

City of Rocky River, Ohio

Comprehensive Annual Financial Report
for the year ended December 31, 2012





Dave Yost • Auditor of State

City Council
City of Rocky River
21012 Hilliard Boulevard
Rocky River, Ohio 44116

We have reviewed the *Independent Auditor's Report* of the City of Rocky River, Cuyahoga County, prepared by Ciuni & Panichi, Inc., for the audit period January 1, 2012 through December 31, 2012. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

September 5, 2013

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City of Rocky River, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2012

Issued by:

City of Rocky River
Department of Finance

Michael A. Thomas, CPA
Director of Finance

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City of Rocky River, Ohio

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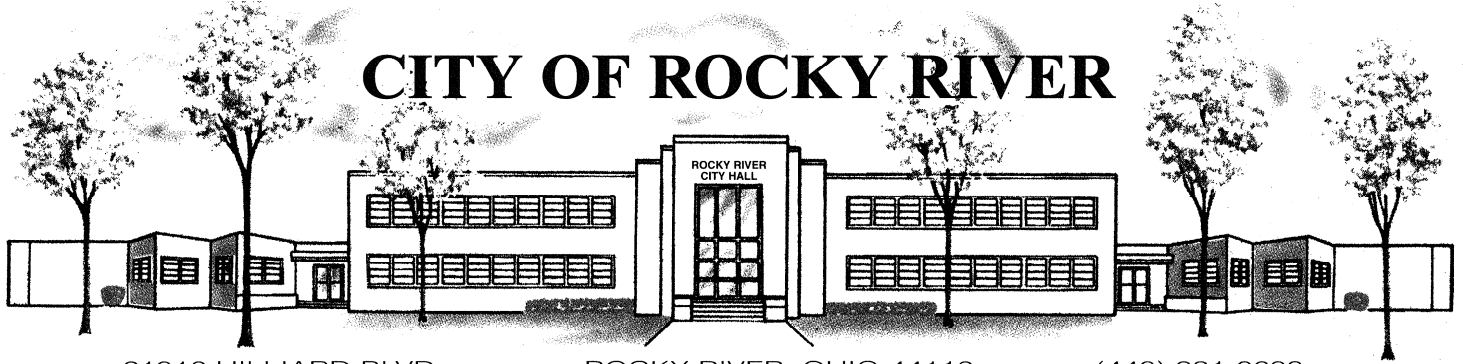
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CITY OF ROCKY RIVER



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

June 26, 2013

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

Transmittal of the Comprehensive Annual Financial Report

The City of Rocky River, Ohio (City) is pleased to submit the Comprehensive Annual Financial Report (CAFR) for the year ending December 31, 2012. The CAFR is a more extensive report than basic financial statements and it is believed that the CAFR demonstrates the City's ongoing commitment to be accountable to its citizenry and to excellence in financial reporting. While no single report can be all things to all people, the goal in presenting this CAFR is to provide any person or entity interested in the City with information needed to gain a fair understanding of the City's financial position, results of operations and cash flows.

The Ohio Revised Code Section 117.38 requires that the City certify and file, within one hundred fifty days after the close of the fiscal year, a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America. The City issues this CAFR for the year ended December 31, 2012 therefore.

The CAFR consists of management's representations concerning the finances of the City. Consequently management assumes responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive internal control system that has been established for that purpose. To provide a reasonable for making these representations, management of the City has established a thorough internal control framework that is designed to both protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in accordance with GAAP. The City strives to maintain a dynamic system of internal controls and procedures – including internal control over financial reporting – designed to ensure reliable financial record-keeping, transparent financial reporting and disclosure and protection of assets. Because the cost of internal control should not exceed anticipated benefits, the objective of the internal control system is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The City maintains an active Audit Committee to review the audit process; and to report to and make recommendations to City Council. The three Audit Committee members are residents of the City with expertise in financial administration and auditing.

The financial statements of the City have been audited by independent auditor Ciuni & Panichi, Inc. The objective of an audit is to provide reasonable assurance that the financial statements are free of material misstatement. The audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Based upon the results of

the audit, Ciuni & Panichi, Inc. concluded that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the year ended December 31, 2012 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the Financial Section of the CAFR.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complement this Letter of Transmittal and should be read in conjunction with it.

Profile of the City of Rocky River, Ohio

The City of Rocky River is an established residential community located in northeastern Ohio that covers 4.48 square miles along the southern shore of Lake Erie west of the City of Cleveland, in Cuyahoga County. The Rocky River, which drains into Lake Erie, forms the eastern border of the City. The City's population according to the 2010 Census was 20,213. The City is a home rule municipal corporation established pursuant to the general laws of the State of Ohio and its own charter. The current charter, which provides for the Mayor/Council form of government, was originally adopted in 1960 and last amended in 2008.

The City is governed by a full-time Mayor elected for a two year term; City Council consists of seven elected members who serve two year terms. The Law Director is also an elected office holder who serves two year terms. The Mayor appoints the heads of the following departments: Building, Economic and Community Development, Engineering, Finance, Office on Aging, Recreation and Safety-Service. As of December 31, the City had 182 full-time employees, including the Rocky River Municipal Court.

The City provides various services including police and fire protection, including emergency medical services, parks and recreation, senior services, street maintenance, sanitary and storm sewer services, planning and zoning, and general government services. Public health services are provided by contract with the Cuyahoga County Board of Health. Located in the City are the Rocky River Wastewater Treatment Plant and the Rocky River Municipal Court. Both provide services to a jurisdiction that extends to several neighboring communities.

In addition to access to services by government entities, City residents may participate in the activities of a variety of local private institutions in the City including the Cleveland Yachting Club; Westwood Country Club; Oakwood Beach; Parklawn Beach; Wagar Beach; Lutheran West High School; Magnificat High School and numerous private elementary schools and churches that contribute to the sense of community in the City.

Economic Conditions

Local Economy Because of the proximity to major cultural, educational and medical facilities in Northeastern Ohio and ease of travel in the area, the City experiences a degree of economic stability. More recently, the City has experienced economic challenges of the northeast Ohio region and nation as a whole.

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

The tax base of the City's municipal income tax consists of business (and employees) located within the City as well as individual, resident taxpayers. The largest organizations located within the City generating income tax revenue are the City and the Rocky River City School District. Other significant industries in the City are senior citizen congregate housing and health care; banking; insurance (including health); and retail.

Relative to residents' incomes, the website www.city-data.com reports the estimated median household income in 2010 (the most recent data available) in the City is \$68,380; while for the State of Ohio that amount is \$46,563.

City income tax collections increased by about six percent from 2011. Components of the income tax collections are:

Component	2010	2011	2012
Employee Withholding	\$4,015,456	\$4,317,760	\$4,565,005
Business Profit	573,157	700,292	662,489
Residence Tax	3,331,207	3,398,674	3,727,641
Penalties & Interest	125,493	119,867	129,546
Total	\$8,045,313	\$8,536,593	\$9,084,681

The local impact to property values of the stagnation in the real estate market is reflected in the assessed value amounts shown below:

Component	2010	2011	2012
Residential	\$574,695,300	\$573,861,740	\$574,355,230
Commercial	108,063,670	104,844,170	101,218,550
Public Utility	6,534,340	6,797,170	7,450,940
Total	\$689,293,310	\$685,503,080	\$683,024,720

Because of the valuation decline shown, the City has experienced a property tax revenue decrease in the recent past. As compiled by the website www.city-data.com, the estimated median house or condo value in 2010 (the most recent data available) was \$203,510 in the City while the State of Ohio estimated amount was \$136,700. For taxing purposes, Cuyahoga County oversees real property appraisals within the City.

