

**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, 2003, and have issued our report thereon dated June 15, 2004. 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 2003-001.

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 June 15, 2004.

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

June 15, 2004

**CITY OF ROCKY RIVER
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
FOR YEAR ENDED DECEMBER 31, 2003**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number	2003-001
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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, the City does not maintain a complete detailed list of all capital assets, including the year of acquisition, the original or estimated historical cost of each capital asset, the serial number or tag number and, if applicable, accumulated depreciation and current depreciation for each capital asset or asset class.
- The City 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 2003 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 does not have a written capital asset policy.

We recommend the City develop a written capital asset policy and consider obtaining a computerized capital asset system which will account for the acquisition date, description of the asset, identification or tag number, fund and function the asset is assigned, original or estimated historical cost, accumulated depreciation, current year depreciation expense, salvage value and, if applicable, the carrying value of each asset. If a computerized system is not considered feasible, the City should tag all purchase orders for capital asset additions and maintain a complete 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
CUYAHOGA COUNTY
DECEMBER 31, 2003

SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING NUMBER	FINDING SUMMARY	FULLY CORRECTED ?	NOT CORRECTED, PARTIALLY CORRECTED; SIGNIFICANTLY DIFFERENT CORRECTIVE ACTION TAKEN; OR FINDING NO LONGER VALID; EXPLAIN:
2002-001	Capital asset management system	No	Not Corrected, re-issued as 2003-001

City of Rocky River, Ohio

Comprehensive Annual Financial Report

For the Year Ended December 31, 2003

Issued By:

City of Rocky River
Department of Finance

Susan E. Wollenzier
Director of Finance

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City of Rocky River, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2003
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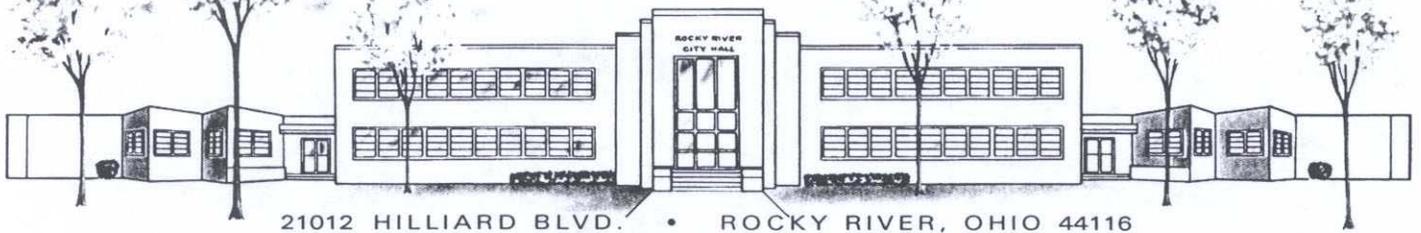
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CITY OF ROCKY RIVER



SUSAN E. WOLLENZIER
DIRECTOR OF FINANCE

(440) 895-2582

WILLIAM F. KNOBLE
MAYOR

June 15, 2004

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, 2003. 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 2003 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.

(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 of the Cleveland Indians. The Cleveland Cavaliers of the NBA and the Cleveland Barons Hockey team play at Gund Arena which is also a venue of 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 Force 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. John's 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 increased 17.85 percent in 2003. The value of construction during 2002 was \$12,760,917, while the value of construction during 2003 was \$15,038,800.

Major Initiatives

The City of Rocky River celebrated its centennial anniversary in 2003 and each month the City had a special event for the residents. Some of the events were a performance on the founding fathers of Rocky River, Easter egg hunt, block party, an ice cream social, parade and band concert with a fireworks display in the evening, a fishing contest for children, tree lighting, parade of trees and we ended the year with a family skate night.

The City of Rocky River takes pride in its administration, council, department supervisors, employee and volunteers for the quality of services provided to its citizens. During 2003, 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 for the reconstruction of the Wagar Road water line from Center Ridge Road to Lake Road at an estimated total cost of \$4,125,000 and it was completed in 2003.

The City has an agreement with the Cuyahoga County for the reconstruction of Hilliard Boulevard from the west corporation line to the east corporation line at an estimated cost \$3,741,413. This project will commence in 2004.

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 \$2,143,866, for which the cities will have a grant in the amount of \$423,028 from the Ohio Public Works Commission; \$500,000 will be paid by the Cuyahoga County Engineer's office and the remainder will be equally divided among the City of Rocky River and the City of Fairview Park.

The City has an agreement with Ohio Department of Transportation to install Noise Barriers along Interstate 90 (5.83 miles) at a cost of \$4,767,763.

Due to a fire at Elmwood Cabin, the City rebuilt it at a cost of \$267,400.

The City's Police Division received \$10,227 from the Drug Abuse Resistance Education (DARE) Law Enforcement Grants Program and \$5,663 from the Bulletproof Vest Program.

The City's Fire Division received \$30,036 from the Federal Emergency Management Agency (FEMA) for fitness equipment and a lifepak and thermal imager. They also received \$2,521 from the Division of Emergency Services/Grants Administration for personal protective apparel and \$1,930 for computers, and \$700 from the State Fire Marshal for firefighter training.

The City received a FEMA reimbursement for the blackout of August 14 and 15, 2003 in the amount of \$2,528.

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 second 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 a 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 2003.

Cash Management

The City cash is pooled for investment purposes 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 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 2003. 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, 2002. This was the sixteenth 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, this will be my last CAFR for I am retiring on June 30, 2004 after thirty-four years and I would like to thank the Mayor, Members of City Council and the residents of the City for their support.

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, 2003

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..... Linda Bartolozzi

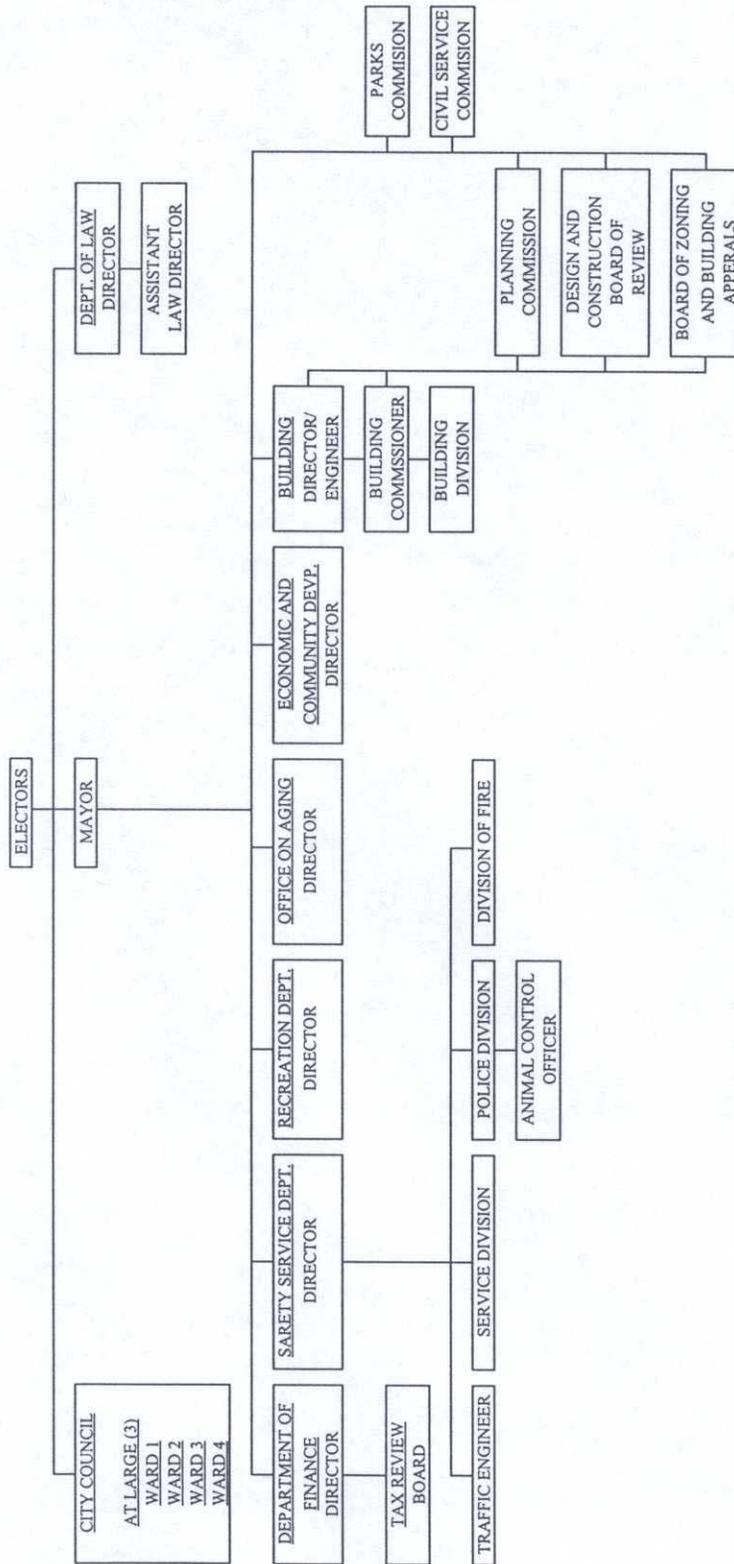
City Council – Ward One Robert Frost

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, 2002

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.



President

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, 2003, 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, 2003, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2004 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.

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.

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

Betty Montgomery
Auditor of State

June 15, 2004

City of Rocky River, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2003
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, 2003. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the transmittal letter and the basic financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2003 are:

- Total revenues totaled \$23,844,316, a decrease of 11.3 percent from 2002. Total expenses totaled \$25,207,081, an increase of 14.4 percent over 2002 levels. This resulted in a decrease in total net assets of \$1,362,765 or 3.1 percent.
- Total assets decreased by \$1,405,086 or 2.2 percent from 2002.
- Total liabilities decreased by \$42,321 or .22 percent from 2002.
- Total net assets decreased by \$1,362,765 or 3.1 percent from 2002.
- Total capital assets increased by \$290,479 or .93 percent from 2002.
- Total outstanding long-term liabilities decreased \$383,111 from 2002, a decrease of 3.2 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 provide information about the activities of the whole City, presenting both an aggregate view of the City's finances and a longer-term view of those assets. Major fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short term as well as what dollars remain for future spending. The fund financial statements also look at the City's most significant funds with all other non-major funds presented in total in one column.

Reporting the City of Rocky River as a Whole

Statement of Net Assets and Statement of Activities

While this document contains information about the funds used by the City to provide services to 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 2003?" 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, 2003
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 statements provide detailed information about the City's major funds based on the restrictions on the use of monies. The City has established many funds that account for the multitude of services, facilities and infrastructure provided to 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 Improvements.

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) have historically operated as enterprise funds 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 2003 compared to 2002.

Table 1
Net Assets

	Governmental Activities		Business Type Activities		Totals	
	2003	2002	2003	2002	2003	2002
Assets						
Current and Other Assets	\$22,969,188	\$24,405,268	\$7,336,812	\$7,596,297	\$30,306,000	\$32,001,565
Capital Assets, Net	24,581,865	24,031,412	7,071,663	7,331,637	31,653,528	31,363,049
<i>Total Assets</i>	<u>47,551,053</u>	<u>48,436,680</u>	<u>14,408,475</u>	<u>14,927,934</u>	<u>61,959,528</u>	<u>63,364,614</u>
Liabilities						
Current and Other Liabilities	7,658,737	7,308,867	34,530	43,610	7,693,267	7,352,477
Long-Term Liabilities:						
Due Within One Year	783,051	825,321	24,140	12,453	807,191	837,774
Due In More Than One Year	10,591,982	10,947,221	392,822	390,111	10,984,804	11,337,332
<i>Total Liabilities</i>	<u>19,033,770</u>	<u>19,081,409</u>	<u>451,492</u>	<u>446,174</u>	<u>19,485,262</u>	<u>19,527,583</u>
Net Assets						
Invested in Capital Assets						
Net of Related Debt	16,981,242	15,991,313	6,755,429	7,003,398	23,736,671	22,994,711
Restricted for:						
Capital Projects	6,697,396	7,233,806	0	0	6,697,396	7,233,806
Debt Service	933,368	966,232	0	0	933,368	966,232
Recreation	272,344	403,310	0	0	272,344	403,310
Municipal Probation Services	314,982	301,399	0	0	314,982	301,399
Aging	226,474	439,261	0	0	226,474	439,261
Street Repair and Maintenance	347,929	476,376	0	0	347,929	476,376
Other Purposes	212,492	268,838	0	0	212,492	268,838
Unrestricted	2,531,056	3,274,736	7,201,554	7,478,362	9,732,610	10,753,098
<i>Total Net Assets</i>	<u>\$28,517,283</u>	<u>\$29,355,271</u>	<u>\$13,956,983</u>	<u>\$14,481,760</u>	<u>\$42,474,266</u>	<u>\$43,837,031</u>

Total assets decreased by \$1,405,086 from 2002 to 2003. The decrease was due mainly to the City reporting a large receivable for estate tax in 2002 which did not recur in 2003 and also due to depreciation of capital assets. There were increases in cash and property taxes receivable to offset the decreases.

Total liabilities decreased by \$42,321. The largest decreases came in long-term liabilities and contracts payable. The City continues to reduce their debt by paying off their bonds and not issuing additional debt. The contracts payable decreased as a result of the completion of the construction of the court in 2002. These decreases were offset by increases in account payable and deferred revenue.

The result of decreased assets and liabilities is a decrease in total net assets of \$1,362,765, with governmental net assets comprising \$837,988 and business-type activities comprising \$524,777 of that amount.

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Table 2 shows the changes in net assets for the year ended December 31, 2003 compared to 2002.

Table 2
Changes in Net Assets

	Governmental Activities		Business - Type Activities		Total	
	2003	2002	2003	2002	2003	2002
Revenues						
Program Revenues:						
Charges for Services	4,451,138	4,656,016	1,649,436	1,280,969	6,100,574	5,936,985
Operating Grants and Contributions	628,874	549,203	0	0	628,874	549,203
Capital Grants and Contributions	749,605	2,161,105	0	0	749,605	2,161,105
<i>Total Program Revenues</i>	<u>5,829,617</u>	<u>7,366,324</u>	<u>1,649,436</u>	<u>1,280,969</u>	<u>7,479,053</u>	<u>8,647,293</u>
General Revenues:						
Property and Other Local Taxes	5,255,119	5,302,721	0	0	5,255,119	5,302,721
Municipal Income Taxes	7,450,963	7,667,847	0	0	7,450,963	7,667,847
Estate Taxes	1,485,683	3,043,867	0	0	1,485,683	3,043,867
Other Local Taxes	195,006	195,854	0	0	195,006	195,854
Grants and Entitlements	1,455,607	1,591,815	0	0	1,455,607	1,591,815
Interest	195,673	267,852	0	0	195,673	267,852
Miscellaneous	327,212	164,186	0	9,690	327,212	173,876
<i>Total General Revenues</i>	<u>16,365,263</u>	<u>18,234,142</u>	<u>0</u>	<u>9,690</u>	<u>16,365,263</u>	<u>18,243,832</u>
<i>Total Revenues</i>	<u>22,194,880</u>	<u>25,600,466</u>	<u>1,649,436</u>	<u>1,290,659</u>	<u>23,844,316</u>	<u>26,891,125</u>
Program Expenses						
General Government	5,142,027	3,605,760	0	0	5,142,027	3,605,760
Security of Persons and Property	8,037,215	7,360,825	0	0	8,037,215	7,360,825
Public Health Services	1,071,428	1,066,523	0	0	1,071,428	1,066,523
Transportation	2,619,434	2,664,483	0	0	2,619,434	2,664,483
Community Environment	823,487	613,151	0	0	823,487	613,151
Basic Utility Services	2,161,930	1,656,791	0	0	2,161,930	1,656,791
Leisure Time Activities	2,738,117	2,654,654	0	0	2,738,117	2,654,654
Interest and Fiscal Charges	439,230	370,540	0	0	439,230	370,540
Sewer	0	0	2,174,213	2,037,230	2,174,213	2,037,230
<i>Total Expenses</i>	<u>23,032,868</u>	<u>19,992,727</u>	<u>2,174,213</u>	<u>2,037,230</u>	<u>25,207,081</u>	<u>22,029,957</u>
<i>Increase (Decrease) in Net Assets before Transfers</i>	<u>(837,988)</u>	<u>5,607,739</u>	<u>(524,777)</u>	<u>(746,571)</u>	<u>(1,362,765)</u>	<u>4,861,168</u>
Transfers	0	(2,150,370)	0	2,150,370	0	0
<i>Increase (Decrease) in Net Assets</i>	<u>(837,988)</u>	<u>3,457,369</u>	<u>(524,777)</u>	<u>1,403,799</u>	<u>(1,362,765)</u>	<u>4,861,168</u>
<i>Net Assets January 1</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>
<i>Net Assets December 31</i>	<u>\$28,517,283</u>	<u>\$29,355,271</u>	<u>\$13,956,983</u>	<u>\$14,481,760</u>	<u>\$42,474,266</u>	<u>\$43,837,031</u>

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GOVERNMENTAL ACTIVITIES

Governmental activities decreased the City's net assets by \$837,988 during 2003, compared to an increase in 2002 of \$3,457,369. The primary reason for the difference between 2003 and 2002 change in net assets was primarily due to the City reporting a large receivable for estate tax in 2002, and increases in program expenses due to increases in personnel, salaries and basic operations. In addition, the City purchased additional materials and supplies for the new court building in 2003.

