	99.54	196,071	3.77
5,232,664	99.51	149,061	2.83
4,985,637	96.80	170,634	3.31
4,520,271	95.17	152,899	3.22
4,585,539	96.24	149,267	3.13
4,752,812	96.76	176,578	3.59
4,228,874	96.97	177,125	4.06
3,790,609	98.15	113,036	2.93

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)
2002	\$577,506,520	\$1,650,018,629	\$9,536,030	\$10,836,398
2001	571,695,000	1,633,414,286	12,675,450	14,403,920
2000	498,017,510	1,422,907,171	12,157,730	13,815,602
1999	494,359,080	1,412,454,514	13,324,420	15,141,386
1998	491,143,400	1,403,266,857	13,681,070	15,546,670
1997	451,184,260	1,289,097,886	14,287,460	16,235,750
1996	450,464,400	1,287,041,143	14,775,920	16,790,818
1995	449,154,360	1,283,298,171	16,396,310	18,632,170
1994	393,855,460	1,125,301,314	16,538,350	18,793,580
1993	391,394,680	1,118,270,514	16,389,250	18,624,148

Source: Cuyahoga County, Ohio; County Auditor

- (1) This amount is calculated for 2002 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-four percent of true value for inventory.

Tangible Personal Property		Total		Ratio
Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)	
\$14,906,102	\$59,624,408	\$601,948,652	1,720,479,435	34.99%
15,716,132	62,864,528	600,086,582	1,710,682,734	35.08
15,769,844	63,079,376	525,945,084	1,499,802,149	35.07
15,823,705	63,294,820	523,507,205	1,490,890,720	35.11
14,249,598	56,998,392	519,074,068	1,475,811,919	35.17
14,360,719	57,442,876	479,832,439	1,362,776,512	35.21
13,301,596	53,206,384	478,541,916	1,357,038,345	35.26
13,151,025	52,604,100	478,701,695	1,354,534,441	35.34
14,150,068	56,600,272	424,543,878	1,200,695,166	35.36
13,333,626	53,334,504	421,117,556	1,190,229,166	35.38

City of Rocky River, Ohio
Property Tax Rates - Direct and Overlapping Governments
(Per \$1,000 of Assessed Valuation)
Last Ten Years

Year	City of Rocky River				Rocky River School and Library	Cuyahoga County	Special (1) Taxing Districts	Total
	General Fund	Special Revenue Funds	Capital Projects Funds	Total				
2002	\$6.30	\$2.60	\$1.00	\$9.90	\$72.20	\$11.72	\$4.48	\$98.30
2001	6.30	2.60	1.00	9.90	72.70	11.72	1.55	95.87
2000	6.30	2.60	1.00	9.90	73.30	10.82	1.55	95.57
1999	6.30	2.60	1.00	9.90	68.50	10.82	4.48	93.70
1998	6.30	2.60	1.00	9.90	68.20	10.82	4.48	93.40
1997	6.30	2.60	1.00	9.90	64.70	12.12	4.48	91.20
1996	6.30	2.60	1.00	9.90	62.20	12.12	4.48	88.70
1995	6.30	2.60	1.00	9.90	62.70	12.32	4.48	89.40
1994	6.30	2.60	1.00	9.90	62.00	12.32	4.48	88.70
1993	6.30	1.60	1.00	8.90	62.10	12.32	4.48	87.80

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

Year	Current Assessments Due	Current Assessments Collected (1)	Ratio of Collections To Amount Due
2002	\$87,278	\$62,574	71.70%
2001	97,650	76,550	78.39
2000	80,549	64,163	79.66
1999	83,900	72,729	86.69
1998	42,724	31,419	73.54
1997	47,599	33,749	70.90
1996	48,005	35,796	74.57
1995	30,693	30,693	100.00
1994	32,296	32,296	100.00
1993	33,971	33,971	100.00

Source: Cuyahoga County, Ohio; County Auditor

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

City of Rocky River, Ohio
*Ratio of Net General Bonded Debt to Assessed
Value and Net General Bonded Debt Per Capita
Last Ten Years*

Year	Population	Net General Obligation Bonded Debt	Assessed Value	Ratio of Net General Bonded Debt to Assessed Value	Net General Bonded Debt Per Capita
2002	20,735	\$7,100,585	\$601,948,652	1.18%	\$342.44
2001	20,735	3,720,585	600,086,582	0.62	179.44
2000	20,735	4,030,585	525,945,084	0.77	194.39
1999	20,410	4,340,585	523,507,205	0.83	212.67
1998	20,410	4,650,585	519,074,068	0.90	227.86
1997	20,410	4,960,585	479,832,439	1.03	243.05
1996	20,410	5,270,585	478,541,916	1.10	258.24
1995	20,410	5,575,585	478,701,695	1.16	273.18
1994	20,410	5,940,585	424,543,878	1.40	291.06
1993	20,410	0	421,117,556	0.00	0.00

Source: Cuyahoga County, Ohio; County Auditor

City of Rocky River, Ohio
Computation of Legal Debt Margin
December 31, 2002

Assessed Value		\$601,948,652
Legal Debt Margin:		
Debt Limitation - 10.5 percent of Assessed Value		63,204,608
Debt Applicable to Limitation:		
General Obligation Bonds	\$7,215,000	
Special Assessment Bonds	865,000	
OWDA Loan	328,239	
	8,408,239	
Gross Indebtedness (Total Voted and Unvoted Debt)		8,408,239
Less: Debt Outside Limitations:		
Special Assessment Bonds	865,000	
OWDA Loan	328,239	
	1,193,239	
Total Debt Outside Limitations		1,193,239
Total Debt Applicable to Limitation - Within 10.5% Limitations		7,215,000
Less: Amount Available in Debt Service Fund to pay debt applicable to limitation		114,415
Net Debt Within 10.5% Limitation		7,100,585
Overall Debt Margin Within 10.5% Limitation		\$56,104,023