Legislation enacted in 2011 by the General Assembly of the State of Ohio continues to impact the City's revenue and financial position. First, when the tangible personal property tax was phased out effective January 1, 2009, the law provided that the City would be reimbursed for the lost tax revenue on a sliding scale through 2018. With the 2011 legislation, the reimbursement was discontinued. Next, distributions by the State of Ohio of the Local Government Fund were frozen at basically the 2010 distribution level through June 30, 2013. As of the date of this report, the General Assembly is continuing to consider the biennial budget of the State of Ohio for the period July 1, 2013 to June 30, 2015. It does not appear increased support from the State of Ohio to the City will be a component of that budget. Finally, the Estate Tax, which in the most recent three years provided an average of \$1,345,258 in revenue to the City, was eliminated effective January 1, 2013.

While the City is experiencing improvement from the income tax revenue source, that increase is offset by revenue decreases from property taxes, the Local Government Fund and the estate tax.

In early 2013, the City took action to increase the municipal income tax. See Note 28 to the basic financial statements.

Major Initiatives

Management of various phases of significant infrastructure improvement projects was the focus of attention of the City during 2012. The table below updates certain of the projects described in last year's CAFR.

Project	Project Cost	Status	Construction Schedule
Hampton Road Sanitary Sewer	\$5,409,600	Phase I completed on schedule; Phase II completed in 2012; Phase III to begin in 2013	04/01/2010 to 11/30/2013

Interest free loans, funded by the Ohio Public Works Commission (OPWC), an agency of the State of Ohio, were obtained for the Hampton Road Sanitary Sewer and the Valley View Area Sanitary Sewer projects. The Valley View Area Sanitary Sewer project was completed in early 2013 and loan amortization is anticipated to begin in late 2013. Also, to continue to support these types of projects with a local funding source, in 2012, the City restructured its sanitary sewer charges resulting in a residential rate increase of about four percent. The fixed fee component of the sewer rates was eliminated and collections are based on water consumption only.

The next project funded in conjunction with an interest free from the OPWC, is summarized below.

Project	Project Cost	Status	Construction Schedule
Frazier Drive Sewer Improvement	\$4,681,600	Phase I began in 2012	10/01/2012 to 12/31/2013

These projects have been determined as those of priority within the comprehensive sewer maintenance and rehabilitation plan drafted by the City Engineer in 2006.

Long-term Financial Planning

Through prudent planning, limited borrowing and reserved budgetary increases, the City has been able to manage through a declining revenue environment with limited service reductions and without working capital borrowing. Carrying forward moderate reserves have served as budget stabilizing force for the most recent several years. The ability to continue to carry forward budgetary reserves will be challenged in the upcoming three to five year time frame. The City monitors cash flow in comparison to budget expectations throughout the year and attempts to be in a position to react to unexpected outside influences.

The Municipal Income Tax revenue is economically sensitive and so with the modest stabilization that occurred in the economy in 2012, income tax revenue exceeded budget expectations by just over six percent. Such excess was not appropriated and carried over in the budgetary General Fund balance to the next year.

The City considers the following five year average revenue funding data relevant in long term financial planning.

Source	Percent
Income Tax	27
Property Tax	25
Municipal Court	10
Sewer Charges User Charges	9
Recreation Center User Charges	7
Estate Tax	5
Grants/Loans	4
Other Revenue	3
Gas & License Taxes	3
Local Government Fund	2
Senior Center User Fees	1
Ambulance Fees	1
Fines	1
Interest Earnings	1

The City uses on-going analysis of these and other revenue sources as a basis for its annual budget while balancing the need for reserves. In the most recent five years, the General Fund reserve (non-GAAP budgetary basis) has fallen within a range of 9 to 24 percent for an average of about 16 percent.

Additionally, recognizing that revenue projections may decrease in the coming years with the losses in local government funding from the State of Ohio and the elimination of the estate tax, efforts continue to be made to bridge this gap. As retirements and terminations occur, careful considerations are made which may result in many positions being left vacant or eliminated.

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

In 2012, in conjunction with restating its Water Service Agreement with the City of Cleveland, the City entered into an Asset Transfer Agreement and a Project Reimbursement Program with the City of Cleveland which details are more fully described in Note 2. R. of the basic financial statements.

Awards and Acknowledgements

Certificate of Achievement The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement of Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the year ending December 31, 2011. This was the twenty-fifth year that the City has received this prestigious award. A “Certificate of Achievement” is awarded to the City when its publication is issued with easily readable language; is efficiently organized and comprehensive; and conforms to the programs standards for an annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

The City would like to express its appreciation to the firm of Ciuni & Panichi, Inc. for its professional services for assistance with the preparation of the 2012 CAFR. The CAFR represents a coordinated effort among departments of the City; each department takes pride and care managing the assets of the public that are under its control. This report is meant to demonstrate and document such effort.

Respectfully submitted,

/s/ Michael A. Thomas

Michael A. Thomas, CPA
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Rocky River
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2011

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.



Christopher P. Morill

President

Jeffrey R. Egan

Executive Director

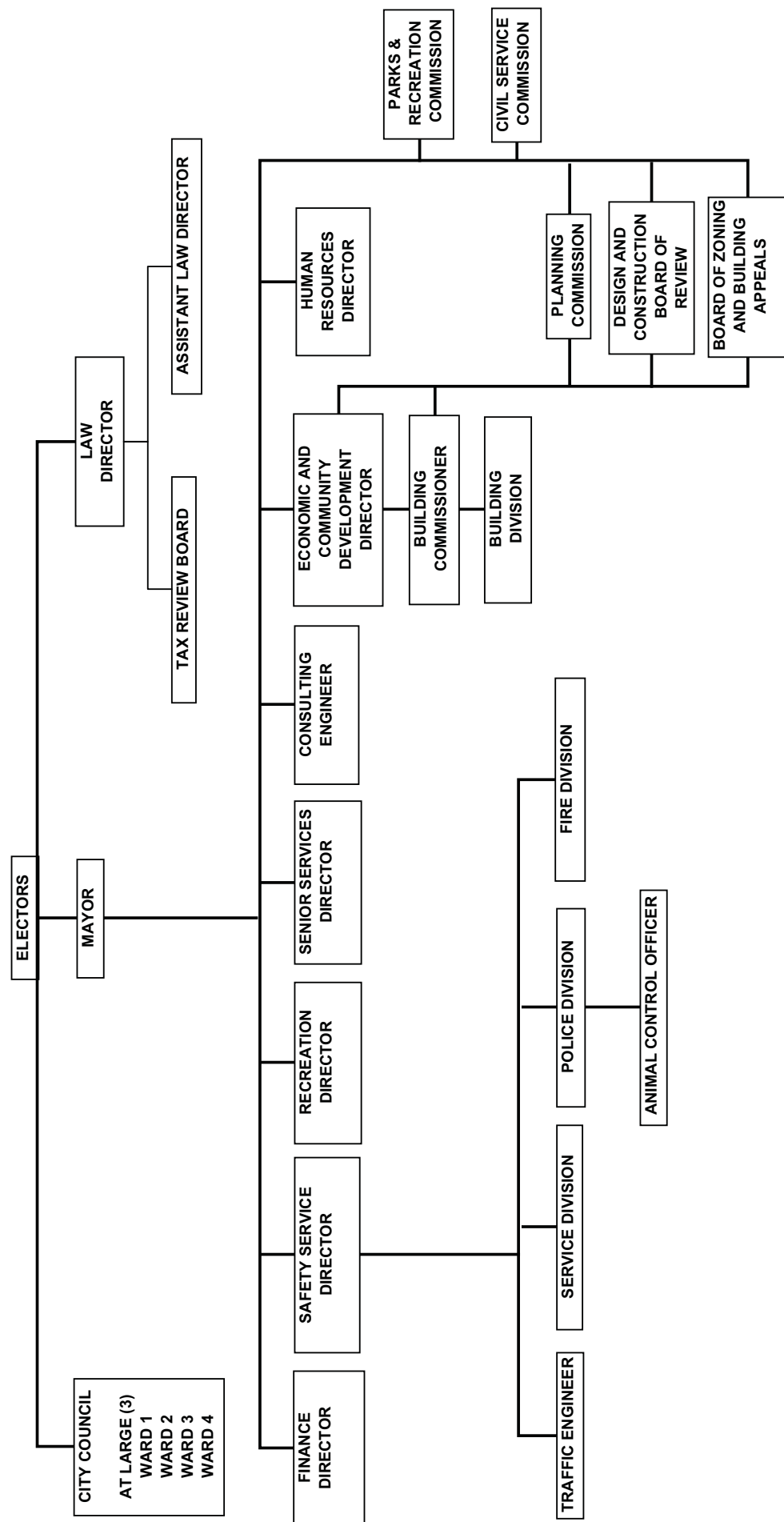
City of Rocky River, Ohio

List of Elected Officials

December 31, 2012

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

CITY OF ROCKY RIVER ORGANIZATIONAL CHART



Independent Auditor's Report

Members of the City Council
Rocky River, Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rocky River, Ohio (the "City") as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Members of the City Council
Rocky River, Ohio

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, as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General and Recreation Center Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 16 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Members of the City Council
Rocky River, Ohio

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2013 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Cini & Panichi, Inc.