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 2003 was \$7,450,963, a \$216,884 decrease from 2002. The City monitors its sources of revenue very closely for any changes or fluctuations.

While income tax collections in 2003 were 2.8 percent lower than in 2002, the majority of the decrease can be attributed to the poor economy in general. The City has enjoyed a healthy revenue stream 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 were designated for the City's General Fund.

Estate Taxes decreased \$1,558,184 during 2003, which is the direct result of the large amount of estate tax that was available at December 31, 2002, which did not recur in 2003. The City uses their estate taxes to pay for capital improvements in the City.

Total expenses for 2003 were \$23,032,868, a 15.2 percent increase over 2002 levels. For the most part, increases in expenses are related to the increase in inflation rates and the growth in demand for services. In addition, the City purchased additional supplies and materials for the new court building during 2003

During 2003, the largest program function for the City relates to security of persons and property, which includes police and fire services. This program accounts for 34.9 percent of expenses. The increase of \$676,390 was the result of additional operating expenses, as well as expenses for materials and supplies. The Police Division is very efficient and continues to operate within its operating budget. The Police Division is funded from the general fund. 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 2003, the Fire Department operated with 29 full-time paramedics/firefighters. The Fire Department is funded with general fund revenues. The Department continues to upgrade emergency fire and rescue equipment to better serve the community.

General government represents the next highest program expense, which accounts for 22.3 percent of expenses. The \$1,536,267 increase is related to additional materials and supplies purchased in relation to the new court building, which was completed at the end of 2002.

Transportation expenses, which accounts for 11.4 percent of expenses, were used for the maintenance and repairs to the City's roads and infrastructure. The \$45,049 decrease in this program was due to less depreciation expense being charged in 2003 for street maintenance. The City pays for its road and infrastructure projects primarily from the City's general revenues, a part of which is provided by the City's

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income tax. The City takes great pride in maintaining its streets in above average condition and continues to set aside money towards future capital improvements. We are able to either pay cash for our improvement projects or take out a short-term loan and complete repayment within one or two years. We continue annually to earmark dollars toward capital projects.

Historically, the City has either paid cash for improvement projects or issued short-term debt. While the City operating expenses increases were impacted by poor weather, increased medical costs, and rising energy prices, the City kept total expenses below total revenues and year end balances.

Table 3 presents a summary for governmental activities, the total cost of services and the net cost of providing these services.

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2003	2002	2003	2002
General Government	\$5,142,027	\$3,605,760	\$1,985,601	(\$15,250)
Security of Persons and Property	8,037,215	7,360,825	7,650,459	7,026,503
Public Health Services	1,071,428	1,066,523	674,008	639,852
Transportation	2,619,434	2,664,483	2,081,650	(2,267,122)
Community Environment	823,487	613,151	822,772	612,356
Basic Utility Services	2,161,930	1,656,791	2,076,663	1,624,105
Leisure Time Activities	2,738,117	2,654,654	1,472,868	1,395,698
Interest and Fiscal Charges	439,230	370,540	439,230	370,540
<i>Total</i>	\$23,032,868	\$19,992,727	\$17,203,251	\$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 basis of accounting. All governmental funds had total revenues of \$22,363,225 and expenditures of \$24,410,694. The most significant fund is the General Fund, which had an unreserved fund balance at year-end of \$3,805,982 compared to annual expenditures of \$13,478,949. While revenues exceeded expenditures by \$1,801,281, this 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 2003, the City amended its general fund budget seven times for a total increase in budgeted expenditures of \$396,985. 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, Engineer/Building and Economic/Community Development Departments as well as the legislative and most

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executive activities. Some major capital projects are funded with general fund dollars. By Ordinance, these funds are transferred from the general fund to capital project funds where the revenue and expenditures for the capital improvement are tracked and monitored. For the general fund, the original budgeted revenues were \$15,117,405 and the final budgeted amount was \$15,134,915, not including transfers and advances. Of this \$17,510 difference, most was due to a new revenue source of ambulance billing. Although the original appropriations were gradually increased 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 16.77 percent of those revenues.

Capital Assets and Debt Administration

Capital Assets

Table 4
Capital Assets
(Net of Depreciation)

	Governmental Activities		Business Type Activities		Totals	
	2003	2002	2003	2002	2003	2002
Land	\$1,376,404	\$1,376,404	\$39,516	\$39,516	\$1,415,920	\$1,415,920
Right of Way	0	0	250,000	250,000	250,000	250,000
Construction in Progress	225,570	917,601	0	0	225,570	917,601
Buildings	17,441,797	16,865,855	0	0	17,441,797	16,865,855
Equipment	575,790	765,206	12,508	0	588,298	765,206
Vehicles	1,343,393	1,579,231	40,658	82,997	1,384,051	1,662,228
Infrastructure:						
Roads	389,614	0			389,614	0
Traffic Signals	1,726,668	1,893,334	0	0	1,726,668	1,893,334
Sewer Lines	0	0	6,728,981	6,959,124	6,728,981	6,959,124
Storm Sewers	585,028	633,781	0	0	585,028	633,781
Water Mains	917,601	0	0	0	917,601	0
<i>Total</i>	<u>\$24,581,865</u>	<u>\$24,031,412</u>	<u>\$7,071,663</u>	<u>\$7,331,637</u>	<u>\$31,653,528</u>	<u>\$31,363,049</u>

Total capital assets for the City of Rocky River as of December 31, 2003 were \$31,653,528, a \$290,479 increase over 2002. Capital asset additions of \$2,205,625 were offset by \$339,396 in deletions and \$1,575,750 of depreciation expense.

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 2003, 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 8 for additional information on capital assets.

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Debt

On December 31, 2003, the City of Rocky River had \$7,956,234 in bonds and loans. Table 5 summarizes bonds and loans outstanding.

Table 5
Outstanding Debt

	Governmental Activities		Business Type Activities		Totals	
	2003	2002	2003	2002	2003	2002
General Obligation Bonds	\$6,810,000	\$7,215,000	\$0	\$0	\$6,810,000	\$7,215,000
Special Assessment Bonds	830,000	865,000	0	0	830,000	865,000
OWDA Loan	0	0	316,234	328,239	316,234	328,239
<i>Total</i>	<u>\$7,640,000</u>	<u>\$8,080,000</u>	<u>\$316,234</u>	<u>\$328,239</u>	<u>\$7,956,234</u>	<u>\$8,408,239</u>

The general obligation bonds are composed of a Various Projects Bond of \$3,195,000 and Rocky River Municipal Court Facility for \$3,615,000. The first bond obligation is paid from monies transferred from the general fund into the debt service fund and the second is paid from monies transferred from the municipal court capital improvement fund into the debt service fund.

The special assessment bonds consist of two Erosion Control A & B Bonds-one for \$500,000 and one for \$330,000. The principal and interest for these bonds are paid from the Special Assessment Fund and the monies come through the Cuyahoga County Auditor from the taxpayers.

The Ohio Water Development Authority loan is paid semi-annually from the Sewer Fund and will be paid in full in the year 2020.

The City's overall legal debt margin was \$62,495,715 on December 31, 2003.

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

Current Financial Related Activities

The City of Rocky River celebrated 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.

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 Civic Center dedicated to Don Umerley, renovated the ice rink and dedicated to Alex Hamilton, and the Rocky River Municipal Court without the need for additional taxes.

For many years 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 Group Rating Plan. 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.

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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 of our residents.

The City of Rocky River has committed itself to financial excellence and 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, 2001 that the City adopt a master plan for the development, growth and expansion of the City. The City has hired City Architecture, Inc to provide professional services for the master plan and \$69,000 has been allotted for the master plan design.

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 a 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 the City of Rocky River, 21012 Hilliard Blvd., Rocky River, Ohio 44016, (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, 2003

	Governmental Activities	Business Type Activity	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$11,834,669	\$306,055	\$12,140,724
Cash and Cash Equivalents in Segregated Accounts	530,360	0	530,360
Cash and Cash Equivalents with Fiscal Agent	5,000	0	5,000
Accrued Interest Receivable	14,750	0	14,750
Accounts Receivable	233,614	228,819	462,433
Intergovernmental Receivable	1,584,083	0	1,584,083
Materials and Supplies Inventory	120,303	12,573	132,876
Prepaid Items	1,595	0	1,595
Income Taxes Receivable	1,757,271	0	1,757,271
Property Taxes Receivable	6,008,936	0	6,008,936
Special Assessments Receivable	839,230	0	839,230
Investment in Joint Venture	0	6,789,365	6,789,365
Deferred Charges	39,377	0	39,377
Nondepreciable Capital Assets	1,601,974	289,516	1,891,490
Depreciable Capital Assets, Net	22,979,891	6,782,147	29,762,038
<i>Total Assets</i>	<u>47,551,053</u>	<u>14,408,475</u>	<u>61,959,528</u>
Liabilities			
Accounts Payable	705,637	1,684	707,321
Contracts Payable	211,450	0	211,450
Accrued Wages and Benefits	170,141	11,846	181,987
Matured Compensated Absences Payable	33,554	0	33,554
Intergovernmental Payable	558,778	13,663	572,441
Deferred Revenue	5,810,029	0	5,810,029
Retainage Payable	49,560	0	49,560
Matured Bonds Payable	5,000	0	5,000
Accrued Interest Payable	34,998	7,337	42,335
Claims Payable	79,590	0	79,590
Long-Term Liabilities:			
Due Within One Year	783,051	24,140	807,191
Due In More Than One Year	10,591,982	392,822	10,984,804
<i>Total Liabilities</i>	<u>19,033,770</u>	<u>451,492</u>	<u>19,485,262</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	16,981,242	6,755,429	23,736,671
Restricted for:			
Capital Projects	6,697,396	0	6,697,396
Debt Service	933,368	0	933,368
Recreation	272,344	0	272,344
Municipal Probation Services	314,982	0	314,982
Aging	226,474	0	226,474
Street Construction and Maintenance	347,929	0	347,929
Other Purposes	212,492	0	212,492
Unrestricted	2,531,056	7,201,554	9,732,610
<i>Total Net Assets</i>	<u>\$28,517,283</u>	<u>\$13,956,983</u>	<u>\$42,474,266</u>

See accompanying notes to the basic financial statements

City of Rocky River, Ohio
Statement of Activities
For the Year Ended December 31, 2003

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	
Governmental Activities				
General Government	\$5,142,027	\$2,406,821	\$0	\$749,605
Security of Persons and Property	8,037,215	346,364	40,392	0
Public Health Services	1,071,428	397,420	0	0
Transportation	2,619,434	19,603	518,181	0
Community Environment	823,487	715	0	0
Basic Utility Services	2,161,930	14,966	70,301	0
Leisure Time Activities	2,738,117	1,265,249	0	0
Interest and Fiscal Charges	439,230	0	0	0
<i>Total Governmental Activities</i>	23,032,868	4,451,138	628,874	749,605
Business-Type Activity				
Sewer	2,174,213	1,649,436	0	0
<i>Totals</i>	<u>\$25,207,081</u>	<u>\$6,100,574</u>	<u>\$628,874</u>	<u>\$749,605</u>

General Revenues

Property Taxes Levied for:

General Purposes

Recreation

Office on Aging

Refuse and Recycling

Fire Levy

Police Levy

Capital Improvements

Municipal Income Taxes Levied

for General Purposes

Estate Taxes

Other Local Taxes

Grants and Entitlements not Restricted

to Specific Programs

Interest

Other

Total General Revenues

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements

Net (Expense) and
Changes in Net Assets

Governmental Activities	Business-Type Activity	Total
(\$1,985,601)	\$0	(\$1,985,601)
(7,650,459)	0	(7,650,459)
(674,008)	0	(674,008)
(2,081,650)	0	(2,081,650)
(822,772)	0	(822,772)
(2,076,663)	0	(2,076,663)
(1,472,868)	0	(1,472,868)
(439,230)	0	(439,230)
(17,203,251)	0	(17,203,251)
<u>0</u>	<u>(524,777)</u>	<u>(524,777)</u>
<u>(17,203,251)</u>	<u>(524,777)</u>	<u>(17,728,028)</u>
3,344,189	0	3,344,189
265,406	0	265,406
265,406	0	265,406
530,815	0	530,815
159,244	0	159,244
159,244	0	159,244
530,815	0	530,815
7,450,963	0	7,450,963
1,485,683	0	1,485,683
195,006	0	195,006
1,455,607	0	1,455,607
195,673	0	195,673
327,212	0	327,212
<u>16,365,263</u>	<u>0</u>	<u>14,879,580</u>
(837,988)	(524,777)	(1,362,765)
<u>29,355,271</u>	<u>14,481,760</u>	<u>43,837,031</u>
<u>\$28,517,283</u>	<u>\$13,956,983</u>	<u>\$42,474,266</u>

City of Rocky River, Ohio

Balance Sheet

Governmental Funds

December 31, 2003

	General	Recreation Center	Capital Improvement	Permanent Improvement
Assets				
Equity in Pooled Cash and				
Cash Equivalents	\$2,727,036	\$478,239	\$1,877,504	\$3,329,763
Cash and Cash Equivalents				
In Segregated Accounts	530,360	0	0	0
Cash and Cash Equivalents				
With Fiscal Agent	0	0	0	0
Accrued Interest Receivable	14,718	0	0	0
Accounts Receivable	197,658	0	28,797	0
Intergovernmental Receivable	709,878	17,595	35,189	495,415
Materials and Supplies Inventory	16,176	5,504	0	0
Prepaid Items	1,595	0	0	0
Municipal Income Taxes Receivable	1,757,271	0	0	0
Property Taxes Receivable	3,823,868	303,481	606,964	0
Special Assessments Receivable	0	0	0	0
<i>Total Assets</i>	<u>\$9,778,560</u>	<u>\$804,819</u>	<u>\$2,548,454</u>	<u>\$3,825,178</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$325,513	\$32,591	\$0	\$0
Contracts Payable	0	0	211,450	0
Accrued Wages and Benefits	97,534	17,903	0	0
Matured Compensated Absences Payable	0	0	0	0
Intergovernmental Payable	215,827	33,909	0	0
Deferred Revenue	5,161,162	321,076	642,153	0
Retainage Payable	0	0	49,560	0
Matured Bonds Payable	0	0	0	0
<i>Total Liabilities</i>	<u>5,800,036</u>	<u>405,479</u>	<u>903,163</u>	<u>0</u>
Fund Balances				
Reserved for Encumbrances	172,542	36,616	1,542,469	0
Unreserved, Undesignated, Reported in:				
General Fund	3,805,982	0	0	0
Special Revenue Funds	0	362,724	0	0
Debt Service Funds	0	0	0	0
Capital Projects Funds	0	0	102,822	3,825,178
<i>Total Fund Balances</i>	<u>3,978,524</u>	<u>399,340</u>	<u>1,645,291</u>	<u>3,825,178</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$9,778,560</u>	<u>\$804,819</u>	<u>\$2,548,454</u>	<u>\$3,825,178</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, 2003*