Unvoted Debt Limitation - 5.5% of Assessed Valuation		\$33,107,176
Gross Indebtedness Authorized by Council	\$8,408,239	
Less: Debt Outside Limitations:		
Total Debt Outside Limitations	1,193,239	
Debt Within 5.5% Limitation		7,215,000
Less Amount Available in Debt Service Fund		114,415
Net Debt Within 5.5% Limitation		7,100,585
Unvoted Debt Margin Within 5.5% Limitation		\$26,006,591

Source: City Financial Records

City of Rocky River, Ohio
Computation of Direct and Overlapping
General Obligation Bonded Debt
December 31, 2002

	General Obligation Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to City of Rocky River
<u>Direct:</u>			
City of Rocky River	\$7,215,000	100.00%	\$7,215,000
<u>Overlapping:</u>			
Cuyahoga County	200,162,636	2.10	4,203,415
Greater Cleveland Regional Transit Authority	136,310,000	2.10	2,862,510
Rocky River School District	26,189,128	94.29	24,693,729
Total Overlapping	362,661,764		31,759,654
Total	\$369,876,764		\$38,974,654

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 General Governmental Fund Expenditures
 Last Ten Years*

Year	Debt Service	General Governmental Expenditures	Ratio of Debt Service To Total General Governmental Expenditures
2002	\$527,090	\$24,942,931	2.11%
2001	533,830	22,619,372	2.36
2000	550,570	23,858,688	2.31
1999	567,233	18,135,285	3.13
1998	583,895	17,722,515	3.29
1997	600,558	16,474,703	3.65
1996	611,951	17,808,009	3.44
1995	692,326	17,812,760	3.89
1994	292,550	14,515,528	2.02
1993	60,800	13,196,001	0.46

Source: City Financial Records

City of Rocky River, Ohio
Property Value, Construction and Bank Deposits
Last Ten Years

Year	Property Value (1)			Residential (2)	
	Commercial	Residential	Total	Number of Units	Value
2002	\$265,627,200	\$1,384,391,429	\$1,650,018,629	10	\$3,190,000
2001	259,539,257	1,373,875,029	1,633,414,286	16	6,646,000
2000	222,395,743	1,200,511,428	1,422,907,171	7	2,476,750
1999	221,891,543	1,190,562,971	1,412,454,514	14	5,810,000
1998	406,947,389	996,319,468	1,403,266,857	24	5,220,000
1997	212,720,061	1,076,377,825	1,289,097,886	16	4,123,500
1996	215,005,800	1,072,035,343	1,287,041,143	75	8,109,237
1995	372,156,470	911,141,701	1,283,298,171	24	8,437,749
1994	326,337,381	798,963,933	1,125,301,314	15	4,952,867
1993	324,298,449	793,972,065	1,118,270,514	33	5,281,834

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
- (3) Large increase in deposits due to Key Bank becoming a single charter in 1997

Commercial (2)		Domestic Bank
Number of Units	Value	Deposits in the County (in thousands)
1	\$9,570,917	\$95,761,917
5	6,469,000	63,893,769
2	6,119,202	61,942,764
3	1,917,500	57,816,942
5	5,485,000	58,904,596
3	3,287,001	53,941,971 (3)
4	3,859,826	27,068,211
1	6,651,500	22,458,573
3	7,411,380	20,885,453
1	3,262,600	21,009,421

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>
2002	20,735	2,493	6.60%
2001	20,735	2,467	4.60
2000	20,735	2,397	4.50
1999	20,410	2,321	4.50
1998	20,410	2,192	4.50
1997	20,410	2,174	4.50
1996	20,410	2,120	5.20
1995	20,410	2,027	5.50
1994	20,410	1,995	5.80
1993	20,410	2,018	6.80

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, 2002

<u>Taxpayer</u>	<u>Real and Tangible Personal Property Assessed Value</u>	<u>Percent of Total Assessed Value</u>
Westwood Town Center	\$5,340,310	0.89%
Normandy Association, LTD.	4,165,590	0.69
Rockport Association Co. LTD	4,626,130	0.77
Cleveland Illuminating Company	4,735,950	0.79
Presidential Apartments, LTD.	3,927,840	0.65
John D. Spielberger	3,426,170	0.57
Ohio Bell Telephone Company	3,308,960	0.55
Gross Management, Inc.	2,964,820	0.49
Linden Apartment Company	2,744,460	0.46
W & F Plaza Investments	2,064,020	0.34
<i>Totals</i>	<u>\$37,304,250</u>	<u>6.20%</u>
<i>Total City Assessed Valuation</i>	<u>\$601,948,652</u>	

Source: Cuyahoga County, Ohio; County Auditor

City of Rocky River, Ohio

Miscellaneous Statistics

December 31, 2002

Date of Incorporation	September 1960
Form of Government	Mayor - Council
Population 2000 Census	20,735
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	30
Police Protection:	
Number of Stations	1
Number of Police Officers	32
Education (K-12) (Public Only):	
Attendance Centers	4
Number of Teachers	161
Number of Students	2,493
Municipal Water Department:	
Number of Consumers	Served by City of Cleveland
Average of Daily Consumption in Cubic Feet	Served by City of Cleveland
Miles of Waterlines	Served by City of Cleveland
Sewers:	
Miles of Sanitary Sewers	90
Miles of Storm Sewer	90
Building Permits Issued	411
Recreation and Culture:	
Number of Parks	8
Number of Libraries	1
Employees (full time)	207

Source: City Records and Rocky River City School District



**Auditor of State
Betty Montgomery**

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800-282-0370

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CITY OF ROCKY RIVER

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 19, 2003**