Cleveland, Ohio
June 26, 2013

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City of Rocky River, Ohio
Management's Discussion and Analysis (Unaudited)
For the Year Ended December 31, 2012

The administration of the City of Rocky River, Ohio (the "City") offers this Management's Discussion and Analysis to provide a narrative overview and analysis of the City's financial activities for the year ended December 31, 2012. The intent of the Management's Discussion and Analysis is to look at the City's financial performance as a whole; readers should also review the Transmittal Letter and the Basic Financial Statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2012 are:

- Total revenues were \$33,811,831, an increase of 1.5 percent from 2011. Total expenses were \$32,530,042, a decrease over 2011 levels. Due to the revenue increase and the decrease in expenses, total net position increased \$1,281,789 or 1.9 percent.
- Total assets increased by \$1,761,373 or 1.8 percent from 2011.
- Total liabilities increased by \$479,584 or 1.5 percent from 2011.
- Total capital assets decreased by \$1,146,689 or 1.6 percent from 2011.
- Total outstanding long-term liabilities increased \$341,960 from 2011, an increase of 1.5 percent.

Using This Comprehensive Annual Financial Report

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

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

Reporting the City of Rocky River as a Whole

Statement of Net Position and Statement of Activities

While this document contains information about the funds used by the City to provide services to citizens, the view of the City as a whole looks at all financial transactions and asks the question, "How did the City do financially during 2012?" The Statement of Net Position 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. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

City of Rocky River, Ohio
Management's Discussion and Analysis (Unaudited)
For the Year Ended December 31, 2012

These two statements report the City's *net position* and changes in them. The City's net position, the difference between assets, what the City owns, and liabilities, what the City owes, is one way to measure the City's financial health, or financial position. Over time, *increases or decreases* in the City's net position is an indicator of whether its *financial health* is improving or deteriorating. Also other nonfinancial factors, however, such as changes in the City's property tax base, income tax base, and the condition of the City's capital assets (roads, buildings, and water and sewer lines) should be considered to assess the *overall health* of the City. In the Statement of Net Position and the Statement of Activities, the City is divided into two kinds of activities:

- Governmental Activities – Most of the City's basic services are reported here, including police, fire, streets, refuse collection, parks, recreation, and general administration. Property taxes, income taxes, state shared revenues, court fines, and recreation fees finance most of these activities.
- Business-Type Activities – The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's sanitary sewer activity is reported here.

The Statement of Net Position and the Statement of Activities are divided into the following categories:

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

Reporting the Most Significant Funds of the City of Rocky River

Fund Financial Statements

The presentation of the City's major funds begins on page 20. Fund financial statements provide detailed information about the City's major funds based on the restrictions on the use of monies. The City has established many funds that account for the multitude of services, facilities and infrastructure provided to City residents. However, these fund financial statements focus on the City's most significant funds. The City's major funds are the General, Recreation Center, General Obligation Bond Retirement, Sewer Rehabilitation, Capital Improvement, and Sanitary Sewer Funds.

Government Funds

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

City of Rocky River, Ohio
Management's Discussion and Analysis (Unaudited)
For the Year Ended December 31, 2012

Proprietary Funds

The City maintains two different types of proprietary funds. The first, enterprise funds are used to report the same functions presented as business-type activities. The City uses an enterprise fund to account for the operations of its sanitary sewer charges. The second, internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City maintains this type of fund to account for health, prescription, and dental related employee benefits. Because this activity predominantly affects governmental rather than business functions, it has been included within the governmental activities in the government-wide financial statements.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found beginning on page 30 of this report.

Fiduciary Funds

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

Notes to the Financial Statements

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found starting on page 35 of this report.

The City of Rocky River as a Whole

The Statement of Net Position looks at the City as a whole. Table 1 provides a summary of the City's net position for 2012 compared to restated 2011 balances.

City of Rocky River, Ohio
Management's Discussion and Analysis (Unaudited)
For the Year Ended December 31, 2012

	Table 1 Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Assets:						
Current and Other Assets	\$ 24,844,706	\$ 21,655,030	\$ 6,271,863	\$ 6,553,477	\$ 31,116,569	\$ 28,208,507
Capital Assets, Net	<u>52,388,676</u>	<u>48,918,118</u>	<u>17,529,113</u>	<u>22,146,360</u>	<u>69,917,789</u>	<u>71,064,478</u>
Total Assets	<u>77,233,382</u>	<u>70,573,148</u>	<u>23,800,976</u>	<u>28,699,837</u>	<u>101,034,358</u>	<u>99,272,985</u>
Liabilities:						
Current and Other Liabilities	8,549,671	8,531,757	332,082	212,372	8,881,753	8,744,129
Long-Term Liabilities						
Due Within One Year	1,770,602	1,943,224	34,920	34,824	1,805,522	1,978,048
Due In More Than One Year	<u>21,711,816</u>	<u>21,042,578</u>	<u>254,003</u>	<u>408,755</u>	<u>21,965,819</u>	<u>21,451,333</u>
Total Liabilities	<u>32,032,089</u>	<u>31,517,559</u>	<u>621,005</u>	<u>655,951</u>	<u>32,653,094</u>	<u>32,173,510</u>
Net Position:						
Net Investment in Capital						
Assets	33,293,005	30,680,267	17,349,730	21,806,517	50,642,735	52,486,784
Restricted for:						
Capital Projects	2,568,095	5,136,504	0	0	2,568,095	5,136,504
Debt Service	264,133	735,700	0	0	264,133	735,700
Refuse and Recycling	157,985	353,444	0	0	157,985	353,444
Aging	93,676	71,622	0	0	93,676	71,622
Other Purposes	6,464,168	556,500	0	0	6,464,168	556,500
Unrestricted	<u>2,360,231</u>	<u>1,107,586</u>	<u>5,830,241</u>	<u>6,237,369</u>	<u>8,190,472</u>	<u>7,344,955</u>
Total Net Position	<u>\$ 45,201,293</u>	<u>\$ 39,055,589</u>	<u>\$ 23,179,971</u>	<u>\$ 28,043,886</u>	<u>\$ 68,381,264</u>	<u>\$ 67,099,475</u>

Net Position may serve over time as a useful indicator of a government's financial position. For the City, Total Assets exceed Total Liabilities by \$68,381,264 as of December 31, 2012.

\$50,642,735 reflects the investments in capital assets (land, construction in progress, buildings, improvements, machinery and equipment, furniture and fixtures, and infrastructure) less any related debt outstanding used to acquire those assets. These capital assets are used to provide services to the City's citizens; consequently, these assets are not available for future spending. Although, the City's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Total Assets for 2012 increased by \$1,761,373 or 1.8 percent when compared to 2011. The increase in Total Assets was due primarily to the increase in Capital Assets. The City's Total Liabilities increased \$479,584 or 1.5 percent when compared to 2011. The largest increase was due to new debt related to draws on Ohio Public Works Commission (OPWC) loans.