Municipal Court Capital Improvement	Other Governmental Funds	Total Governmental Funds
\$1,203,622	\$1,748,053	\$11,364,217
0	0	530,360
0	5,000	5,000
32	0	14,750
0	7,159	233,614
0	326,006	1,584,083
0	98,623	120,303
0	0	1,595
0	0	1,757,271
0	1,274,623	6,008,936
0	839,230	839,230
<u>\$1,203,654</u>	<u>\$4,298,694</u>	<u>\$22,459,359</u>
\$256,813	\$71,938	\$686,855
0	0	211,450
0	54,704	170,141
0	33,554	33,554
2,321	76,400	328,457
0	2,348,547	8,472,938
0	0	49,560
0	5,000	5,000
<u>259,134</u>	<u>2,590,143</u>	<u>9,957,955</u>
310,053	172,702	2,234,382
0	0	3,805,982
0	1,299,984	1,662,708
0	129,136	129,136
634,467	106,729	4,669,196
<u>944,520</u>	<u>1,708,551</u>	<u>12,501,404</u>
<u>\$1,203,654</u>	<u>\$4,298,694</u>	<u>\$22,459,359</u>

Total Governmental Funds Balances	\$12,501,404
<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	24,581,865
Other long-term assets are not available to pay for current-period expenditures and therefore are not deferred in the funds.	
Delinquent Property Taxes	198,907
Municipal Income Taxes	821,304
Intergovernmental	803,468
Special Assessments	<u>839,230</u>
Total	2,662,909
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.	372,080
Intergovernmental payable includes contractually required pension contributions not expected to be paid with expendable available financial resources and therefore not reported in the funds.	(230,321)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(34,998)
Bond issuance costs will be amortized over the life of the bonds on the statement of assets.	39,377
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	(6,810,000)
Special Assessment Bonds	(830,000)
Compensated Absences Payable	(3,039,555)
Police and Fire Pension Liability	<u>(695,478)</u>
Total	<u>(11,375,033)</u>
<i>Net Assets of Governmental Activities</i>	<u><u>\$28,517,283</u></u>

City of Rocky River, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2003

	General	Recreation Center	Capital Improvement	Permanent Improvement	Municipal Court Capital Improvement
Revenues					
Property and Other Taxes	\$3,342,057	\$265,237	\$530,476	\$0	\$0
Municipal Income Taxes	7,553,532	0	0	0	0
Charges for Services	61,044	1,142,355	9,633	0	0
Fines, Fees and Permits	2,623,146	0	2,198	0	0
Intergovernmental	1,277,032	35,190	70,379	1,485,683	722,707
Special Assessments	0	0	3,680	0	0
Interest	146,094	0	476	0	16,944
Other Local Taxes	81,703	0	113,303	0	0
Rentals	70,376	28,395	0	0	0
Other	125,246	0	195,338	0	0
<i>Total Revenues</i>	<u>15,280,230</u>	<u>1,471,177</u>	<u>925,483</u>	<u>1,485,683</u>	<u>739,651</u>
Expenditures					
Current:					
General Government	4,544,926	0	0	0	0
Security of Persons and Property	7,109,316	0	0	0	0
Public Health Services	64,279	0	0	0	0
Transportation	599,575	0	0	0	0
Community Environment	806,798	0	0	0	0
Basic Utility Services	0	0	0	0	0
Leisure Time Activities	352,892	0	0	0	0
Capital Outlay	0	2,133,395	2,123,384	0	988,748
Debt Service:					
Principal Retirement	1,117	0	0	0	0
Interest and Fiscal Charges	46	0	0	0	0
<i>Total Expenditures</i>	<u>13,478,949</u>	<u>2,133,395</u>	<u>2,123,384</u>	<u>0</u>	<u>988,748</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,801,281</u>	<u>(662,218)</u>	<u>(1,197,901)</u>	<u>1,485,683</u>	<u>(249,097)</u>
Other Financing Sources (Uses)					
Sale of Capital Assets	82,405	0	0	0	0
Transfers In	349,789	525,000	1,402,000	0	0
Transfers Out	(2,984,969)	0	0	(1,776,000)	(259,539)
<i>Total Other Financing Sources (Uses)</i>	<u>(2,552,775)</u>	<u>525,000</u>	<u>1,402,000</u>	<u>(1,776,000)</u>	<u>(259,539)</u>
<i>Net Change in Fund Balances</i>	(751,494)	(137,218)	204,099	(290,317)	(508,636)
<i>Fund Balances Beginning 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>
<i>Fund Balances End of Year</i>	<u>\$3,978,524</u>	<u>\$399,340</u>	<u>\$1,645,291</u>	<u>\$3,825,178</u>	<u>\$944,520</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, 2003*

Other Governmental Funds	Total Governmental Funds		
		Net Change in Fund Balances - Total Governmental Funds	(\$1,965,064)
		<i>Amounts reported for governmental activities in the statement of activities are different because</i>	
\$1,113,999	\$5,251,769	Governmental funds report capital outlays as expenditures.	
0	7,553,532	However, in the statement of activities, the cost of those	
396,511	1,609,543	assets is allocated over their estimated useful lives as	
113,800	2,739,144	depreciation expense. This is the amount by which	
760,566	4,351,557	capital outlays exceeded depreciation in the current period.	
37,338	41,018	Capital Asset Additions	2,178,974
32,159	195,673	Current Year Depreciation	<u>(1,289,125)</u>
0	195,006		
0	98,771	Total	889,849
6,628	327,212		
<u>2,461,001</u>	<u>22,363,225</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.	(339,396)
0	4,544,926	Revenues in the statement of activities that do not provide current	
200,447	7,309,763	financial resources are not reported as revenues in the funds.	
1,017,053	1,081,332	Delinquent Property Taxes	3,350
1,717,903	2,317,478	Municipal Income Taxes	(102,569)
0	806,798	Special Assessments	(37,338)
1,485,120	1,485,120	Intergovernmental	<u>(31,788)</u>
0	352,892		
365,652	5,611,179	Total	(168,345)
460,920	462,037		
439,123	439,169	Repayment of bond principal is an expenditure in the governmental	
<u>5,686,218</u>	<u>24,410,694</u>	funds, but the repayment reduces long-term liabilities in the	
		statement of net assets.	440,000
(3,225,217)	(2,047,469)	In the statement of activities, interest is accrued on outstanding	
		bonds, whereas in governmental funds, an interest expenditure	
		is reported when due.	1,580
0	82,405	Bond issuance costs will be amortized over the life of the	
3,093,508	5,370,297	bonds on the statement of net assets.	(1,641)
(349,789)	(5,370,297)		
2,743,719	82,405	Some expenses reported in the statement of activities, such as	
		compensated absences, do not require the use of current	
		financial resources and therefore are not reported	
(481,498)	(1,965,064)	as expenditures.	
2,190,049	14,466,468	Compensated Absences	(64,528)
		Pension Obligation	219,431
		Police and Fire Pension Liability	20,920
		Capital Lease Obligation	<u>1,117</u>
<u>\$1,708,551</u>	<u>\$12,501,404</u>	Total	176,940
		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>128,089</u>
		<i>Change in Net Assets of Governmental Activities</i>	<u>(\$837,988)</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, 2003

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Budget</u>	<u>Actual</u>	
Revenues				
Property and Other Taxes	\$3,326,895	\$3,326,895	\$3,342,057	\$15,162
Municipal Income Taxes	7,500,000	7,565,000	7,565,018	18
Charges for Services	54,370	53,120	61,044	7,924
Fines, Fees and Permits	2,326,215	2,462,965	2,485,360	22,395
Intergovernmental	1,376,575	1,285,585	1,276,846	(8,739)
Interest	270,000	138,000	138,427	427
Other Local Taxes	92,000	92,000	80,278	(11,722)
Rentals	65,000	65,000	70,376	5,376
Other	106,350	146,350	125,246	(21,104)
<i>Total Revenues</i>	<u>15,117,405</u>	<u>15,134,915</u>	<u>15,144,652</u>	<u>9,737</u>
Expenditures				
Current:				
General Government	4,493,400	4,752,846	4,328,013	424,833
Security of Persons and Property	7,900,751	7,974,712	7,131,297	843,415
Public Health Services	64,279	64,279	64,279	0
Transportation	607,846	630,560	603,070	27,490
Community Environment	930,072	966,303	859,240	107,063
Leisure Time Activities	380,705	385,338	352,907	32,431
<i>Total Expenditures</i>	<u>14,377,053</u>	<u>14,774,038</u>	<u>13,338,806</u>	<u>1,435,232</u>
<i>Excess of Revenues Over Expenditures</i>	<u>740,352</u>	<u>360,877</u>	<u>1,805,846</u>	<u>1,444,969</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	0	75,000	82,405	7,405
Transfers In	349,789	349,789	349,789	0
Transfers Out	(2,952,754)	(2,984,969)	(2,984,969)	0
<i>Total Other Sources (Uses)</i>	<u>(2,602,965)</u>	<u>(2,560,180)</u>	<u>(2,552,775)</u>	<u>7,405</u>
<i>Net Change in Fund Balance</i>	(1,862,613)	(2,199,303)	(746,929)	1,452,374
<i>Fund Balance Beginning of Year</i>	3,058,854	3,058,854	3,058,854	0
Prior Year Encumbrances Appropriated	228,296	228,296	228,296	0
<i>Fund Balance End of Year</i>	<u>\$1,424,537</u>	<u>\$1,087,847</u>	<u>\$2,540,221</u>	<u>\$1,452,374</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, 2003

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Budget</u>	<u>Actual</u>	
Revenues				
Property Taxes	\$264,039	\$264,039	\$265,237	\$1,198
Charges for Services	1,134,680	1,134,680	1,142,355	7,675
Intergovernmental	35,190	35,190	35,190	0
Rentals	21,000	21,000	28,395	7,395
<i>Total Revenues</i>	1,454,909	1,454,909	1,471,177	16,268
Expenditures				
Current:				
Leisure Time Activities	2,313,182	2,351,320	2,178,473	172,847
<i>Excess of Revenues</i> <i>Under Expenditures</i>	(858,273)	(896,411)	(707,296)	189,115
Other Financing Sources				
Transfers In	525,000	525,000	525,000	0
<i>Net Change in Fund Balance</i>	(333,273)	(371,411)	(182,296)	189,115
<i>Fund Balance Beginning of Year</i>	571,550	571,550	571,550	0
Prior Year Encumbrances Appropriated	38,138	38,138	38,138	0
<i>Fund Balance End of Year</i>	<u>\$276,415</u>	<u>\$238,277</u>	<u>\$427,392</u>	<u>\$189,115</u>

See accompanying notes to the basic financial statements

City of Rocky River, Ohio

Statement of Fund Net Assets

Proprietary Funds

December 31, 2003

	Business Type Activity - Sewer	Governmental Activity - Internal Service Fund
Assets		
<i>Current Assets</i>		
Equity in Pooled Cash and		
Cash Equivalents	\$306,055	\$470,452
Accounts Receivable	228,819	0
Materials and Supplies Inventory	12,573	0
<i>Total Current Assets</i>	<u>547,447</u>	<u>470,452</u>
<i>Noncurrent Assets</i>		
Investment in Joint Venture	6,789,365	0
Nondepreciable Capital Assets	289,516	0
Depreciable Capital Assets, Net	6,782,147	0
<i>Total Noncurrent Assets</i>	<u>13,861,028</u>	<u>0</u>
<i>Total Assets</i>	<u>14,408,475</u>	<u>470,452</u>
Liabilities		
<i>Current Liabilities</i>		
Accounts Payable	1,684	18,782
Accrued Wages and Benefits	11,846	0
Intergovernmental Payable	13,663	0
Claims Payable	0	79,590
Accrued Interest Payable	7,337	0
Compensated Absences Payable	11,572	0
OWDA Loans Payable	12,568	0
<i>Total Current Liabilities</i>	<u>58,670</u>	<u>98,372</u>
<i>Long-Term Liabilities</i>		
Compensated Absences Payable (Net of Current Portion)	89,156	0
OWDA Loans Payable (Net of Current Portion)	303,666	0
<i>Total Long-Term Liabilities</i>	<u>392,822</u>	<u>0</u>
<i>Total Liabilities</i>	<u>451,492</u>	<u>98,372</u>
Net Assets		
Invested in Capital Assets, Net of Related Debt	6,755,429	0
Unrestricted	7,201,554	372,080
<i>Total Net Assets</i>	<u>\$13,956,983</u>	<u>\$372,080</u>

See accompanying notes to the basic financial statements

City of Rocky River, Ohio
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2003

	Business Type Activity	Governmental Activity - Internal Service Fund
	Sewer	Self Insurance
Operating Revenues		
Charges for Services	\$1,649,436	\$1,390,727
Operating Expenses		
Personal Services	619,029	0
Materials and Supplies	60,659	0
Contractual Services	917,840	145,630
Heat, Light and Power	13,733	0
Depreciation	286,625	0
Other	1,128	0
Claims	0	1,117,008
<i>Total Expenses</i>	1,899,014	1,262,638
<i>Operating Income (Loss)</i>	(249,578)	128,089
Nonoperating Expenses		
Equity in Loss of Joint Venture	(260,384)	0
Interest and Fiscal Charges	(14,815)	0
<i>Total Nonoperating Expenses</i>	(275,199)	0
<i>Change in Net Assets</i>	(524,777)	128,089
<i>Net Asssets Beginning of Year</i>	14,481,760	243,991
<i>Net Asssets End of Year</i>	\$13,956,983	\$372,080

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, 2003

	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	\$1,573,433	\$1,390,727
Cash Payments for Good and Services	(1,000,124)	(126,848)
Cash Payments to Employees for Services and Benefits	(595,949)	0
Cash Payments for Claims	0	(1,113,579)
Cash Payments for Other Operating Expenses	(1,128)	0
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>(23,768)</u>	<u>150,300</u>
Cash Flows from Capital and Related Financing Activities		
Capital Acquisitions	(26,651)	0
Principal Paid on OWDA Loan	(12,005)	0
Interest Paid on OWDA Loan	(15,093)	0
<i>Net Cash Used for Capital and Related Financial Activities</i>	<u>(53,749)</u>	<u>0</u>
Cash Flows from Investing Activities		
Capital Contributed to Joint Venture	(113,400)	0
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(190,917)	150,300
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>496,972</u>	<u>320,152</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$306,055</u></u>	<u><u>\$470,452</u></u>

(continued)

City of Rocky River, Ohio
Statement of Cash Flows
Proprietary Funds (continued)
For the Year Ended December 31, 2003

	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>	(\$249,578)	\$128,089
Adjustments:		
Depreciation	286,625	0
(Increase)/Decrease in Assets:		
Accounts Receivable	(76,003)	
Materials and Supplies Inventory	(2,413)	0
Increase/(Decrease) in Liabilities:		
Accounts Payable	(5,678)	18,782
Accrued Wages and Benefits	3,086	0
Compensated Absences Payable	26,403	0
Intergovernmental Payable	(6,210)	0
Claims Payable	0	3,429
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>(\$23,768)</u>	<u>\$150,300</u>

See accompanying notes to the basic financial statements

City of Rocky River, Ohio
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2003

	<u>Investment Trust</u>	
	Individual Investment Account	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$0	\$226,144
Cash and Cash Equivalents:		
In Segregated Accounts	3,725,445	0
With Fiscal Agents	2,886,528	0
Accrued Interest Receivable	9,287	0
<i>Total Assets</i>	6,621,260	\$226,144
Liabilities		
Undistributed Monies	0	\$182,432
Deposits Held and Due to Others	0	43,712
<i>Total Liabilities</i>	0	\$226,144
Net Assets		
Held in Trust for Participants	\$6,621,260	

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, 2003

	Individual Investment Account
Additions	
Interest	\$43,672
Capital Transactions - Purchases	4,265,103
<i>Total Additions</i>	4,308,775
Deductions	
Capital Transaction - Redemptions	4,808,072
Distributions to Participants	38,916
<i>Total Deductions</i>	4,846,988
<i>Change in Net Assets</i>	(538,213)
<i>Net Assets Beginning of Year</i>	7,159,473
<i>Net Assets End of Year</i>	\$6,621,260

See accompanying notes to the basic financial statements

City of Rocky River, Ohio
Notes to the Basic Financial Statements
For Year Ended December 31, 2003

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 and the Ohio Municipal League Group Rating Plan, an insurance purchasing pool. These organizations are presented in Note 18 and 19 to the basic financial statements.