City of Rocky River, Ohio
Management's Discussion and Analysis (Unaudited)
For the Year Ended December 31, 2012

Table 2 shows the changes in net position for the year ended December 31, 2012 compared to 2011.

Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Program Revenues:						
Charges for Services	\$ 7,622,628	\$ 7,459,515	\$ 1,867,073	\$ 1,865,441	\$ 9,489,701	\$ 9,324,956
Operating Grants and Contributions	949,984	933,570	0	0	949,984	933,570
Capital Grants and Contributions	<u>3,278,671</u>	<u>864,849</u>	<u>437,437</u>	<u>3,158,259</u>	<u>3,716,108</u>	<u>4,023,108</u>
Total Program Revenues	<u>11,851,283</u>	<u>9,257,934</u>	<u>2,304,510</u>	<u>5,023,700</u>	<u>14,155,793</u>	<u>14,281,634</u>
General Revenues:						
Property and Other Local						
Taxes	6,411,206	6,552,227	0	0	6,411,206	6,552,227
Municipal Income Taxes	8,906,264	8,606,720	0	0	8,906,264	8,606,720
Franchise Tax	159,268	201,531	0	0	159,268	201,531
Admissions Tax	35,522	32,638	0	0	35,522	32,638
Grants and Entitlements	3,122,384	2,852,477	0	0	3,122,384	2,852,477
Investment Income	7,499	8,162	0	0	7,499	8,162
Miscellaneous	<u>831,526</u>	<u>791,806</u>	<u>0</u>	<u>0</u>	<u>831,526</u>	<u>791,806</u>
Total General Revenues						
Before Transfers	19,473,669	19,045,561	0	0	19,473,669	19,045,561
Transfers - In	<u>4,736,952</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,736,952</u>	<u>0</u>
Total Revenues	<u>36,061,904</u>	<u>28,303,495</u>	<u>2,304,510</u>	<u>5,023,700</u>	<u>38,366,414</u>	<u>33,327,195</u>
Program Expenses:						
General Government	5,294,037	9,384,315	0	0	5,294,037	9,384,315
Security of Persons and Property	8,983,880	9,472,809	0	0	8,983,880	9,472,809
Public Health	1,185,768	1,386,701	0	0	1,185,768	1,386,701
Transportation	2,279,856	2,459,672	0	0	2,279,856	2,459,672
Leisure Time Activities	3,657,902	4,527,664	0	0	3,657,902	4,527,664
Community Development	760,476	673,807	0	0	760,476	673,807
Basic Utility Service	2,521,711	2,111,718	0	0	2,521,711	2,111,718
Interest and Fiscal Charges	677,987	687,642	0	0	677,987	687,642
Sanitary Sewer Charges	<u>0</u>	<u>0</u>	<u>2,431,473</u>	<u>2,102,577</u>	<u>2,431,473</u>	<u>2,102,577</u>
Total Program Expenses Before Transfers and Special Item	<u>25,361,617</u>	<u>30,704,328</u>	<u>2,431,473</u>	<u>2,102,577</u>	<u>27,793,090</u>	<u>32,806,905</u>
Transfers - Out	0	0	4,736,952	0	4,736,952	0
Special Item -						
Transfer of Waterlines	<u>4,554,583</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,554,583</u>	<u>0</u>
Total Program Expenses	<u>29,916,200</u>	<u>30,704,328</u>	<u>7,168,425</u>	<u>2,102,577</u>	<u>37,084,625</u>	<u>32,806,905</u>
Change in Net Position	6,145,704	(2,400,833)	(4,863,915)	2,921,123	1,281,789	520,290
Net Position, Beginning of Year	<u>39,055,589</u>	<u>41,456,422</u>	<u>28,043,886</u>	<u>25,122,763</u>	<u>67,099,475</u>	<u>66,579,185</u>
Net Position, End of Year	\$ <u>45,201,293</u>	\$ <u>39,055,589</u>	\$ <u>23,179,971</u>	\$ <u>28,043,886</u>	\$ <u>68,381,264</u>	\$ <u>67,099,475</u>

City of Rocky River, Ohio
Management's Discussion and Analysis (Unaudited)
For the Year Ended December 31, 2012

Governmental Activities

Governmental activities increased the City's Net Position by \$6,145,704 during 2012, compared to a decrease in 2011 of \$2,400,833. The difference between 2012 and 2011 change in Net Position is attributable to a decrease in expenditures.

Both Program Revenues and General Revenues fund the City's governmental activities. The amount that Charges for Services revenue contributed to Total Program Revenues increased \$163,113 from 2011 to 2012. Actual Charges for Services received over that period increased 2.2 percent. The City collects Charges for Services for the operation of the Rocky River Municipal Court; recreation; senior service; and building department fees.

The Municipal Income Tax is the largest source of the City's General Revenues. The income tax rate of 1/2 percent was established by City Ordinance No. 81-67, passed August 28, 1967. The income tax rate was amended on June 24, 1968 by City Ordinance No. 82-68 to increase the income tax rate to one percent and then on March 28, 1977, City Ordinance No. 5-77 approved an increase in the income tax rate to 1-1/2 percent and a change in the tax credit for residents having income taxable in another community. The income tax revenue amount for 2012 was \$8,906,264, a \$299,544 increase from 2011. The City monitors its sources of revenue very closely to react to any changes or fluctuations. The City accounts for municipal income tax revenues in the General Fund.

Property and Other Local Taxes are 32.9 percent of Total General Revenues. Two factors continue to negatively impact the property tax base. First, the phase out of the tangible personal property tax enacted by the General Assembly of the State of Ohio. Additionally, economic and real estate market conditions compelled the Cuyahoga County Fiscal Officer, who sets real property values, to cause a valuation decrease in the City. Both factors were offset by an increase in the collection percent experienced in 2012 from an estimated 96 percent to an actual 99 percent collection. Going forward, it is beginning to appear the property tax valuation decrease will continue to impact the related revenue of the same magnitude.

Grants and Entitlements increased 9.5 percent from 2011 to 2012 due mostly to reimbursement grant money received for capital projects in 2011. The amounts collected by the City under provisions of the Ohio Revised Code Chapter 5731, Estate Tax, are recorded as Entitlements. During 2012, \$1,483,532 was received as current distributions. The City accounts for Estate Tax revenue in the General Fund.

The Transfer-In amount reflects a total of infrastructure assets from the City's Business-Type Activities on projects that were completed in 2012.

Total Program Expenses for 2012 were \$25,361,617, a 17.4 percent decrease from 2011 levels. Program category increases occurred for Community Development and Basic Utility Service. Moderating those increases were decreases in the program categories of General Government, Security of Persons and Property, Public Health, Transportation, Leisure Time Activities, and Interest and Fiscal Charges.

To continue to manage the City in a shrinking revenue environment with minimal service level reductions, a Furlough Program existed for 2012 for the City's non-union workforce. In addition, negotiated increases were put in place by three out of the four union represented employee groups. The Fire Division accepted a wage freeze. The resulting wage and related pension cost reductions impacted all the various program category functions of the City's governmental activities as well as its business type activities.

City of Rocky River, Ohio
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Lower costs in the various program category functions of the City's governmental activities as well as its business type activities were achieved by the City's favorable health claims year. The City experienced both claim cost reductions as well as improved underwriting criteria to contribute to lowered expenses.

During 2012, the largest program category function for the City is Security of Persons and Property, which includes police and fire protection. This program accounts for 35.4 percent of expenses and decreased by \$488,929 or 5.2 percent from 2011. The structure of the pension fund compelled some long serving employees to retire and as expected, the newly hired employees have reduced the over category expenses.