City of Rocky River, Ohio
Notes to the Basic Financial Statements
For Year Ended December 31, 2003

Note 2 – Summary of Significant Accounting Policies

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

A. Basis of Presentation

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

Government-wide Financial Statements The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" 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. The City reports three categories of funds: governmental, proprietary and fiduciary.

City of Rocky River, Ohio
Notes to the Basic Financial Statements
For Year Ended December 31, 2003

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

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

City of Rocky River, Ohio
Notes to the Basic Financial Statements
For Year Ended December 31, 2003

of results of operations. The City's agency funds are for deposits, fees and miscellaneous clearance, donations and bequests, the S.A.F.E. fund and the municipal court.

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 5). 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, 2003

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, 2003, but which were levied to finance year 2004 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 2003, investments of the cash management pool were limited to certificates of deposit, STAROhio and repurchase agreements which are reported at cost.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2003 amounted to \$146,094, which includes \$43,148 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 2003, 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, 2003

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, 2003 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 Years
Vehicles	5 Years
Infrastructure	18 - 50 Years

For 2003, the City's infrastructure consists of roads, traffic signals, storm sewers and water mains. In addition, the City has recorded construction in progress for City road projects initiated in 2003. 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, 2003

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 miscellaneous State and Federal grants.

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

City of Rocky River, Ohio
Notes to the Basic Financial Statements
For Year Ended December 31, 2003

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 for the general fund and at the fund level for all other funds. 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, 2003

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 - 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	(\$751,494)	(\$137,218)
Net Adjustment for Revenue Accruals	(131,467)	0
Unrecorded Cash	(4,111)	0
Net Adjustment for Expenditure Accruals	322,847	5,769
Encumbrances	(182,704)	(50,847)
Budget Basis	(\$746,929)	(\$182,296)

City of Rocky River, Ohio
Notes to the Basic Financial Statements
For Year Ended December 31, 2003

Note 4 – 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.

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 \$15,127,249 and the bank balance was \$15,796,511. \$600,000 of the bank balance was covered by federal depository insurance. \$15,196,511 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. The Armada Money Market Mutual Fund and STAROhio are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

	Category 3	Carrying and Fair Value
Repurchase Agreements	\$150,424	\$150,424
Armada Money Market Mutual Fund	0	2,886,528
STAROhio	0	1,350,000
 Total Investments	 \$150,424	 \$4,386,952

City of Rocky River, Ohio
Notes to the Basic Financial Statements
For Year Ended December 31, 2003

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	\$19,514,201	\$0
Armada Money Market Mutual Fund	(2,886,528)	2,886,528
Repurchase Agreements	(150,424)	150,424
STAROhio	(1,350,000)	1,350,000
GASB Statement No. 3	\$15,127,249	\$4,386,952

Note 5 - 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 2003 for real and public utility property taxes represents collections of the 2002 taxes. Property tax payments received during 2003 for tangible personal property (other than public utility property) and for 2003 taxes.

2003 real property taxes are levied after October 1, 2003, on the assessed value as of January 1, 2003, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2003 real property taxes are collected in and intended to finance 2004.

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. 2003 public utility property taxes which became a lien December 31, 2002, are levied after October 1, 2003, and are collected in 2004 with real property taxes.

2003 tangible personal property taxes are levied after October 1, 2002, on the values as of December 31, 2002. Collections are made in 2003. Tangible personal property assessments are 25 percent of true value for capital assets and 23 percent for inventory.

The full tax rate for all City operations for the year ended December 31, 2003, was \$9.90 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2003 property tax receipts were based as follows:

Category	Assessed Value
Real Property	\$634,723,650
Public Utility Real	9,544,580
Tangible Personal	14,696,532
Total	\$658,964,762

City of Rocky River, Ohio
Notes to the Basic Financial Statements
For Year Ended December 31, 2003

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.

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

The Cuyahoga County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Rocky River. The County Auditor periodically remits to the City its portion of the taxes. Property taxes receivable represents real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2003 and for which there is an enforceable legal claim. In the governmental funds, the entire receivable has been offset by deferred revenue since current taxes were not levied to finance 2003 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and a revenue while on the modified accrual basis the revenue is deferred.

Note 6 - Income Taxes

The City levies a municipal income tax of 1.5 percent on substantially all income earned within the City. In addition, residents of the City are required to pay the City income tax on income earned outside the City; however, a credit is allowed for income taxes paid to other municipalities which reduces the effective tax rate to .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 2003 were \$198,735.

Note 7 - Receivables

Receivables at December 31, 2003, 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 \$790,000 in the special assessment bond retirement fund. The amount of delinquent special assessments outstanding is \$9,230 at December 31, 2003.

A summary of the principal items of intergovernmental receivables follows:

City of Rocky River, Ohio
Notes to the Basic Financial Statements
For Year Ended December 31, 2003

	Amount
Gasoline Tax	\$54,815
Auto Registration	66,943
Municipal Cents Per Gallon	108,951
Permissive Tax	21,399
Local Government	488,185
Estate Tax	495,415
Homestead and Rollback	348,375
Total	\$1,584,083

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

Note 8 – Capital Assets

A summary of changes in capital assets during 2003 follows:

	Balance 12/31/02	Additions	Deletions	Balance 12/31/03
Governmental Activities				
<i>Capital Assets Not Being Depreciated</i>				
Land	\$1,376,404	\$0	\$0	\$1,376,404
Construction in Progress	917,601	225,570	(917,601)	225,570
<i>Total Capital Assets Not Being Depreciated</i>	2,294,005	225,570	(917,601)	1,601,974
<i>Capital Assets Being Depreciated</i>				
Building	23,153,815	1,023,592	0	24,177,407
Equipment	3,646,623	258,100	(361,862)	3,542,861
Vehicles	5,322,866	282,098	(207,424)	5,397,540
Infrastructure				
Roads	0	389,614	0	389,614
Traffic Signals	3,000,000	0	0	3,000,000
Storm Sewers	731,285	0	0	731,285
Water Mains	0	917,601	0	917,601
<i>Total Capital Assets Being Depreciated</i>	35,854,589	2,871,005	(569,286)	38,156,308
Less Accumulated Depreciation				
Building	(6,287,960)	(447,650)	0	(6,735,610)
Equipment	(2,881,417)	(149,826)	64,172	(2,967,071)
Vehicles	(3,743,635)	(476,230)	165,718	(4,054,147)
Infrastructure				
Roads	0	0	0	0
Traffic Signals	(1,106,666)	(166,666)	0	(1,273,332)
Storm Sewers	(97,504)	(48,753)	0	(146,257)
Water Mains	0	0	0	0
<i>Total Accumulated Depreciation</i>	(14,117,182)	(1,289,125)	229,890	(15,176,417)
Total Capital Assets Being Depreciated, Net	21,737,407	1,581,880	(339,396)	22,979,891
Governmental Activities Capital Assets, Net	\$24,031,412	\$1,807,450	(\$1,256,997)	\$24,581,865

City of Rocky River, Ohio
Notes to the Basic Financial Statements
For Year Ended December 31, 2003

	Balance 12/31/02	Additions	Deletions	Balance 12/31/03
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	12,508	0	15,142
Vehicles	652,590	14,143	0	666,733
Sewer Lines	15,769,145	0	0	15,769,145
<i>Total Capital Assets Being Depreciated</i>	<u>16,424,369</u>	<u>26,651</u>	<u>0</u>	<u>16,451,020</u>
Less Accumulated Depreciation				
Equipment	(2,634)	0	0	(2,634)
Vehicles	(569,593)	(56,482)	0	(626,075)
Sewer Lines	(8,810,021)	(230,143)	0	(9,040,164)
<i>Total Accumulated Depreciation</i>	<u>(9,382,248)</u>	<u>(286,625)</u>	<u>0</u>	<u>(9,668,873)</u>
Total Capital Assets Being Depreciated, Net	<u>7,042,121</u>	<u>(259,974)</u>	<u>0</u>	<u>6,782,147</u>
Total Business Type Activities Capital Assets, Net	<u>\$7,331,637</u>	<u>(\$259,974)</u>	<u>\$0</u>	<u>\$7,071,663</u>

*Depreciation expense was charged to governmental functions as follows:

General Government	\$204,741
Security of Persons and Property	318,098
Public Health and Welfare	48,505
Transportation	111,612
Community Environment	16,385
Basic Utility Services	310,861
Leisure Time Activities	278,923
Total	<u>\$1,289,125</u>

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 \$6,789,365 which represents 28.35 percent of the total equity in the Plant. The Plant is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit to or burden on the City. Complete financial statements can be obtained from the 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, 2003

Note 10 - 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 2003, the City procured insurance through the St. Paul Insurance Company, except for the umbrella policy which is through the Philadelphia Indemnity Company, for the following types of insurance:

Type of Coverage	Coverage Amount
Property	\$28,883,407
Boiler and Machinery	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
Public Officials Liability	2,000,000
Umbrella Liability	5,000,000
Inland Marine	1,138,035
Law Enforcement Liability	
Per Occurrence	1,000,000
In Aggregate	2,000,000

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

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 \$1,218,200 aggregate per year. For each employee, the City paid monthly into the self insurance internal service fund \$245 for single and \$660 for family coverage. These rates are paid by the fund from which the employees' salary is paid. Incurred but not reported claims of \$79,590 have been accrued as a liability at December 31, 2003 based on an estimate by the third party administrator.

The claims liability of \$79,590 reported in the funds at December 31, 2003, 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 2003 were:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2002	\$0	\$570,750	\$494,589	\$76,161
2003	76,161	1,117,008	1,113,579	79,590

The City participates in the Ohio Municipal League Group Rating Plan (OML), an insurance purchasing pool (Note 19) for worker's 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

City of Rocky River, Ohio
Notes to the Basic Financial Statements
For Year Ended December 31, 2003

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. 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 11 - Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

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

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-6705.

For the year ended December 31, 2003, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9 percent. The City's contribution rate for pension benefits for 2003 was 8.55 percent, except for those plan members in law enforcement or public safety. For those classifications, the City's pension contributions were 11.7 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The City's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2003, 2002, and 2001 were \$628,764, \$582,756, and \$590,792 respectively; 98.04 percent has been contributed for 2003 and 100 percent for 2002 and 2001. Contributions to the member-directed plan for 2003 were \$12,645 made by the City and \$7,932 made by the plan members.

City of Rocky River, Ohio
Notes to the Basic Financial Statements
For Year Ended December 31, 2003

B. Ohio Police and Fire Pension Fund

The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. 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. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the City is required to contribute 11.75 percent for police officers and 16.25 percent for firefighters. Contributions are authorized by State statute. The City's contributions to the fund for police and firefighters were \$255,459 and \$292,596 for the year ended December 31, 2003, \$240,145 and \$285,695 for the year ended December 31, 2002 and \$232,952 and \$275,512 for the year ended December 31, 2001, equal to the required contributions for each year. The full amount has been contributed for 2002 and 2001. 69.98 and 72.92 percent, respectively, has been contributed for 2003 with the remainder being reported as a liability.

Note 12 – Postemployment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2003 local government employer contribution rate was 13.55 percent of covered payroll (16.7 percent for public safety and law enforcement); 5.00 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2002, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase 4.00 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 annually.

The number of active contributing participants in the traditional and combined plans was 364,881. Actual employer contributions for 2003 which were used to fund postemployment benefits were \$367,698. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2002, (the latest information available) were \$10.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$18.7 billion and \$8.7 billion, respectively.

City of Rocky River, Ohio
Notes to the Basic Financial Statements
For Year Ended December 31, 2003

In December 2001, the Board adopted the Health Care “Choices” Plan. The Choices Plan will be offered to all persons newly hired in an OPERS covered position after January 1, 2003, with no prior service credit accumulated toward health care coverage. Choices will incorporate a cafeteria approach, offering a broader range of health care options. The Plan uses a graded scale from ten to thirty years to calculate a monthly health care benefit. This is in contrast to the ten-year “cliff” eligibility standard for the present Plan.

The benefit recipient will be free to select the option that best meets their needs. Recipients will fund health care costs in excess of their monthly health care benefit. The Plan will also offer a spending account feature, enabling the benefit recipient to apply their allowance toward specific medical expenses, much like a Medical Spending Account.

B. Ohio Police and Fire Pension Fund

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

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in *GASB Statement No. 12*. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund’s board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution rate is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the postemployment health care program during 2003. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The City's actual contributions for 2003 that were used to fund postemployment benefits were \$168,495 for police and \$139,546 for firefighters. The OP&F’s total health care expense for the year ended December 31, 2002, (the latest information available) was \$141,028,006, which was net of member contributions of \$12,623,875. The number of OP&F participants eligible to receive health care benefits as of December 31, 2002, was 13,527 for police and 10,396 for firefighters.

Note 13 – 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 9.69 hours for every 168 hours worked. Sick leave accumulation is limited to 1,080 hours, except for the fire division where a maximum of 1,512 hours may be accumulated. City employees with two or more years of service are paid for their accumulated sick leave upon termination or retirement.

City of Rocky River, Ohio
Notes to the Basic Financial Statements
For Year Ended December 31, 2003

Note 14 - Capital Leases

The City entered into lease agreements for pool improvements, network cabling, two salt trucks and three police cars. The City's lease obligations meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases". Capital lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements. These expenditures are reflected as program/function expenditures on a budgetary basis.

Capital assets acquired by lease have been capitalized and depreciated as follows:

Governmental Activities	
<i>Capital Assets, being depreciated:</i>	
Equipment	\$14,463
Less Accumulated Depreciation:	
Equipment	(8,265)
<i>Capital Assets, Net</i>	\$6,198

Note 15 – 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, 2003, the outstanding industrial revenue bonds principal amount payable was \$7,000,000 with an original issue amount of \$7,000,000.

Note 16 - Long-Term Obligations

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

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

	Outstanding 12/31/2002	Additions	Reductions	Outstanding 12/31/2003	Amount Due in One Year
Governmental Activities					
General Obligation Bonds					
Municipal Court Facility	\$3,700,000	\$0	\$85,000	\$3,615,000	\$100,000
General Purpose	3,515,000	0	320,000	3,195,000	325,000
Total General Obligation Bonds	7,215,000	0	405,000	6,810,000	425,000
Special Assessment Bonds					
Erosion Control (B)	340,000	0	10,000	330,000	15,000
Erosion Control	525,000	0	25,000	500,000	25,000
Total Special Assessment Bonds	865,000	0	35,000	830,000	40,000
Compensated Absences Payable	2,975,027	149,861	85,333	3,039,555	296,233
Police and Fire Pension Liability	716,398	0	20,920	695,478	21,818
Capital Lease Payable	1,117	0	1,117	0	0
<i>Total Governmental Activities</i>	<u>\$11,772,542</u>	<u>\$149,861</u>	<u>\$547,370</u>	<u>\$11,375,033</u>	<u>\$783,051</u>
Business Type Activities					
OWDA Loan	\$328,239	\$0	\$12,005	\$316,234	\$12,568
Compensated Absences Payable	74,325	33,761	7,358	100,728	11,572
Total Business Type Activities	<u>\$402,564</u>	<u>\$33,761</u>	<u>\$19,363</u>	<u>\$416,962</u>	<u>\$24,140</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 recreation center, office on aging, 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.

City of Rocky River, Ohio
Notes to the Basic Financial Statements
For Year Ended December 31, 2003

The City's overall legal debt margin was \$62,495,715 at December 31, 2003. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2003, are as follows:

	General Obligation Bonds		Special Assessment Bonds		Police and Fire Pension		Total Governmental Activities	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2004	\$425,000	\$331,093	\$40,000	\$42,200	\$21,818	\$29,329	\$486,818	\$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	375,000	248,203	40,000	34,412	25,814	25,332	440,814	307,947
2009-2013	1,950,000	961,476	200,000	141,250	146,687	109,043	2,296,687	1,211,769
2014-2018	995,000	541,832	200,000	92,900	181,015	74,715	1,376,015	709,447
2019-2023	895,000	340,101	200,000	39,750	96,652	41,034	1,191,652	420,885
2024-2028	880,000	106,876	30,000	2,475	75,260	25,435	985,260	134,786
2029-2033	0	0	0	0	76,994	7,943	76,994	7,943
Total	\$6,810,000	\$3,399,290	\$830,000	\$467,925	\$695,478	\$395,031	\$8,335,478	\$4,262,246

Business Type Activity		
OWDA Loan		
	Principal	Interest
2004	\$12,568	\$14,530
2005	13,159	13,939
2006	13,776	13,322
2007	14,423	12,675
2008	15,099	11,997
2009-2013	86,818	48,669
2014-2018	109,200	26,290
2019-2022	51,191	3,003
Total	\$316,234	\$144,425

Note 17 - 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.

Note 18 - 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 2003, the City contributed \$38,735 which represented 12.81 percent of total contributions.

City of Rocky River, Ohio
Notes to the Basic Financial Statements
For Year Ended December 31, 2003

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 2003, the City contributed \$1,000 which represented 33.3 percent of total contributions.

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

The Safe Air for Environment (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 2003.

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 2003, the City contributed \$300 which represented 8.3 percent of total contributions.

Note 19 - Insurance Purchasing Pool

Ohio Municipal League Group Rating Plan The City is a participant in the Ohio Municipal League Group Rating Plan, an insurance purchasing pool. The OML's business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance officers, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as coordinator of the Program. Each year, the participants pay an enrollment fee to the Program to cover the costs of administering the Program.

Note 20 – Interfund Transfers

The general fund transfers to the major and nonmajor governmental funds 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 debt obligations, capital improvements and equipment purchases in the City. The transfer from the municipal court capital improvements fund to the general obligation bond retirement fund was 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 office on aging special revenue fund to the general fund was to pay for

City of Rocky River, Ohio
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For Year Ended December 31, 2003

expenses originally covered by the general fund. Transfers made during the year ended December 31, 2003 were as follows:

Transfer To	Transfer from				
	Governmental Activities				
	General	Permanent Improvement	Municipal Court Capital Improvement	Office of Aging	Fire Levy
<i>Governmental Activities</i>					
General	\$0	\$0	\$0	\$59,789	\$150,000
Recreation	525,000	0	0	0	0
Capital Improvements	0	1,402,000	0	0	0
FEMA Grant	32,215	0	0	0	0
Office on Aging	100,000	0	0	0	0
Marine Patrol	35,000	0	0	0	0
Refuse and Recycling	765,000	0	0	0	0
Motor Vehicle License Tax	300,000	0	0	0	0
Street Repair and Maintenance	705,000	0	0	0	0
General Obligation Bond Retirement	509,810	0	259,539	0	0
Special Assessment Bond Retirement	12,944	0	0	0	0
Equipment Replacement	0	374,000	0	0	0
<i>Total</i>	<u>\$2,984,969</u>	<u>\$1,776,000</u>	<u>\$259,539</u>	<u>\$59,789</u>	<u>\$150,000</u>

(continued)

Transfer To	Total	
	Police Levy	Governmental Activities
<i>Governmental Activities</i>		
General	\$140,000	\$349,789
Recreation	0	525,000
Capital Improvements	0	1,402,000
FEMA Grant	0	32,215
Office on Aging	0	100,000
Marine Patrol	0	35,000
Refuse and Recycling	0	765,000
Motor Vehicle License Tax	0	300,000
Street Repair and Maintenance	0	705,000
General Obligation Bond Retirement	0	769,349
Special Assessment Bond Retirement	0	12,944
Equipment Replacement	0	374,000
<i>Total</i>	<u>\$140,000</u>	<u>\$5,370,297</u>

City of Rocky River, Ohio
Notes to the Basic Financial Statements
For Year Ended December 31, 2003

Note 21 - Contractual Commitments

At December 31, 2003, 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	1,496,705	1,309,032	187,673
Family Aquatic	3,000	2,400	600
Crack Sealing	39,000	38,844	156
Hilliard Improvement	33,500	0	33,500
Televising Sewers	40,550	28,658	11,892
Professional Services	153,650	122,526	31,124
Fire Station Roof	26,402	25,228	1,174
Sewer Repairs	35,000	24,381	10,619
Elmwood Park Wetlands	9,880	8,362	1,518
Railroad Crossings	70,000	58,159	11,841
Sidewalk Repairs	49,265	29,643	19,622
Gym and Memorial Hall	70,700	60,974	9,726
Court Facility	4,648,086	4,648,086	0
Inglewood Improvement	915,792	202,335	713,457
Yaht Club Improvement	265,836	0	265,836
Soil Removal	455,439	384,744	70,695
Underground Storage Tanks	10,150	9,560	590
Noise Barriers	182,820	156,588	26,232
Elmwood Cabin	267,400	232,704	34,696
<i>Total</i>	<u>\$9,826,795</u>	<u>\$8,283,735</u>	<u>\$1,543,060</u>

Combining Statements and Individual Fund Schedules

Fund Descriptions – 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.

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

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

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

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

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

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

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.

(continued)

Fund Descriptions – Nonmajor Funds (continued)

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

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

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

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

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, 2003

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,391,791	\$129,136	\$227,126	\$1,748,053
Cash and Cash Equivalents with Fiscal Agent	0	5,000	0	5,000
Accounts Receivable	7,159	0	0	7,159
Intergovernmental Receivable	326,006	0	0	326,006
Materials and Supplies Inventory	98,623	0	0	98,623
Property Taxes Receivable	1,274,623	0	0	1,274,623
Special Assessments Receivable	0	839,230	0	839,230
<i>Total Assets</i>	<u>\$3,098,202</u>	<u>\$973,366</u>	<u>\$227,126</u>	<u>\$4,298,694</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$71,938	\$0	\$0	\$71,938
Accrued Wages and Benefits	54,704	0	0	54,704
Matured Compensated Absences Payable	33,554	0	0	33,554
Intergovernmental Payable	76,400	0	0	76,400
Deferred Revenue	1,509,317	839,230	0	2,348,547
Matured Bonds Payable	0	5,000	0	5,000
<i>Total Liabilities</i>	<u>1,745,913</u>	<u>844,230</u>	<u>0</u>	<u>2,590,143</u>
Fund Balances				
Reserved for Encumbrances	52,305	0	120,397	172,702
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	1,299,984	0	0	1,299,984
Debt Service Funds	0	129,136	0	129,136
Capital Projects Funds	0	0	106,729	106,729
<i>Total Fund Balances</i>	<u>1,352,289</u>	<u>129,136</u>	<u>227,126</u>	<u>1,708,551</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$3,098,202</u>	<u>\$973,366</u>	<u>\$227,126</u>	<u>\$4,298,694</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, 2003

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues				
Property Taxes	\$1,113,999	\$0	\$0	\$1,113,999
Charges for Services	396,511	0	0	396,511
Fines, Fees and Permits	113,800	0	0	113,800
Intergovernmental	733,668	0	26,898	760,566
Special Assessments	0	37,338	0	37,338
Interest	0	32,159	0	32,159
Other	6,628	0	0	6,628
<i>Total Revenues</i>	<u>2,364,606</u>	<u>69,497</u>	<u>26,898</u>	<u>2,461,001</u>
Expenditures				
Current:				
Security of Persons and Property	200,447	0	0	200,447
Public Health Services	1,017,053	0	0	1,017,053
Transportation	1,717,903	0	0	1,717,903
Basic Utility Services	1,485,120	0	0	1,485,120
Capital Outlay	0	0	365,652	365,652
Debt Service:				
Principal Retirement	20,920	440,000	0	460,920
Interest and Fiscal Charges	30,227	408,896	0	439,123
<i>Total Expenditures</i>	<u>4,471,670</u>	<u>848,896</u>	<u>365,652</u>	<u>5,686,218</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(2,107,064)</u>	<u>(779,399)</u>	<u>(338,754)</u>	<u>(3,225,217)</u>
Other Financing Sources (Uses)				
Transfers In	1,937,215	782,293	374,000	3,093,508
Transfers Out	(349,789)	0	0	(349,789)
<i>Total Other Financing Sources (Uses)</i>	<u>1,587,426</u>	<u>782,293</u>	<u>374,000</u>	<u>2,743,719</u>
<i>Net Change in Fund Balances</i>	(519,638)	2,894	35,246	(481,498)
<i>Fund Balances Beginning of Year</i>	<u>1,871,927</u>	<u>126,242</u>	<u>191,880</u>	<u>2,190,049</u>
<i>Fund Balances End of Year</i>	<u><u>\$1,352,289</u></u>	<u><u>\$129,136</u></u>	<u><u>\$227,126</u></u>	<u><u>\$1,708,551</u></u>

City of Rocky River, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2003

	Law Enforcement Trust	Community Diversion Program	Indigent Driver Alcohol Treatment	Enforcement and Education	Municipal Probation Services
Assets					
Equity in Pooled Cash and Cash Equivalents	\$21,139	\$514	\$77,401	\$8,426	\$311,257
Accounts Receivable	125	0	1,547	408	5,079
Intergovernmental Receivable	0	0	0	0	0
Materials and Supplies Inventory	0	0	0	0	0
Property Taxes Receivable	0	0	0	0	0
<i>Total Assets</i>	<u>\$21,264</u>	<u>\$514</u>	<u>\$78,948</u>	<u>\$8,834</u>	<u>\$316,336</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	\$0	\$0	\$0	\$0	\$204
Accrued Wages and Benefits	0	0	0	0	816
Matured Compensated Absences Payable	0	0	0	0	0
Intergovernmental Payable	0	135	0	0	334
Deferred Revenue	0	0	0	0	0
<i>Total Liabilities</i>	<u>0</u>	<u>135</u>	<u>0</u>	<u>0</u>	<u>1,354</u>
Fund Balances					
Reserved for Encumbrances	349	0	0	0	11,916
Unreserved, Undesignated	20,915	379	78,948	8,834	303,066
<i>Total Fund Balances</i>	<u>21,264</u>	<u>379</u>	<u>78,948</u>	<u>8,834</u>	<u>314,982</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$21,264</u>	<u>\$514</u>	<u>\$78,948</u>	<u>\$8,834</u>	<u>\$316,336</u>

Young Adult Alcohol Diversion	Mediation Services	Office on Aging	Marine Patrol	Community Impacts	Refuse and Recycling	Motor Vehicle License Tax
\$24,765	\$1,475	\$294,142	\$13,186	\$3,312	\$205,454	\$72,014
	0	0	0	0	0	0
0	0	17,595	0	0	35,189	21,399
0	0	37,494	0	0	0	0
0	0	303,481	0	0	606,964	0
<u>\$24,765</u>	<u>\$1,475</u>	<u>\$652,712</u>	<u>\$13,186</u>	<u>\$3,312</u>	<u>\$847,607</u>	<u>\$93,413</u>
\$0	\$0	\$3,907	\$0	\$0	\$35,771	\$790
0	0	6,916	0	0	20,412	4,220
0	0	33,554	0	0	0	0
0	0	13,523	1,080	0	21,337	5,468
0	0	321,076	0	0	642,153	14,988
0	0	378,976	1,080	0	719,673	25,466
0	0	7,082	225	0	0	1,192
24,765	1,475	266,654	11,881	3,312	127,934	66,755
24,765	1,475	273,736	12,106	3,312	127,934	67,947
<u>\$24,765</u>	<u>\$1,475</u>	<u>\$652,712</u>	<u>\$13,186</u>	<u>\$3,312</u>	<u>\$847,607</u>	<u>\$93,413</u>

(continued)

City of Rocky River, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2003

	Street Repair and Maintenance	State Highway	Fire Levy	Police Levy	Total Nonmajor Special Revenue Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$266,425	\$21,497	\$38,094	\$32,690	\$1,391,791
Accounts Receivable	0	0	0	0	7,159
Intergovernmental Receivable	213,432	17,277	10,557	10,557	326,006
Materials and Supplies Inventory	61,129	0	0	0	98,623
Property Taxes Receivable	0	0	182,089	182,089	1,274,623
<i>Total Assets</i>	<u>\$540,986</u>	<u>\$38,774</u>	<u>\$230,740</u>	<u>\$225,336</u>	<u>\$3,098,202</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	\$31,266	\$0	\$0	\$0	\$71,938
Accrued Wages and Benefits	22,340	0	0	0	54,704
Matured Compensated Absences Payable	0	0	0	0	33,554
Intergovernmental Payable	24,088	0	5,515	4,920	76,400
Deferred Revenue	134,899	10,909	192,646	192,646	1,509,317
<i>Total Liabilities</i>	<u>212,593</u>	<u>10,909</u>	<u>198,161</u>	<u>197,566</u>	<u>1,745,913</u>
Fund Balances					
Reserved for Encumbrances	25,683	5,858	0	0	52,305
Unreserved, Undesignated	302,710	22,007	32,579	27,770	1,299,984
<i>Total Fund Balances</i>	<u>328,393</u>	<u>27,865</u>	<u>32,579</u>	<u>27,770</u>	<u>1,352,289</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$540,986</u>	<u>\$38,774</u>	<u>\$230,740</u>	<u>\$225,336</u>	<u>\$3,098,202</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, 2003

	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	300	3,600	42,824	4,187	50,774
Intergovernmental	10,952	0	0	0	0
Rentals	0	0	0	0	0
Other	0	0	0	0	0
<i>Total Revenues</i>	<u>11,252</u>	<u>3,600</u>	<u>42,824</u>	<u>4,187</u>	<u>50,774</u>
Expenditures					
Current:					
Security of Persons and Property	1,117	6,244	42,002	12,417	37,191
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>1,117</u>	<u>6,244</u>	<u>42,002</u>	<u>12,417</u>	<u>37,191</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>10,135</u>	<u>(2,644)</u>	<u>822</u>	<u>(8,230)</u>	<u>13,583</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>	10,135	(2,644)	822	(8,230)	13,583
<i>Fund Balances Beginning of Year</i>	<u>11,129</u>	<u>3,023</u>	<u>78,126</u>	<u>17,064</u>	<u>301,399</u>
<i>Fund Balances End of Year</i>	<u>\$21,264</u>	<u>\$379</u>	<u>\$78,948</u>	<u>\$8,834</u>	<u>\$314,982</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, 2003

	Young Adult Alcohol Diversion	Mediation Services	Federal Emergency Management Agency	Office of Aging	Marine Patrol
Revenues					
Property Taxes	\$0	\$0	\$0	\$265,237	\$0
Charges for Services	0	0	0	381,545	0
Fines, Fees and Permits	10,640	1,475	0	0	0
Intergovernmental	0	0	0	35,190	31,680
Rentals	0	0	0	0	0
Other	0	0	0	3,597	0
<i>Total Revenues</i>	<u>10,640</u>	<u>1,475</u>	<u>0</u>	<u>685,569</u>	<u>31,680</u>
Expenditures					
Current:					
Security of Persons and Property	700	0	32,215	0	64,123
Public Health Services	0	0	0	1,017,053	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>700</u>	<u>0</u>	<u>32,215</u>	<u>1,017,053</u>	<u>64,123</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>9,940</u>	<u>1,475</u>	<u>(32,215)</u>	<u>(331,484)</u>	<u>(32,443)</u>
Other Financing Sources (Uses)					
Transfers In	0	0	32,215	100,000	35,000
Transfers Out	0	0	0	(59,789)	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>32,215</u>	<u>40,211</u>	<u>35,000</u>
<i>Net Change in Fund Balances</i>	9,940	1,475	0	(291,273)	2,557
<i>Fund Balances Beginning of Year</i>	<u>14,825</u>	<u>0</u>	<u>0</u>	<u>565,009</u>	<u>9,549</u>
<i>Fund Balances End of Year</i>	<u>\$24,765</u>	<u>\$1,475</u>	<u>\$0</u>	<u>\$273,736</u>	<u>\$12,106</u>