The General Government program category accounts for 20.9 percent of Program Expenses. A decrease of 43.6 percent or \$4,090,278 occurred in this program category from 2011 to 2012. This program category reports the accumulated activity of the Rocky River Municipal Court; and other administrative functions of the City. The effect of a favorable health insurance claims year was offset by increased cost related to property tax collections; municipal income tax collections and workers' compensation premiums.

The Leisure Time Activities program category was the third largest for 2012 and comprises 14.4 percent of Program Expenses which decreased by 19.2 percent from 2011. The decrease was expected due to the addition of two full time positions not filled following employee resignations in 2011. In addition, a reduced amount of seasonal workers were hired in 2012.

Business-Type Activities

For Business-Type Activities of the City, Charges for Services are the primary source of revenue. The marginal increase in Charges for Services reflects a half-year increase in the sanitary sewer rate charged by the City. To provide resources to support the sanitary sewer collection system as well as wastewater treatment costs, the City restructured its sanitary sewer rates to affect an increase of approximately 4.5 percent. The full impact of the increase will be seen in 2013 with a full year of collection. Capital Grants and Contributions revenue decreased significantly from 2011 to 2012. This revenue category decrease is related to the 2011 undertaking of Phase II and Phase III of the Valley View Storm and Sanitary Sewer project which wound down in 2012. The Program Expenses are comprised of charges to operate the Rocky River Wastewater Treatment Plant as well as the cost to operate a crew of six employees to maintain the sanitary sewer collection system.

The City's Funds

Governmental Funds

The focus of the City's governmental funds is to provide information on a near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Information about the City's governmental funds begins on page 20. These funds are accounted for by using the modified accrual basis of accounting.

City of Rocky River, Ohio
Management's Discussion and Analysis (Unaudited)
For the Year Ended December 31, 2012

As of December 31, 2012, the City's governmental funds reported combining ending fund balances of \$12,259,048. Of that amount, \$1,321,646 constitutes unassigned fund balances, which is available for spending at the City's discretion. The \$10,937,402 remainder of fund balance is reported as nonspendable, restricted, or assigned to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchases of prior period(s).

All governmental funds had total revenues of \$29,203,868 and expenditures of \$28,064,616, leaving a \$3,118,102 current year deficit, after consideration of the sources of \$1,978,850 in net other financing sources.

The General Fund is the most significant fund as it is the source for providing a significant portion of resources for governmental activities such as police, fire, service, legislative, and administrative functions. In 2012, the General Fund had total revenues and other financing sources of \$18,956,255 and expenditures and other financing uses of \$18,157,946 resulting in an increase in fund balance at December 31, 2012 of \$798,309. This represents 4.4 percent of the current year General Fund expenditures and other financing uses. Revenues were \$831,363 more than last year's revenues while expenditures were approximately \$75,000 more than last year's expenditures primarily due to an increase in transfers out of approximately \$314,000.

The Recreation Center Fund accounts for the operation and maintenance of the City's recreation facilities and activities. In 2012, the Recreation Center Fund had total revenues and other financing sources of \$2,802,391 and expenditures of \$2,852,372 resulting in an decrease in fund balance of \$49,981 at December 31, 2012. Revenues were approximately \$44,700 above last year's while expenditures were also, \$56,510 above than last year's expenditures. Due to cost control efforts, staff reductions, and a hiring freeze, the City was able to reduce expenditures for recreation activities. Recreation Center Fund revenue was affected by a reduction of a fund transfer from \$350,000 to \$300,000.

The General Obligation Bond Retirement Fund accounts for the repayment of general obligation bonds of the City. In 2012, the General Obligation Bond Retirement Fund had total revenues and other financing sources of \$1,670,266 and expenditures of \$1,542,318 resulting in an increase in fund balance of \$127,948 at December 31, 2012. Revenues ended \$215,677 above last year's revenues and expenditures were \$19,099 less than last year's expenditures due to the repayment of bond principal and interest.

The Sewer Rehabilitation Fund accounts for user fees charged to provide resources to rehabilitate the City's sanitary sewer infrastructure through acquisition, construction or improvement. In 2012, the Sewer Rehabilitation Fund had total revenues and other financing sources of \$3,818,289 and expenditures of \$3,204,003 resulting in an increase in fund balance of \$614,286 at December 31, 2012. Revenues ended \$866,789 higher than last year's revenues due to issuance of debt and restructuring sewer rates to affect an increase of about 4.5 percent, while expenditures also decreased \$129,582 as improvement project construction activity slowed.

The Capital Improvement Fund accounts for the various projects of the City financed by tax monies and General Fund transfers. In 2012, the Capital Improvement Fund had total revenues of \$996,469 and expenditures of \$96,015 resulting in an increase in fund balance of \$900,454 at December 31, 2012. Revenues ended approximately \$721,687 below last year's revenues mainly due to a decrease in miscellaneous revenue, and expenditures also decreased from 2011 by \$1,758,145.

City of Rocky River, Ohio
Management's Discussion and Analysis (Unaudited)
For the Year Ended December 31, 2012

General Fund Budgeting Highlights

The City's budget is prepared according to the general laws of the State of Ohio and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. During the course of 2012, the City supplemented the General Fund budget three times. The General Fund's actual expenditures, not including other financing uses, were \$1,324,247 under the final budgeted amount of \$15,544,551.

All capital projects and requests for capital-type purchases are included in the annual appropriations ordinance and any supplemental appropriations ordinance(s) as necessary. Recommendations for budget changes are presented to City Council as a supplemental appropriations ordinance. The City administration may make budget changes that modify line items within departments within the same fund.

The General Fund supports many major activities such as the Police Division, Fire Division, Engineer/Building, Finance, Rocky River Municipal Court, and Economic/Community Development Departments as well as the legislative and most executive activities. Some major capital projects are funded with General Fund dollars. These funds are transferred from the General Fund to Capital Improvement Fund where the revenue and expenditures for the capital improvement project are tracked and monitored.

For the General Fund, the original budgeted revenues were \$17,787,716 and increased by \$553,438 to \$18,341,154 for final budgeted revenues, not including sale of capital assets. The level of liquidity in the General Fund, measured by the unrestricted cash at year-end, was about 13.73 percent of General Fund revenue and other financing sources.

City of Rocky River, Ohio
Management's Discussion and Analysis (Unaudited)
For the Year Ended December 31, 2012

Capital Assets and Debt Administration

Capital Assets

Table 3 shows fiscal 2012 balances of Capital Assets, Net of any accumulated depreciation, as compared to 2011:

Table 3
Capital Assets, Net at December 31

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 2,017,826	\$ 2,017,826	\$ 39,516	\$ 39,516	\$ 2,057,342	\$ 2,057,342
Land Improvements	203,158	203,158	0	0	203,158	203,158
Right-of-Way	0	0	250,000	250,000	250,000	250,000
Construction in Progress	7,808,000	2,744,480	0	5,197,361	7,808,000	7,941,841
Land Improvements	3,349,113	3,476,162	0	0	3,349,113	3,476,162
Buildings	22,078,609	22,665,436	0	0	22,078,609	22,665,436
Equipment	744,427	718,160	26,150	42,787	770,577	760,947
Vehicles	221,688	488,856	0	3,195	221,688	492,051
Infrastructure:						
Roads	10,030,596	7,254,617	0	0	10,030,596	7,254,617
Sidewalks	1,151,384	1,008,039	0	0	1,151,384	1,008,039
Traffic Signals	535,841	516,961	0	0	535,841	516,961
Storm Sewers	4,248,034	3,226,288	0	0	4,248,034	3,226,288
Sewer Lines	0	0	17,213,447	16,613,501	17,213,447	16,613,501
Water Mains	0	4,598,135	0	0	0	4,598,135
Total Capital Assets, Net	<u>\$ 52,388,676</u>	<u>\$ 48,918,118</u>	<u>\$ 17,529,113</u>	<u>\$ 22,146,360</u>	<u>\$ 69,917,789</u>	<u>\$ 71,064,478</u>

Total Capital Assets, Net for the City as of December 31, 2012 were \$69,917,789, a \$1,146,689 decrease from 2011. Capital asset additions of \$5,681,171 were offset by \$7,189,791 in disposals, primarily waterlines, and \$2,273,277 of depreciation expense.

The City seeks funding assistance for infrastructure projects as well as improving City facilities. It is through this type of financial assistance as well as grants and careful use of debt that the City proved able to improve upon capital assets and at the same time maintain revenue at a level that enables debt service loads at comfortable margins.

See Note 10 for additional information on capital assets.

City of Rocky River, Ohio
Management's Discussion and Analysis (Unaudited)
For the Year Ended December 31, 2012

Debt

On December 31, 2012, the City had \$19,275,054 in bonds and loans outstanding. Table 4 summarizes bonds and loans outstanding.

Table 4
 Outstanding Debt at Year-End

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
General Obligation Bonds \$	13,820,551	\$ 14,996,541	\$ 0	\$ 0	\$ 13,820,551	\$ 14,996,541
Special Assessment Bonds	470,000	510,000	0	0	470,000	510,000
OPWC Loan	4,660,827	2,731,310	0	0	4,660,827	2,731,310
OWDA Loan	<u>144,293</u>	<u>0</u>	<u>179,383</u>	<u>339,843</u>	<u>323,676</u>	<u>339,843</u>
Total Outstanding Debt	\$ <u>19,095,671</u>	\$ <u>18,237,851</u>	\$ <u>179,383</u>	\$ <u>339,843</u>	\$ <u>19,275,054</u>	\$ <u>18,577,694</u>

The outstanding General Obligation Bonds are composed of the following: 1) Various Purpose General Obligation Bonds, Series 2004, of \$5,830,000; 2) Civic Facility Improvements, Series 2005 of \$5,810,000; and 3) Rocky River Municipal Court Facility Refunded, Series 2011 of \$2,025,000. There remains unamortized premiums and loss on refunding related to these issues of \$321,760 and \$166,209, respectively.

The principal and interest of the Refunded Series 2011 Bonds are paid from court costs assessed and collected in accordance with Ohio Revised Code Section 1901.26(B)(1) from the Municipal Court Capital Improvement Fund. The principal and interest of the Series 2004 Bonds are paid from monies transferred from the General Fund into the Debt Service Fund. The principal and interest of the Series 2005 Bonds are paid from property tax levy up to 1.0 mill approved for that purpose.

The Special Assessment Bonds consist of Erosion Control A & B Bonds: one for \$275,000 (Series 1998) and one for \$195,000 (Series 2000). The principal and interest for these bonds are paid from the Special Assessment Fund with monies collected through the Cuyahoga County Fiscal Officer from the affected taxpayers.

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

The City's overall legal debt margin was \$58,161,178 on December 31, 2012.

See Note 18 of the Basic Financial Statements for additional information on the City's debt.

City of Rocky River, Ohio
Management's Discussion and Analysis (Unaudited)
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Current Financial Related Activities

The City has historically enjoyed steady growth in revenues as a result of a strong tax base and moderate levels of new residential development and at the same time adopted a strong, fiscally responsible financial plan to function within available revenues.

In 2012, the City acted to add an additional drivers' license fee to provide resources for street construction, maintenance, and repair. In addition, the sanitary sewer fees were restructured to eliminate certain fixed fees and implement a rate purely based on consumption. Also, to support infrastructure projects, the City arranged an Asset Transfer Agreement and a Project Reimbursement Program with the City of Cleveland. See Note 2 R of the notes to the basic financial statements.

The Mayor and City Council work extremely hard at keeping the debt burden low, no new debt was issued in 2012. The City makes financial plans so that certain improvements may be paid from current revenue and to maintain a high level of services.

The City's commitment to its residents has always been one of full disclosure of financial matters of the City. This CAFR is available to all residents who wish to review it. City of Rocky River, Charter, Article III, Section 19, requires that, "[t]he Comprehensive Annual Financial Report, made to the City shall be filed with the Clerk of Council, who shall retain the then current report for public inspection. Within thirty days after the report is filed with the Clerk of Council, the Director of Finance shall submit a copy of the same report to the Rocky River Public Library." (Amended 11-6-90).

Contacting the City's Finance Department

This CAFR is designed to provide citizens, taxpayers, creditors and investors with a general overview of the City's finances and show the City's accountability for all money it receives, spends, or invests. Any questions about the CAFR or for additional financial information contact the Director of Finance, City of Rocky River, 21012 Hilliard Boulevard, Rocky River, Ohio 44116, (440) 331-0600. Certain information regarding the City is available through the website: www.rrcity.com.

City of Rocky River, Ohio

Statement of Net Position

December 31, 2012

	Governmental Activities	Business - Type Activities	Total
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$ 12,150,167	\$ 139,457	\$ 12,289,624
Accrued Interest Receivable	1,943	0	1,943
Accounts Receivable, Net of Allowance for Doubtful Accounts	549,230	719,962	1,269,192
Intergovernmental Receivable	2,133,463	0	2,133,463
Internal Balances	(14,935)	14,935	0
Materials and Supplies Inventory	166,223	10,342	176,565
Prepays	2,187	0	2,187
Taxes Receivable	9,074,968	0	9,074,968
Special Assessments Receivable	677,444	0	677,444
Grants Receivable	11,350	0	11,350
Investment in Joint Venture	0	5,387,167	5,387,167
Deferred Charges	92,666	0	92,666
Nondepreciable Capital Assets	10,028,984	289,516	10,318,500
Depreciable Capital Assets, Net	42,359,692	17,239,597	59,599,289
Total Assets	<u>77,233,382</u>	<u>23,800,976</u>	<u>101,034,358</u>
Liabilities:			
Accounts Payable	774,420	310,898	1,085,318
Contracts Payable	8,026	0	8,026
Accrued Wages and Benefits	195,314	6,461	201,775
Intergovernmental Payable	675,932	10,141	686,073
Unearned Revenue	6,251,353	0	6,251,353
Retainage Payable	268,220	0	268,220
Matured Compensated Absences	218,687	0	218,687
Accrued Interest Payable	54,383	4,582	58,965
Claims Payable	103,336	0	103,336
Long-Term Liabilities:			
Due within One Year	1,770,602	34,920	1,805,522
Due in More than One Year	21,711,816	254,003	21,965,819
Total Liabilities	<u>32,032,089</u>	<u>621,005</u>	<u>32,653,094</u>
Net Position:			
Net Investment in Capital Assets	33,293,005	17,349,730	50,642,735
Restricted for:			
Capital Projects	2,568,095	0	2,568,095
Debt Service	264,133	0	264,133
Refuse and Recycling	157,985	0	157,985
Aging	93,676	0	93,676
Other Purposes	6,464,168	0	6,464,168
Unrestricted	2,360,231	5,830,241	8,190,472
Total Net Position	<u>\$ 45,201,293</u>	<u>\$ 23,179,971</u>	<u>\$ 68,381,264</u>

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

City of Rocky River, Ohio

Statement of Activities

For The Year Ended December 31, 2012

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Government activities:				
General Government	\$ 5,294,037	\$ 2,237,380	\$ 47,288	\$ 936,187
Security of Persons and Property	8,983,880	1,640,185	25,021	0
Public Health	1,185,768	536,596	0	0
Transportation	2,279,856	325	791,552	1,976,093
Leisure Time Activities	3,657,902	2,163,408	0	0
Community Development	760,476	250	0	0
Basic Utility Service	2,521,711	1,044,484	86,123	366,391
Interest and Fiscal Charges	677,987	0	0	0
Total Governmental Activities	<u>25,361,617</u>	<u>7,622,628</u>	<u>949,984</u>	<u>3,278,671</u>
Business-Type Activities:				
Sanitary Sewer Charges	<u>2,431,473</u>	<u>1,867,073</u>	<u>0</u>	<u>437,437</u>
Total	\$ <u>27,793,090</u>	\$ <u>9,489,701</u>	\$ <u>949,984</u>	\$ <u>3,716,108</u>