Community Impacts	Refuse and Recycling	Motor Vehicle License Tax	Street Repair and Maintenance	State Highway	Fire Levy	Police Levy	Total Nonmajor Special Revenue Funds
\$0	\$530,476	\$0	\$0	\$0	\$159,143	\$159,143	\$1,113,999
0	14,966	0	0	0	0	0	396,511
0	0	0	0	0	0	0	113,800
0	70,379	42,343	463,328	37,568	21,114	21,114	733,668
0	0	0	0	0	0	0	0
0	3,031	0	0	0	0	0	6,628
0	618,852	42,343	463,328	37,568	180,257	180,257	2,364,606
0	0	0	0	0	2,118	2,320	200,447
0	0	0	0	0	0	0	1,017,053
0	0	334,649	1,314,112	69,142	0	0	1,717,903
0	1,485,120	0	0	0	0	0	1,485,120
0	0	0	0	0	5,712	15,208	20,920
0	0	0	0	0	14,427	15,800	30,227
0	1,485,120	334,649	1,314,112	69,142	22,257	33,328	4,471,670
0	(866,268)	(292,306)	(850,784)	(31,574)	158,000	146,929	(2,107,064)
0	765,000	300,000	705,000	0	0	0	1,937,215
0	0	0	0	0	(150,000)	(140,000)	(349,789)
0	765,000	300,000	705,000	0	(150,000)	(140,000)	1,587,426
0	(101,268)	7,694	(145,784)	(31,574)	8,000	6,929	(519,638)
3,312	229,202	60,253	474,177	59,439	24,579	20,841	1,871,927
<u>\$3,312</u>	<u>\$127,934</u>	<u>\$67,947</u>	<u>\$328,393</u>	<u>\$27,865</u>	<u>\$32,579</u>	<u>\$27,770</u>	<u>\$1,352,289</u>

City of Rocky River, Ohio
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2003

	General Obligation Bond Retirement	Special Assessment Bond Retirement	Total Nonmajor Debt Service Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$114,415	\$14,721	\$129,136
Cash and Cash Equivalents with Fiscal Agent	5,000	0	5,000
Special Assessments Receivable	0	839,230	839,230
<i>Total Assets</i>	<u>\$119,415</u>	<u>\$853,951</u>	<u>\$973,366</u>
Liabilities and Fund Balances			
Liabilities			
Deferred Revenue	\$0	\$839,230	\$839,230
Matured Bonds Payable	5,000	0	5,000
<i>Total Liabilities</i>	5,000	839,230	844,230
Fund Balances			
Unreserved, Undesignated	114,415	14,721	129,136
<i>Total Liabilities and Fund Balances</i>	<u>\$119,415</u>	<u>\$853,951</u>	<u>\$973,366</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, 2003

	General Obligation Bond Retirement	Special Assessment Bond Retirement	Total Nonmajor Debt Service Funds
Revenues			
Special Assessments	\$0	\$37,338	\$37,338
Interest	0	32,159	32,159
<i>Total Revenues</i>	<u>0</u>	<u>69,497</u>	<u>69,497</u>
Expenditures			
Debt Service:			
Principal Retirement	405,000	35,000	440,000
Interest and Fiscal Charges	364,349	44,547	408,896
<i>Total Expenditures</i>	<u>769,349</u>	<u>79,547</u>	<u>848,896</u>
<i>Excess of Revenues Under Expenditures</i>	(769,349)	(10,050)	(779,399)
Other Financing Sources			
Transfers In	769,349	12,944	782,293
<i>Net Change in Fund Balances</i>	0	2,894	2,894
<i>Fund Balances Beginning of Year</i>	<u>114,415</u>	<u>11,827</u>	<u>126,242</u>
<i>Fund Balances End of Year</i>	<u>\$114,415</u>	<u>\$14,721</u>	<u>\$129,136</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 donations to the City's police department and office on aging to be used for community-related programs. The City's role is limited to that of custodian of funds.

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

City of Rocky River, Ohio
Combining Statement of Assets and Liabilities
Agency Funds
December 31, 2003

	Deposits, Fees and Miscellaneous Clearance	Donations and Bequests	S.A.F.E.	Total
Assets				
Equity in Pooled Cash and Cash Equivalents	\$43,712	\$154,691	\$27,741	\$226,144
Liabilities				
Undistributed Monies	\$0	\$154,691	\$27,741	\$182,432
Deposits Held and Due to Others	43,712	0	0	43,712
<i>Total Liabilities</i>	\$43,712	\$154,691	\$27,741	\$226,144

City of Rocky River, Ohio
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
For the Year Ended December 31, 2003

	Balance 12/31/02	Additions	Reductions	Balance 12/31/03
<i>Deposits, Fees and Miscellaneous Clearance</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$37,289	\$18,896	\$12,473	\$43,712
Liabilities				
Deposits Held and Due to Others	\$37,289	\$18,896	\$12,473	\$43,712
 <i>Donations and Bequests</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$175,340	\$14,913	\$35,562	\$154,691
Liabilities				
Undistributed Monies	\$175,340	\$14,913	\$35,562	\$154,691
 <i>S.A.F.E.</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$28,918	\$183	\$1,360	\$27,741
Liabilities				
Undistributed Monies	\$28,918	\$183	\$1,360	\$27,741

(continued)

City of Rocky River, Ohio
Combining Statement of Changes in Assets and Liabilities
All Agency Funds (continued)
For the Year Ended December 31, 2003

	Balance 12/31/02	Additions	Reductions	Balance 12/31/03
All Agency Funds				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$241,547	\$33,992	\$49,395	\$226,144
Liabilities				
Undistributed Monies	\$204,258	\$15,096	\$36,922	\$182,432
Deposits Held and Due to Others	37,289	18,896	12,473	43,712
<i>Total Liabilities</i>	\$241,547	\$33,992	\$49,395	\$226,144

**Individual Fund Schedules 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, 2003

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property and Other Taxes	\$3,326,895	\$3,326,895	\$3,342,057	\$15,162
Municipal Income Taxes	7,500,000	7,565,000	7,565,018	18
Charges for Services	54,370	53,120	61,044	7,924
Fines, Fees and Permits	2,326,215	2,462,965	2,485,360	22,395
Intergovernmental	1,376,575	1,285,585	1,276,846	(8,739)
Interest	270,000	138,000	138,427	427
Other Local Taxes	92,000	92,000	80,278	(11,722)
Rentals	65,000	65,000	70,376	5,376
Other	106,350	146,350	125,246	(21,104)
<i>Total Revenues</i>	<u>15,117,405</u>	<u>15,134,915</u>	<u>15,144,652</u>	<u>9,737</u>
Expenditures				
Current:				
General Government:				
Council:				
Personal Services	111,297	113,183	111,534	1,649
Other	9,725	10,325	6,382	3,943
Total Council	<u>121,022</u>	<u>123,508</u>	<u>117,916</u>	<u>5,592</u>
Mayor:				
Personal Services	152,414	152,649	150,734	1,915
Capital Outlay	3,000	2,386	2,046	340
Other	5,750	6,663	6,178	485
Total Mayor	<u>161,164</u>	<u>161,698</u>	<u>158,958</u>	<u>2,740</u>
Finance Department:				
Personal Services	256,545	256,621	232,680	23,941
Capital Outlay	11,550	9,309	8,684	625
Other	95,425	128,845	99,663	29,182
Total Finance Department	<u>363,520</u>	<u>394,775</u>	<u>341,027</u>	<u>53,748</u>
Law Director:				
Personal Services	94,387	94,418	93,460	958
Other	131,025	131,025	80,651	50,374
Total Law Director	<u>225,412</u>	<u>225,443</u>	<u>174,111</u>	<u>51,332</u>
Other Executive Administration:				
Personal Services	76,085	76,199	75,076	1,123
Capital Outlay	750	1,023	1,023	0
Other	4,175	3,812	3,535	277
Total Other Executive Administration	<u>\$81,010</u>	<u>\$81,034</u>	<u>\$79,634</u>	<u>\$1,400</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, 2003

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Boards and Commissions:				
Personal Services	\$31,757	\$31,956	\$28,463	\$3,493
Other	37,700	60,318	44,322	15,996
Total Boards and Commissions	69,457	92,274	72,785	19,489
Building Maintenance:				
Personal Services	337,815	345,420	319,753	25,667
Capital Outlay	33,658	25,440	12,125	13,315
Other	354,050	374,686	302,698	71,988
Total Building Maintenance	725,523	745,546	634,576	110,970
Municipal Courts:				
Personal Services	1,668,862	1,676,021	1,597,668	78,353
Other	264,726	315,614	293,851	21,763
Total Municipal Courts	1,933,588	1,991,635	1,891,519	100,116
Miscellaneous:				
Other	812,704	936,933	857,487	79,446
Total Miscellaneous	812,704	936,933	857,487	79,446
Total General Government	4,493,400	4,752,846	4,328,013	424,833
Security of Persons and Property:				
Police Department:				
Personal Services	3,653,853	3,658,738	3,398,189	260,549
Capital Outlay	24,500	28,215	22,115	6,100
Other	456,350	472,376	322,156	150,220
Total Police Department	4,134,703	4,159,329	3,742,460	416,869
Fire Department:				
Personal Services	3,056,582	3,065,543	2,740,847	324,696
Capital Outlay	35,000	36,300	27,512	8,788
Other	166,187	165,149	99,338	65,811
Total Fire Department	3,257,769	3,266,992	2,867,697	399,295
Police on Patrol Arresting Speeders:				
Personal Services	74,268	87,792	71,314	16,478
Capital Outlay	78,000	114,705	114,572	133
Other	0	5,599	2,227	3,372
Total Police on Patrol Arresting Speeders	\$152,268	\$208,096	\$188,113	\$19,983

(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, 2003

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Street Lighting:				
Other	\$275,000	\$259,260	\$253,393	\$5,867
Administrative Support:				
Personal Services	76,086	76,200	75,076	1,124
Capital Outlay	750	1,023	1,023	0
Other	4,175	3,812	3,535	277
Total Administrative Support	81,011	81,035	79,634	1,401
Total Security of Persons and Property	7,900,751	7,974,712	7,131,297	843,415
Public Health Services:				
County Health Board:				
Other	64,279	64,279	64,279	0
Transportation:				
Equipment Repair and Garage:				
Personal Services	479,746	483,983	474,251	9,732
Capital Outlay	11,400	9,950	9,064	886
Other	116,700	136,627	119,755	16,872
Total Transportation	607,846	630,560	603,070	27,490
Community Environment:				
Community Development:				
Personal Services	516,021	521,590	514,374	7,216
Capital Outlay	18,150	18,150	16,750	1,400
Other	152,300	182,199	120,863	61,336
Total Community Development	686,471	721,939	651,987	69,952
Economic Development:				
Personal Services	118,401	120,564	115,572	4,992
Other	125,200	123,800	91,681	32,119
Total Economic Development	243,601	244,364	207,253	37,111
Total Community Environment	930,072	966,303	859,240	107,063
Leisure Time Activities:				
Parks Department:				
Personal Services	274,530	284,020	276,053	7,967
Capital Outlay	25,000	20,000	6,690	13,310
Other	81,175	81,318	70,164	11,154
Total Leisure Time Activities	380,705	385,338	352,907	32,431
<i>Total Expenditures</i>	14,377,053	14,774,038	13,338,806	1,435,232
<i>Excess of Revenues Over Expenditures</i>	\$740,352	\$360,877	\$1,805,846	\$1,444,969

(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, 2003

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Other Financing Sources (Uses)				
Sale of Capital Assets	\$0	\$75,000	\$82,405	\$7,405
Transfers In	349,789	349,789	349,789	0
Transfers Out	<u>(2,952,754)</u>	<u>(2,984,969)</u>	<u>(2,984,969)</u>	<u>0</u>
<i>Total Other Financing Sources (Uses)</i>	<u>(2,602,965)</u>	<u>(2,560,180)</u>	<u>(2,552,775)</u>	<u>7,405</u>
<i>Net Change in Fund Balance</i>	(1,862,613)	(2,199,303)	(746,929)	1,452,374
<i>Fund Balance Beginning of Year</i>	3,058,854	3,058,854	3,058,854	0
Prior Year Encumbrances Appropriated	<u>228,296</u>	<u>228,296</u>	<u>228,296</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$1,424,537</u>	<u>\$1,087,847</u>	<u>\$2,540,221</u>	<u>\$1,452,374</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, 2003

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Property Taxes	\$264,039	\$264,039	\$265,237	\$1,198
Charges for Services	1,134,680	1,134,680	1,142,355	7,675
Intergovernmental	35,190	35,190	35,190	0
Rentals	21,000	21,000	28,395	7,395
<i>Total Revenues</i>	<u>1,454,909</u>	<u>1,454,909</u>	<u>1,471,177</u>	<u>16,268</u>
Expenditures				
Current:				
Leisure Time Activities:				
Recreation Center:				
Personal Services	1,548,757	1,535,271	1,484,180	51,091
Capital Outlay	53,550	47,445	19,340	28,105
Other	710,875	768,604	674,953	93,651
<i>Total Expenditures</i>	<u>2,313,182</u>	<u>2,351,320</u>	<u>2,178,473</u>	<u>172,847</u>
<i>Excess of Revenues Under Expenditures</i>	(858,273)	(896,411)	(707,296)	189,115
Other Financing Sources				
Transfers In	525,000	525,000	525,000	0
<i>Net Change in Fund Balance</i>	(333,273)	(371,411)	(182,296)	189,115
<i>Fund Balance Beginning of Year</i>	571,550	571,550	571,550	0
Prior Year Encumbrances Appropriated	38,138	38,138	38,138	0
<i>Fund Balance End of Year</i>	<u>\$276,415</u>	<u>\$238,277</u>	<u>\$427,392</u>	<u>\$189,115</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, 2003

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Property Taxes	\$528,079	\$528,079	\$530,476	\$2,397
Fines, Fees and Permits	0	0	2,198	2,198
Charges for Services	1,578	195,578	7,494	(188,084)
Intergovernmental	672,064	70,379	70,379	0
Special Assessments	2,400	2,400	3,680	1,280
Interest	150	150	476	326
Other Local Taxes	100,000	113,000	113,303	303
Other	0	0	196,823	196,823
<i>Total Revenues</i>	1,304,271	909,586	924,829	15,243
Expenditures				
Capital Outlay	5,389,000	3,718,598	3,444,220	274,378
<i>Excess of Revenues Under Expenditures</i>	(4,084,729)	(2,809,012)	(2,519,391)	289,621
Other Financing Sources				
Transfers In	4,126,000	1,402,000	1,402,000	0
<i>Net Change in Fund Balance</i>	41,271	(1,407,012)	(1,117,391)	289,621
<i>Fund Balance Beginning of Year</i>	872,828	872,828	872,828	0
Prior Year Encumbrances Appropriated	579,598	579,598	579,598	0
<i>Fund Balance End of Year</i>	<u>\$1,493,697</u>	<u>\$45,414</u>	<u>\$335,035</u>	<u>\$289,621</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, 2003