General Revenues:

Property Taxes Levied for:

General Purposes

Recreation

Office on Aging

Refuse and Recycling

Fire Levy

Police Levy

Capital Improvements

General Obligation Bond Retirement

Municipal Income Taxes Levied for:

General Purposes

Franchise Tax

Admissions Tax

Grants and Entitlements not Restricted to Specific Programs

Investment Income

Other

Total General Revenues

Transfers

Special Item – Disposal of Waterlines

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

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

<u>Primary Government</u>		
<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
\$ (2,073,182)	\$ 0	\$ (2,073,182)
(7,318,674)	0	(7,318,674)
(649,172)	0	(649,172)
488,114	0	488,114
(1,494,494)	0	(1,494,494)
(760,226)	0	(760,226)
(1,024,713)	0	(1,024,713)
(677,987)	0	(677,987)
<u>(13,510,334)</u>	<u>0</u>	<u>(13,510,334)</u>
<u>0</u>	<u>(126,963)</u>	<u>(126,963)</u>
<u>(13,510,334)</u>	<u>(126,963)</u>	<u>(13,637,297)</u>
3,815,055	0	3,815,055
281,777	0	281,777
281,777	0	281,777
563,557	0	563,557
170,963	0	170,963
170,963	0	170,963
563,557	0	563,557
563,557	0	563,557
8,906,264	0	8,906,264
159,268	0	159,268
35,522	0	35,522
3,122,384	0	3,122,384
7,499	0	7,499
<u>831,526</u>	<u>0</u>	<u>831,526</u>
<u>19,473,669</u>	<u>0</u>	<u>19,473,669</u>
4,736,952	(4,736,952)	0
<u>(4,554,583)</u>	<u>0</u>	<u>(4,554,583)</u>
6,145,704	(4,863,915)	1,281,789
<u>39,055,589</u>	<u>28,043,886</u>	<u>67,099,475</u>
\$ <u>45,201,293</u>	\$ <u>23,179,971</u>	\$ <u>68,381,264</u>

City of Rocky River, Ohio

Balance Sheet Governmental Funds

December 31, 2012

	General	Recreation Center	General Obligation Bond Retirement
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$ 2,759,383	\$ 158,186	\$ 148,345
Accrued Interest Receivable	958	0	0
Accounts Receivable, Net of Allowance			
For Doubtful Accounts	461,967	3,263	0
Intergovernmental Receivable	1,027,493	21,681	43,062
Interfund Receivable	450,000	0	0
Materials and Supplies Inventory	31,397	2,426	0
Prepaid Items	2,187	0	0
Grants Receivable	10,000	0	0
Municipal Income Taxes Receivable	2,558,965	0	0
Property Taxes Receivable	3,766,131	298,899	597,798
Special Assessments Receivable	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets	\$ <u>11,068,481</u>	\$ <u>484,455</u>	\$ <u>789,205</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	\$ 120,584	\$ 34,832	\$ 0
Contracts Payable	0	0	0
Accrued Wages and Benefits	119,277	27,066	0
Intergovernmental Payable	255,928	42,716	0
Matured Compensated Absences	173,274	45,413	0
Interfund Payable	0	450,000	0
Deferred Revenue	5,999,589	320,580	640,860
Retainage Payable	<u>4,638</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>6,673,290</u>	<u>920,607</u>	<u>640,860</u>
Fund Balances:			
Nonspendable	39,224	2,426	0
Restricted	0	0	148,345
Assigned	2,530,242	0	0
Unassigned (Deficit)	<u>1,825,725</u>	<u>(438,578)</u>	<u>0</u>
Total Fund Balances (Deficit)	<u>4,395,191</u>	<u>(436,152)</u>	<u>148,345</u>
Total Liabilities and Fund Balances	\$ <u>11,068,481</u>	\$ <u>484,455</u>	\$ <u>789,205</u>

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

<u>Sewer Rehabilitation</u>	<u>Capital Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 2,740,854	\$ 2,521,561	\$ 3,307,867	\$ 11,636,196
0	0	985	1,943
0	0	84,000	549,230
500,327	96,940	443,960	2,133,463
0	0	0	450,000
0	0	132,400	166,223
0	0	0	2,187
0	0	1,350	11,350
0	0	0	2,558,965
0	597,798	1,255,377	6,516,003
<u>0</u>	<u>0</u>	<u>677,444</u>	<u>677,444</u>
\$ <u>3,241,181</u>	\$ <u>3,216,299</u>	\$ <u>5,903,383</u>	\$ <u>24,703,004</u>
\$ 562,165	\$ 0	\$ 56,839	\$ 774,420
0	8,026	0	8,026
0	0	48,971	195,314
0	0	377,288	675,932
0	0	0	218,687
0	0	0	450,000
0	640,860	2,251,468	9,853,357
<u>196,922</u>	<u>66,660</u>	<u>0</u>	<u>268,220</u>
<u>759,087</u>	<u>715,546</u>	<u>2,734,566</u>	<u>12,443,956</u>
0	0	132,400	174,050
2,482,094	2,500,753	3,101,918	8,233,110
0	0	0	2,530,242
<u>0</u>	<u>0</u>	<u>(65,501)</u>	<u>1,321,646</u>
<u>2,482,094</u>	<u>2,500,753</u>	<u>3,168,817</u>	<u>12,259,048</u>
\$ <u>3,241,181</u>	\$ <u>3,216,299</u>	\$ <u>5,903,383</u>	\$ <u>24,703,004</u>

City of Rocky River, Ohio

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

December 31, 2012

Total Governmental Funds Balance \$ 12,259,048

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 52,388,676

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

Delinquent Property Taxes	\$ 264,653	
Municipal Income Taxes	1,501,064	
Special Assessments	677,444	
Charges for Services	174,582	
Intergovernmental	<u>984,261</u>	
Total		3,602,004

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (54,383)

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

Net Position	410,635	
Internal Balance	<u>(14,935)</u>	
Total		395,700

Bond issuance costs will be amortized over the life of the bonds on the Statement of Activities, whereas in the governmental funds, bond issuance costs are reported as expenditures when bonds are issued. 92,666

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

General Obligation Bonds	(13,820,551)	
Special Assessments	(470,000)	
Ohio Water Development Authority	(144,293)	
Ohio Public Works Commission Loan	(4,660,827)	
Compensated Absences	(3,924,972)	
Police and Fire Pension Liability	<u>(461,775)</u>	
Total		<u>(23,482,418)</u>

Net Position of Governmental Activities \$ 45,201,293

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

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City of Rocky River, Ohio

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

For The Year Ended December 31, 2012

	General	Recreation Center	General Obligation Bond Retirement
Revenues:			
Property Taxes	\$ 3,743,094	\$ 297,070	\$ 594,143
Municipal Income Taxes	8,697,295	0	0
Other Local Taxes	35,522	0	0
Intergovernmental	2,838,815	43,062	86,123
Charges for Services	141,307	2,148,078	0
Fines, Fees and Permits	3,299,960	0	0
Special Assessments	0	0	0
Investment Income	5,225	0	0
Rentals	79,048	14,181	0
Other	101,374	0	0
Total Revenues	<u>18,941,640</u>	<u>2,502,391</u>	<u>680,266</u>
Expenditures:			
Current:			
General Government	5,088,225	0	0
Security of Persons and Property	7,337,148	0	0
Public Health	0	0	0
Transportation	622,370	0	0
Leisure Time Activities	319,861	2,850,371	0
Community Development	766,902	0	0
Basic Utility Service	0	0	0
Capital Outlay	29,440	2,001	0
Debt Service:			
Principal Retirement	0	0	980,000
Interest and Fiscal Charges	0	0	562,318
Total Expenditures	<u>14,163,946</u>	<u>2,852,372</u>	<u>1,542,318</u>
Excess of Revenues Over (Under) Expenditures	<u>4,777,694</u>	<u>(349,981)</u>	<u>(862,052)</u>
Other Financing Sources (Uses):			
Proceeds from Sale of Capital Assets	14,615	0	0
Issuance of Debt	0	0	0
Transfers - In	0	300,000	990,000
Transfers - Out	(3,994,000)	0	0
Total Other Financing Sources (Uses)	<u>(3,979,385)</u>	<u>300,000</u>	<u>990,000</u>
Net Change in Fund Balances	798,309	(49,981)	127,948
Fund Balances (Deficit) at Beginning of Year	<u>3,596,882</u>	<u>(386,171)</u>	<u>20,397</u>
Fund Balances (Deficit) at End of Year	\$ <u>4,395,191</u>	\$ <u>(436,152)</u>	\$ <u>148,345</u>