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$3,500,000	\$4,000,000	\$4,034,135	\$34,135
Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Excess of Revenues Over Expenditures</i>	3,500,000	4,000,000	4,034,135	34,135
Other Financing Uses				
Transfers Out	<u>(1,000,000)</u>	<u>(1,776,000)</u>	<u>(1,776,000)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	2,500,000	2,224,000	2,258,135	34,135
<i>Fund Balance Beginning of Year</i>	<u>1,071,628</u>	<u>1,071,628</u>	<u>1,071,628</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$3,571,628</u></u>	<u><u>\$3,295,628</u></u>	<u><u>\$3,329,763</u></u>	<u><u>\$34,135</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, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$737,000	\$772,000	\$773,990	\$1,990
Interest	10,000	10,000	16,912	6,912
<i>Total Revenues</i>	747,000	782,000	790,902	8,902
Expenditures				
Capital Outlay:				
Capital Outlay	236,817	1,833,341	1,791,803	41,538
<i>Excess of Revenues Over (Under) Expenditures</i>	510,183	(1,051,341)	(1,000,901)	50,440
Other Financing Uses				
Operating Transfers Out	(259,539)	(259,539)	(259,539)	0
<i>Net Change in Fund Balance</i>	250,644	(1,310,880)	(1,260,440)	50,440
<i>Fund Balance Beginning of Year</i>	892,035	892,035	892,035	0
Prior Year Encumbrances Appropriated	1,261,974	1,261,974	1,261,974	0
<i>Fund Balance End of Year</i>	<u>\$2,404,653</u>	<u>\$843,129</u>	<u>\$893,569</u>	<u>\$50,440</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, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$1,872,785	\$1,557,785	\$1,573,433	\$15,648
Expenses				
Water Operations:				
Personal Services	547,782	609,613	595,949	13,664
Contractual Services	16,500	16,500	13,733	2,767
Heat, Light and Power	1,040,501	1,049,087	1,045,950	3,137
Materials and Supplies	56,000	56,530	53,110	3,420
Other	2,700	1,700	1,128	572
Capital Outlay	10,000	39,146	39,111	35
Debt Service:				
Principal Retirement	12,005	12,005	12,005	0
Interest and Fiscal Charges	15,093	15,093	15,093	0
<i>Total Expenses</i>	1,700,581	1,799,674	1,776,079	23,595
<i>Net Change in Fund Equity</i>	172,204	(241,889)	(202,646)	39,243
<i>Fund Equity Beginning of Year</i>	456,400	456,400	456,400	0
Prior Year Encumbrances Appropriated	40,572	40,572	40,572	0
<i>Fund Equity End of Year</i>	\$669,176	\$255,083	\$294,326	\$39,243

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, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines, Fees and Permits	\$550	\$550	\$375	(\$175)
Intergovernmental	0	10,500	10,952	452
<i>Total Revenues</i>	550	11,050	11,327	277
Expenditures				
Current:				
Security of Persons and Property:				
Law Enforcement Trust:				
Other	10,900	10,900	1,466	9,434
<i>Net Change in Fund Balance</i>	(10,350)	150	9,861	9,711
<i>Fund Balance Beginning of Year</i>	10,929	10,929	10,929	0
<i>Fund Balance End of Year</i>	\$579	\$11,079	\$20,790	\$9,711

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, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines, Fees and Permits	\$3,600	\$3,600	\$3,600	\$0
Expenditures				
Current:				
Security of Persons and Property:				
Commercial Diver Program:				
Personal Services	5,750	5,845	5,787	58
Other	916	821	366	455
<i>Total Expenditures</i>	<u>6,666</u>	<u>6,666</u>	<u>6,153</u>	<u>513</u>
<i>Net Change in Fund Balance</i>	(3,066)	(3,066)	(2,553)	513
<i>Fund Balance Beginning of Year</i>	<u>3,067</u>	<u>3,067</u>	<u>3,067</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$1</u>	<u>\$1</u>	<u>\$514</u>	<u>\$513</u>

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, 2003

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Fines, Fees and Permits	\$43,500	\$43,500	\$42,703	(\$797)
Expenditures				
Current:				
Security of Persons and Property:				
Indigent Driver Alcohol Treatment:				
Other	<u>80,000</u>	<u>80,000</u>	<u>47,380</u>	<u>32,620</u>
<i>Net Change in Fund Balance</i>	(36,500)	(36,500)	(4,677)	31,823
<i>Fund Balance Beginning of Year</i>	<u>82,078</u>	<u>82,078</u>	<u>82,078</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$45,578</u></u>	<u><u>\$45,578</u></u>	<u><u>\$77,401</u></u>	<u><u>\$31,823</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, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines, Fees and Permits	\$4,200	\$4,200	\$4,072	(\$128)
Expenditures				
Current:				
Security of Persons and Property:				
Enforcement and Education:				
Capital Outlay	0	12,417	12,417	0
Other	16,000	3,583	0	3,583
<i>Total Expenditures</i>	16,000	16,000	12,417	3,583
<i>Net Change in Fund Balance</i>	(11,800)	(11,800)	(8,345)	3,455
<i>Fund Balance Beginning of Year</i>	16,771	16,771	16,771	0
<i>Fund Balance End of Year</i>	\$4,971	\$4,971	\$8,426	\$3,455

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, 2003

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Fines, Fees and Permits	\$48,280	\$48,280	\$50,172	\$1,892
Expenditures				
Current:				
Security of Persons and Property:				
Municipal Probation Services:				
Personal Services	11,500	11,500	8,978	2,522
Capital Outlay	0	36,627	36,394	233
Other	50,000	46,500	3,523	42,977
<i>Total Expenditures</i>	<u>61,500</u>	<u>94,627</u>	<u>48,895</u>	<u>45,732</u>
<i>Net Change in Fund Balance</i>	(13,220)	(46,347)	1,277	47,624
<i>Fund Balance Beginning of Year</i>	264,733	264,733	264,733	0
Unexpended Prior Year Encumbrances	<u>33,127</u>	<u>33,127</u>	<u>33,127</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$284,640</u></u>	<u><u>\$251,513</u></u>	<u><u>\$299,137</u></u>	<u><u>\$47,624</u></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, 2003

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Fines, Fees and Permits	\$8,500	\$8,500	\$11,985	\$3,485
Expenditures				
Current:				
Security of Persons and Property:				
Young Adult Alcohol Diversion:				
Other	<u>13,000</u>	<u>13,000</u>	<u>700</u>	<u>12,300</u>
<i>Net Change in Fund Balance</i>	(4,500)	(4,500)	11,285	15,785
<i>Fund Balance Beginning of Year</i>	<u>13,480</u>	<u>13,480</u>	<u>13,480</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$8,980</u></u>	<u><u>\$8,980</u></u>	<u><u>\$24,765</u></u>	<u><u>\$15,785</u></u>

City of Rocky River, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Mediation Services Fund
For the Year Ended December 31, 2003

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Fines, Fees and Permits	\$0	\$1,475	\$1,475	\$0
Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	1,475	1,475	0
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$1,475</u>	<u>\$1,475</u>	<u>\$0</u>

City of Rocky River, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Federal Emergency Management Agency Grant Fund
For the Year Ended December 31, 2003

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Current:				
Security of Persons and Property:				
Fire Department:				
Capital Outlay	<u>0</u>	<u>32,215</u>	<u>32,215</u>	<u>0</u>
<i>Excess of Revenue Under Expenditures</i>	0	(32,215)	(32,215)	0
Other Financing Sources				
Transfers In	<u>0</u>	<u>32,215</u>	<u>32,215</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</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, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$264,039	\$264,039	\$265,237	\$1,198
Charges for Services	427,000	387,000	381,545	(5,455)
Intergovernmental	35,190	35,190	35,190	0
Other	2,000	2,000	3,597	1,597
<i>Total Revenues</i>	728,229	688,229	685,569	(2,660)
Expenditures				
Current:				
Public Health Services:				
Office on Aging:				
Personal Services	584,550	599,050	582,570	16,480
Capital Outlay	19,000	14,750	12,395	2,355
Other	455,250	455,423	406,690	48,733
<i>Total Expenditures</i>	1,058,800	1,069,223	1,001,655	67,568
<i>Excess of Revenues Under Expenditures</i>	(330,571)	(380,994)	(316,086)	64,908
Other Financing Sources (Uses)				
Transfers In	100,000	100,000	100,000	0
Transfers Out	(59,789)	(59,789)	(59,789)	0
<i>Total Other Financing Sources (Uses)</i>	40,211	40,211	40,211	0
<i>Net Change in Fund Balance</i>	(290,360)	(340,783)	(275,875)	64,908
<i>Fund Balance Beginning of Year</i>	551,296	551,296	551,296	0
Prior Year Encumbrances Appropriated	10,423	10,423	10,423	0
<i>Fund Balance End of Year</i>	\$271,359	\$220,936	\$285,844	\$64,908

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, 2003

	<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	\$31,680	(\$3,320)
Expenditures				
Current:				
Security of Persons and Property:				
Marine Patrol:				
Personal Services	54,143	54,143	48,964	5,179
Capital Outlay	4,000	5,925	5,770	155
Other	21,557	20,506	14,734	5,772
<i>Total Expenditures</i>	<u>79,700</u>	<u>80,574</u>	<u>69,468</u>	<u>11,106</u>
<i>Excess of Revenues Under Expenditures</i>	(44,700)	(45,574)	(37,788)	7,786
Other Financing Sources				
Transfers In	35,000	35,000	35,000	0
<i>Net Change in Fund Balance</i>	(9,700)	(10,574)	(2,788)	7,786
<i>Fund Balance Beginning of Year</i>	14,875	14,875	14,875	0
Prior Year Encumbrances Appropriated	874	874	874	0
<i>Fund Balance End of Year</i>	<u>\$6,049</u>	<u>\$5,175</u>	<u>\$12,961</u>	<u>\$7,786</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, 2003

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Current:				
Basic Utility Services:				
Community Impacts:				
Other	3,300	3,300	0	3,300
<i>Net Change in Fund Balance</i>	(3,300)	(3,300)	0	3,300
<i>Fund Balance Beginning of Year</i>	3,312	3,312	3,312	0
<i>Fund Balance End of Year</i>	<u>\$12</u>	<u>\$12</u>	<u>\$3,312</u>	<u>\$3,300</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, 2003

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Budget	Actual	
Revenues				
Property Taxes	\$528,079	\$528,079	\$530,476	\$2,397
Charges for Services	29,000	15,000	14,966	(34)
Intergovernmental	70,379	70,379	70,379	0
Other	1,500	1,500	3,030	1,530
<i>Total Revenues</i>	<u>628,958</u>	<u>614,958</u>	<u>618,851</u>	<u>3,893</u>
Expenditures				
Current:				
Basic Utility Services:				
Refuse and Recycling:				
Personal Services	930,185	955,935	933,004	22,931
Capital Outlay	5,000	33,145	30,993	2,152
Other	551,500	580,726	522,842	57,884
<i>Total Expenditures</i>	<u>1,486,685</u>	<u>1,569,806</u>	<u>1,486,839</u>	<u>82,967</u>
<i>Excess of Revenues Under Expenditures</i>	(857,727)	(954,848)	(867,988)	86,860
Other Financing Sources				
Transfers In	765,000	765,000	765,000	0
<i>Net Change in Fund Balance</i>	(92,727)	(189,848)	(102,988)	86,860
<i>Fund Balance Beginning of Year</i>	221,857	221,857	221,857	0
Prior Year Encumbrances Appropriated	76,711	76,711	76,711	0
<i>Fund Balance End of Year</i>	<u>\$205,841</u>	<u>\$108,720</u>	<u>\$195,580</u>	<u>\$86,860</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, 2003

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$41,850	\$41,850	\$42,407	\$557
Expenditures				
Current:				
Transportation:				
Motor Vehicle License Tax:				
Personal Services	254,292	259,292	256,265	3,027
Capital Outlay	8,000	1,700	1,480	220
Other	78,075	83,102	76,406	6,696
<i>Total Expenditures</i>	<u>340,367</u>	<u>344,094</u>	<u>334,151</u>	<u>9,943</u>
<i>Excess of Revenues Under Expenditures</i>	(298,517)	(302,244)	(291,744)	10,500
Other Financing Sources				
Transfers In	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	1,483	(2,244)	8,256	10,500
<i>Fund Balance Beginning of Year</i>	61,049	61,049	61,049	0
Prior Year Encumbrances Appropriated	<u>727</u>	<u>727</u>	<u>727</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$63,259</u></u>	<u><u>\$59,532</u></u>	<u><u>\$70,032</u></u>	<u><u>\$10,500</u></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, 2003

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$430,150	\$441,150	\$443,853	\$2,703
Expenditures				
Current:				
Transportation:				
Street Repair and Maintenance:				
Personal Services	1,090,373	1,058,453	1,030,384	28,069
Contractual Services	198,250	315,876	280,919	34,957
Capital Outlay	17,700	32,857	31,165	1,692
Other	32,000	36,500	34,373	2,127
<i>Total Expenditures</i>	<u>1,338,323</u>	<u>1,443,686</u>	<u>1,376,841</u>	<u>66,845</u>
<i>Excess of Revenues Under Expenditures</i>	(908,173)	(1,002,536)	(932,988)	69,548
Other Financing Sources				
Transfers In	705,000	705,000	705,000	0
<i>Net Change in Fund Balance</i>	(203,173)	(297,536)	(227,988)	69,548
<i>Fund Balance Beginning of Year</i>	404,221	404,221	404,221	0
Prior Year Encumbrances Appropriated	33,363	33,363	33,363	0
<i>Fund Balance End of Year</i>	<u>\$234,411</u>	<u>\$140,048</u>	<u>\$209,596</u>	<u>\$69,548</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, 2003

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$34,000	\$34,000	\$35,988	\$1,988
Expenditures				
Current:				
Transportation:				
State Highway:				
Other	<u>75,000</u>	<u>75,000</u>	<u>75,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(41,000)	(41,000)	(39,012)	1,988
<i>Fund Balance Beginning of Year</i>	<u>54,651</u>	<u>54,651</u>	<u>54,651</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$13,651</u></u>	<u><u>\$13,651</u></u>	<u><u>\$15,639</u></u>	<u><u>\$1,988</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, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$158,424	\$158,424	\$159,143	\$719
Intergovernmental	21,114	21,114	21,114	0
<i>Total Revenues</i>	179,538	179,538	180,257	719
Expenditures				
Current:				
Security of Persons and Property:				
Fire:				
Other	20,139	20,139	20,139	0
<i>Excess of Revenues Over Expenditures</i>	159,399	159,399	160,118	719
Other Financing Uses				
Transfers Out	(150,000)	(150,000)	(150,000)	0
<i>Net Change in Fund Balance</i>	9,399	9,399	10,118	719
<i>Fund Balance Beginning of Year</i>	27,977	27,977	27,977	0
<i>Fund Balance End of Year</i>	<u>\$37,376</u>	<u>\$37,376</u>	<u>\$38,095</u>	<u>\$719</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, 2003

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Property Taxes	\$158,424	\$158,424	\$159,143	\$719
Intergovernmental	21,114	21,114	21,114	0
<i>Total Revenues</i>	179,538	179,538	180,257	719
Expenditures				
Current:				
Security of Persons and Property:				
Police:				
Other	33,034	33,034	33,033	1
<i>Excess of Revenues Over Expenditures</i>	146,504	146,504	147,224	720
Other Financing Uses				
Transfers Out	(140,000)	(140,000)	(140,000)	0
<i>Net Change in Fund Balance</i>	6,504	6,504	7,224	720
<i>Fund Balance Beginning of Year</i>	25,466	25,466	25,466	0
<i>Fund Balance End of Year</i>	<u>\$31,970</u>	<u>\$31,970</u>	<u>\$32,690</u>	<u>\$720</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, 2003

	<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:				
Municipal Court	85,000	85,000	85,000	0
Recreation Center	320,000	320,000	320,000	0
Interest and Fiscal Charges:				
Municipal Court	174,539	174,539	174,539	0
Recreation Center	189,810	189,810	189,810	0
<i>Total Expenditures</i>	<u>769,349</u>	<u>769,349</u>	<u>769,349</u>	<u>0</u>
<i>Excess of Revenues Under Expenditures</i>	(769,349)	(769,349)	(769,349)	0
Other Financing Sources				
Transfers In	<u>769,349</u>	<u>769,349</u>	<u>769,349</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><u>\$114,415</u></u>	<u><u>\$114,415</u></u>	<u><u>\$114,415</u></u>	<u><u>\$0</u></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, 2003

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Special Assessments	\$65,944	\$65,944	\$69,497	\$3,553
Expenditures				
Debt Service				
Principal Retirement				
Erosion Control	35,000	35,000	35,000	0
Interest and Fiscal Charges				
Erosion Control	44,513	44,548	44,547	1
<i>Total Expenditures</i>	<u>79,513</u>	<u>79,548</u>	<u>79,547</u>	<u>1</u>
<i>Excess of Revenues Under Expenditures</i>	(13,569)	(13,604)	(10,050)	3,554
Other Financing Sources				
Transfers In	12,944	12,944	12,944	0
<i>Net Change in Fund Balance</i>	(625)	(660)	2,894	3,554
<i>Fund Balance Beginning of Year</i>	<u>11,827</u>	<u>11,827</u>	<u>11,827</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$11,202</u>	<u>\$11,167</u>	<u>\$14,721</u>	<u>\$3,554</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, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Actual Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$26,000	\$26,000	\$26,898	\$898
Expenditures				
Capital Outlay	504,600	566,072	486,049	80,023
<i>Excess of Revenues Under Expenditures</i>	(478,600)	(540,072)	(459,151)	80,921
Other Financing Sources				
Transfers In	374,000	374,000	374,000	0
<i>Net Change in Fund Balance</i>	(104,600)	(166,072)	(85,151)	80,921
<i>Fund Balance Beginning of Year</i>	130,408	130,408	130,408	0
<i>Prior Year Encumbrances Appropriated</i>	61,472	61,472	61,472	0
<i>Fund Balance End of Year</i>	<u>\$87,280</u>	<u>\$25,808</u>	<u>\$106,729</u>	<u>\$80,921</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, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$1,300,000	\$1,390,000	\$1,390,727	\$727
Expenses				
Contractual Services	120,000	126,851	126,849	2
Claims	1,000,000	1,125,000	1,113,579	11,421
Total Expenses	1,120,000	1,251,851	1,240,428	11,423
<i>Net Change in Fund Equity</i>	180,000	138,149	150,299	12,150
<i>Fund Equity Beginning of Year</i>	320,152	320,152	320,152	0
<i>Fund Equity End of Year</i>	\$500,152	\$458,301	\$470,451	\$12,150

City of Rocky River, Ohio
Governmental Activities Revenues by Source and Expenses by Function
Last Two Years

	2003	2002
Program Revenues		
Charges for Services and Sales	\$4,451,138	\$4,656,016
Operating Grants and Contributions	628,874	549,203
Capital Grants and Contributions	749,605	800,499
General Revenues		
Property and Other Taxes	5,255,119	5,302,721
Municipal Income Taxes	7,450,963	7,667,847
Estate Taxes	1,485,683	4,404,473
Other Local Taxes	195,006	195,854
Grants and Entitlements	1,455,607	1,591,815
Investment Earnings	195,673	267,852
Other	327,212	164,186
Total	\$22,194,880	\$25,600,466
Expenses		
General Government	\$5,142,027	\$3,605,760
Security of Persons and Property	8,037,215	7,360,825
Public Health Services	1,071,428	1,066,523
Transportation	2,619,434	2,664,483
Community Environment	823,487	613,151
Basic Utility Services	2,161,930	1,656,791
Leisure Time Activities	2,738,117	2,654,654
Interest and Fiscal Charges	439,230	370,540
Total	\$23,032,868	\$19,992,727

Source: City Financial Records

City of Rocky River, Ohio
*Governmental Revenues by Source
and Expenditures by Function
Last Ten Years (1)*

	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Revenues				
Property and Other Taxes	\$5,251,769	\$5,280,092	\$5,221,797	\$4,578,689
Municipal Income Taxes	7,553,532	7,770,663	7,397,168	7,662,097
Charges for Services	1,609,543	1,651,871	1,686,484	1,562,961
Fees, Fines and Permits	2,739,144	2,908,634	2,739,133	2,299,698
Intergovernmental	4,351,557	7,464,551	5,467,168	5,195,635
Special Assessments	41,018	35,324	76,550	64,163
Interest	195,673	267,852	559,625	874,993
Other Local Taxes	195,006	195,854	218,398	168,846
Contributions and Donations	0	0	0	0
Rentals	98,771	86,692	59,013	36,195
Other	327,212	164,186	243,123	89,786
<i>Total Revenues</i>	<u>\$22,363,225</u>	<u>\$25,825,719</u>	<u>\$23,668,459</u>	<u>\$22,533,063</u>
Expenditures				
Current:				
General Government	\$4,544,926	\$3,372,844	\$3,392,994	\$2,955,625
Security of Persons and Property	7,309,763	7,001,113	6,619,901	6,144,881
Public Health Services	1,081,332	1,015,068	1,043,279	1,037,212
Transportation	2,317,478	2,113,204	1,999,681	1,880,336
Community Environment	806,798	623,812	538,504	519,004
Basic Utility Services	1,485,120	1,365,575	1,246,307	1,344,343
Leisure Time Activities	352,892	2,415,412	2,482,386	2,175,412
Capital Outlay	5,611,179	6,267,738	4,563,260	7,014,377
Debt Service	901,206	768,165	733,060	787,498
<i>Total Expenditures</i>	<u>\$24,410,694</u>	<u>\$24,942,931</u>	<u>\$22,619,372</u>	<u>\$23,858,688</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>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>
\$4,709,924	\$4,511,492	\$4,086,738	\$4,150,989	\$4,162,785	\$3,667,719
7,066,577	6,734,847	6,140,693	5,726,342	5,585,437	5,133,603
1,302,873	1,283,320	1,313,562	1,128,488	1,167,926	980,862
1,933,030	1,752,247	1,809,238	1,392,022	1,309,707	1,354,659
5,721,211	4,413,915	3,748,460	3,845,070	3,227,454	3,012,965
72,729	31,419	33,749	35,796	40,389	47,338
467,281	413,197	362,611	374,595	420,030	234,736
81,758	89,292	98,036	91,137	89,851	108,715
0	50,000	0	0	0	0
0	0	0	0	0	0
118,981	447,328	109,757	100,401	96,086	54,206
<u>\$21,474,364</u>	<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>
\$2,869,638	\$2,586,954	\$2,543,231	\$2,445,079	\$2,240,941	\$1,846,077
5,929,591	5,665,424	5,572,535	5,572,616	5,296,690	5,198,568
725,795	736,802	628,542	591,740	555,980	523,773
1,734,809	1,551,570	1,578,005	1,542,601	1,346,893	1,318,928
444,319	408,127	414,040	401,952	389,935	378,021
1,228,850	1,316,780	1,175,994	1,090,517	987,231	1,056,786
2,167,980	2,031,202	1,831,721	1,719,459	1,630,443	1,531,378
2,331,325	2,703,315	2,009,638	3,705,131	4,609,291	2,308,033
702,978	722,341	720,997	738,914	755,356	353,964
<u>\$18,135,285</u>	<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>

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 Tax Collections
2003	\$6,258,955	\$5,889,910	94.10%	\$122,928
2002	6,366,351	5,872,530	92.24	160,298
2001	5,960,601	5,813,998	97.54	157,811
2000	5,206,250	5,084,043	97.65	98,465
1999	5,258,181	5,149,513	97.93	83,151
1998	5,150,639	4,899,380	95.12	86,257
1997	4,749,511	4,460,772	93.92	59,499
1996	4,764,477	4,525,056	94.97	60,483
1995	4,912,191	4,689,724	95.47	63,088
1994	4,360,997	4,157,411	95.33	71,463

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 Tax Collections	Percent of Total Collections To Tax Levy	Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
\$6,012,838	96.07%	\$248,027	3.96%
6,032,828	94.76	195,557	3.07
5,971,809	100.19	267,631	4.49
5,182,508	99.54	196,071	3.77
5,232,664	99.51	149,061	2.83
4,985,637	96.80	170,634	3.31
4,520,271	95.17	152,899	3.22
4,585,539	96.24	149,267	3.13
4,752,812	96.76	176,578	3.59
4,228,874	96.97	177,125	4.06

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)
2003	\$634,723,650	\$1,813,496,142	\$9,544,580	\$10,846,113
2002	577,506,520	1,650,018,629	9,536,030	10,836,398
2001	571,695,000	1,633,414,286	12,675,450	14,403,920
2000	498,017,510	1,422,907,171	12,157,730	13,815,602
1999	494,359,080	1,412,454,514	13,324,420	15,141,386
1998	491,143,400	1,403,266,857	13,681,070	15,546,670
1997	451,184,260	1,289,097,886	14,287,460	16,235,750
1996	450,464,400	1,287,041,143	14,775,920	16,790,818
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

Source: Cuyahoga County, Ohio; County Auditor

- (1) This amount is calculated for 2003 based on the following percentages:
 Real property is assessed at thirty-five percent of actual value.
 Public utility is assessed at eighty-eight percent of actual value.
 Tangible personal is assessed at twenty-five percent of true value
 for capital assets and twenty-three percent of true value for inventory.

Tangible Personal Property		Total		Ratio
Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)	
\$14,696,532	\$58,786,128	\$658,964,762	1,883,128,383	34.99%
14,906,102	59,624,408	601,948,652	1,720,479,435	34.99
15,716,132	62,864,528	600,086,582	1,710,682,734	35.08
15,769,844	63,079,376	525,945,084	1,499,802,149	35.07
15,823,705	63,294,820	523,507,205	1,490,890,720	35.11
14,249,598	56,998,392	519,074,068	1,475,811,919	35.17
14,360,719	57,442,876	479,832,439	1,362,776,512	35.21
13,301,596	53,206,384	478,541,916	1,357,038,345	35.26
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

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				
2003	\$6.30	\$2.60	\$1.00	\$9.90	\$76.70	\$13.52	\$4.48	\$104.60
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

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
2003	\$95,383	\$69,497	72.86%
2002	87,278	62,574	71.70
2001	97,650	76,550	78.39
2000	80,549	64,163	79.66
1999	83,900	72,729	86.69
1998	42,724	31,419	73.54
1997	47,599	33,749	70.90
1996	48,005	35,796	74.57
1995	30,693	30,693	100.00
1994	32,296	32,296	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
2003	20,735	\$6,695,585	\$658,964,762	1.02%	\$322.91
2002	20,735	7,100,585	601,948,652	1.18	342.44
2001	20,735	3,720,585	600,086,582	0.62	179.44
2000	20,735	4,030,585	525,945,084	0.77	194.39
1999	20,410	4,340,585	523,507,205	0.83	212.67
1998	20,410	4,650,585	519,074,068	0.90	227.86
1997	20,410	4,960,585	479,832,439	1.03	243.05
1996	20,410	5,270,585	478,541,916	1.10	258.24
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

Source: Cuyahoga County, Ohio; County Auditor

City of Rocky River, Ohio
Computation of Legal Debt Margin
December 31, 2003

Assessed Value		\$658,964,762
Legal Debt Margin:		
Debt Limitation - 10.5 percent of Assessed Value		69,191,300
Debt Applicable to Limitation:		
General Obligation Bonds	\$6,810,000	
Special Assessment Bonds	830,000	
OWDA Loan	316,234	
	7,956,234	
Gross Indebtedness (Total Voted and Unvoted Debt)	7,956,234	
Less: Debt Outside Limitations:		
Special Assessment Bonds	830,000	
OWDA Loan	316,234	
	1,146,234	
Total Debt Outside Limitations	1,146,234	
Total Debt Applicable to Limitation - Within 10.5% Limitations	6,810,000	
Less: Amount Available in Debt Service Fund to pay debt applicable to limitation	114,415	
	114,415	
Net Debt Within 10.5% Limitation		6,695,585
Overall Debt Margin Within 10.5% Limitation		\$62,495,715

Unvoted Debt Limitation - 5.5% of Assessed Valuation		\$36,243,062
Gross Indebtedness Authorized by Council	\$7,956,234	
Less: Debt Outside Limitations:		
Total Debt Outside Limitations	1,146,234	
	1,146,234	
Debt Within 5.5% Limitation	6,810,000	
Less Amount Available in Debt Service Fund	114,415	
	114,415	
Net Debt Within 5.5% Limitation		6,695,585
Unvoted Debt Margin Within 5.5% Limitation		\$29,547,477

Source: City Financial Records

City of Rocky River, Ohio
Computation of Direct and Overlapping
General Obligation Bonded Debt
December 31, 2003

	General Obligation Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to City of Rocky River
<u>Direct:</u>			
City of Rocky River	\$6,810,000	100.00%	\$6,810,000
<u>Overlapping:</u>			
Cuyahoga County	183,239,636	2.17	3,976,300
Greater Cleveland Regional Transit Authority	130,795,000	2.17	2,838,252
Rocky River School District	24,709,128	95.22	23,528,032
Total Overlapping	338,743,764		30,342,584
Total	\$345,553,764		\$37,152,584

Source: Cuyahoga County, Ohio; County Auditor

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

City of Rocky River, Ohio
*Ratio of Annual Debt Service Expenditures For
 General Bonded Debt to Total Governmental Expenditures
 Last Ten Years*

Year	Debt Service	General Governmental Expenditures	Ratio of Debt Service To Total Governmental Expenditures
2003	\$769,349	\$24,410,694	3.15%
2002	527,090	24,942,931	2.11
2001	533,830	22,619,372	2.36
2000	550,570	23,858,688	2.31
1999	567,233	18,135,285	3.13
1998	583,895	17,722,515	3.29
1997	600,558	16,474,703	3.65
1996	611,951	17,808,009	3.44
1995	692,326	17,812,760	3.89
1994	292,550	14,515,528	2.02

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
2003	\$283,572,742	\$1,529,923,400	\$1,813,496,142	24	\$8,195,000
2002	265,627,200	1,384,391,429	1,650,018,629	10	3,190,000
2001	259,539,257	1,373,875,029	1,633,414,286	16	6,646,000
2000	222,395,743	1,200,511,428	1,422,907,171	7	2,476,750
1999	221,891,543	1,190,562,971	1,412,454,514	14	5,810,000
1998	406,947,389	996,319,468	1,403,266,857	24	5,220,000
1997	212,720,061	1,076,377,825	1,289,097,886	16	4,123,500
1996	215,005,800	1,072,035,343	1,287,041,143	75	8,109,237
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

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 KeyBank becoming a single charter in 1997

Commercial (2)		Domestic Bank
Number of Units	Value	Deposits in the County (in thousands)
3	\$6,843,800	\$97,238,973
1	9,570,917	95,761,917
5	6,469,000	63,893,769
2	6,119,202	61,942,764
3	1,917,500	57,816,942
5	5,485,000	58,904,596
3	3,287,001	53,941,971 (3)
4	3,859,826	27,068,211
1	6,651,500	22,458,573
3	7,411,380	20,885,453

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>
2003	20,735	2,575	6.20%
2002	20,735	2,493	6.60
2001	20,735	2,467	4.60
2000	20,735	2,397	4.50
1999	20,410	2,321	4.50
1998	20,410	2,192	4.50
1997	20,410	2,174	4.50
1996	20,410	2,120	5.20
1995	20,410	2,027	5.50
1994	20,410	1,995	5.80

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, 2003

<u>Taxpayer</u>	<u>Real and Tangible Personal Property Assessed Value</u>	<u>Percent of Total Assessed Value</u>
Westwood Town Center	\$5,447,130	0.83%
Normandy Association, LTD.	5,103,390	0.77
Rockport Association Co. LTD	4,731,610	0.72
Cleveland Illuminating Company	4,336,960	0.66
Presidential Apartments, LTD.	4,057,450	0.62
John D. Spielberger	3,258,680	0.49
Ohio Bell Telephone Company	3,172,510	0.48
Gross Management, Inc.	3,062,650	0.46
Linden Apartment Company	2,835,040	0.43
W & F Plaza Investments	2,207,080	0.33
<i>Totals</i>	<u>\$38,212,500</u>	<u>5.80%</u>
<i>Total City Assessed Valuation</i>	<u>\$658,964,762</u>	

Source: Cuyahoga County, Ohio; County Auditor

City of Rocky River, Ohio

Miscellaneous Statistics

December 31, 2003

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	29
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	2,575
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	737
Recreation and Culture:	
Number of Parks	8
Number of Libraries	1
Employees (full time)	207

Source: City Records and Rocky River City School District

City of Rocky River, Ohio

Miscellaneous Statistics

December 31, 2003

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Source: City Records and Rocky River City School District



**Auditor of State
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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
JULY 8, 2004**