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

Sewer Rehabilitation	Capital Improvement	Other Governmental Funds	Total Governmental Funds
\$ 0	\$ 594,143	\$ 1,251,491	\$ 6,479,941
0	0	0	8,697,295
0	159,268	0	194,790
142,319	189,691	2,056,409	5,356,419
1,035,808	0	504,422	3,829,615
0	0	352,680	3,652,640
0	0	58,421	58,421
0	0	2,274	7,499
0	0	0	93,229
<u>675,927</u>	<u>53,367</u>	<u>3,351</u>	<u>834,019</u>
<u>1,854,054</u>	<u>996,469</u>	<u>4,229,048</u>	<u>29,203,868</u>
0	0	18,759	5,106,984
0	0	1,448,003	8,785,151
0	0	1,061,178	1,061,178
0	0	1,080,495	1,702,865
0	0	0	3,170,232
0	0	0	766,902
2,907,761	0	1,574,041	4,481,802
258,184	96,015	650,203	1,035,843
32,745	0	255,544	1,268,289
<u>5,313</u>	<u>0</u>	<u>117,739</u>	<u>685,370</u>
<u>3,204,003</u>	<u>96,015</u>	<u>6,205,962</u>	<u>28,064,616</u>
<u>(1,349,949)</u>	<u>900,454</u>	<u>(1,976,914)</u>	<u>1,139,252</u>
0	0	0	14,615
1,964,235	0	0	1,964,235
0	0	2,704,000	3,994,000
<u>0</u>	<u>0</u>	<u>0</u>	<u>(3,994,000)</u>
<u>1,964,235</u>	<u>0</u>	<u>2,704,000</u>	<u>1,978,850</u>
614,286	900,454	727,086	3,118,102
<u>1,867,808</u>	<u>1,600,299</u>	<u>2,441,731</u>	<u>9,140,946</u>
\$ <u>2,482,094</u>	\$ <u>2,500,753</u>	\$ <u>3,168,817</u>	\$ <u>12,259,048</u>

City of Rocky River, Ohio

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

For The Year Ended December 31, 2012

Net Change in Fund Balances - Total Governmental Funds \$ 3,118,102

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

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

Capital Outlay	\$	3,267,641	
Capital Assets Transferred		4,736,952	
Capital Assets Donated		1,976,093	
Depreciation		<u>(1,955,545)</u>	
Total			8,025,141

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. (4,554,583)

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

Property and Other Taxes		(68,735)	
Municipal Income Taxes		208,969	
Special Assessments		(56,549)	
Charges for Services		40,538	
Intergovernmental		<u>18,527</u>	
Total			142,750

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 1,237,745

Proceeds from debt issues are other financing sources in the funds, but debt issues and new leases increase long-term liabilities in the Statement of Net Position:

OPWC Loans		(1,929,517)	
OWDA Loans		(34,718)	
OWDA Contributed Capital		<u>(142,320)</u>	
Total			(2,106,555)

(continued)

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

City of Rocky River, Ohio

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

For The Year Ended December 31, 2012

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Accrued Interest on Bonds	4,840	
Amortization of Bond Premium	27,611	
Amortization of Issuance Costs	(8,447)	
Loss on Refunding	<u>(16,621)</u>	
Total		7,383

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated Absences	330,660	
Police and Fire Pension Liability	<u>30,544</u>	
Total		361,204

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

Change in Net Position	(88,108)	
Change in Internal Balance	<u>2,625</u>	
Total		<u>(85,483)</u>

Change in Net Position of Governmental Activities \$ 6,145,704

City of Rocky River, Ohio

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

General Fund

For The Year Ended December 31, 2012

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 4,145,491	\$ 4,145,491	\$ 3,743,094	\$ (402,397)
Municipal Income Taxes	8,328,375	8,665,154	8,759,645	94,491
Other Local Taxes	33,773	35,139	35,522	383
Intergovernmental	1,852,302	1,927,204	2,537,101	609,897
Charges for Services	42,257	43,968	44,446	478
Fines, Fees, and Permits	3,202,372	3,331,867	3,368,200	36,333
Investment Income	4,405	4,583	4,633	50
Rentals	75,156	78,195	79,048	853
Miscellaneous Income	<u>103,585</u>	<u>109,553</u>	<u>101,374</u>	<u>(8,179)</u>
Total Revenues	<u>17,787,716</u>	<u>18,341,154</u>	<u>18,673,063</u>	<u>331,909</u>
Expenditures:				
Current:				
General Government	6,118,277	5,990,390	5,082,487	907,903
Security of Persons and Property	7,499,285	7,602,290	7,357,936	244,354
Transportation	678,215	680,818	631,635	49,183
Leisure Time Activities	423,235	416,740	338,844	77,896
Community Development	773,542	793,760	771,931	21,829
Capital Outlay	<u>49,053</u>	<u>60,553</u>	<u>37,471</u>	<u>23,082</u>
Total Expenditures	<u>15,541,607</u>	<u>15,544,551</u>	<u>14,220,304</u>	<u>1,324,247</u>
Excess of Revenues Over (Under) Expenditures	<u>2,246,109</u>	<u>2,796,603</u>	<u>4,452,759</u>	<u>1,656,156</u>
Other Financing Sources (Uses):				
Sale of Capital Assets	13,895	14,457	14,615	158
Transfers - Out	<u>(4,109,000)</u>	<u>(4,160,156)</u>	<u>(3,994,000)</u>	<u>166,156</u>
Total Other Financing Sources (Uses)	<u>(4,095,105)</u>	<u>(4,145,699)</u>	<u>(3,979,385)</u>	<u>166,314</u>
Net Change in Fund Balance	(1,848,996)	(1,349,096)	473,374	1,822,470
Fund Balance at Beginning of Year	1,979,937	1,979,937	1,979,937	0
Prior Year Encumbrances Appropriated	<u>113,420</u>	<u>113,420</u>	<u>113,420</u>	<u>0</u>
Fund Balance at End of Year	\$ <u>244,361</u>	\$ <u>744,261</u>	\$ <u>2,566,731</u>	\$ <u>1,822,470</u>

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

City of Rocky River, Ohio

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

Recreation Center Fund

For The Year Ended December 31, 2012

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 329,008	\$ 329,008	\$ 297,070	\$ (31,938)
Charges for Services	2,183,535	2,183,535	2,145,183	(38,352)
Intergovernmental	0	0	43,062	43,062
Rentals	14,435	14,435	14,181	(254)
Total Revenues	<u>2,526,978</u>	<u>2,526,978</u>	<u>2,499,496</u>	<u>(27,482)</u>
Expenditures:				
Current:				
Leisure Time Activities	2,971,905	3,015,686	2,891,986	123,700
Capital Outlay	2,000	2,100	2,001	99
Total Expenditures	<u>2,973,905</u>	<u>3,017,786</u>	<u>2,893,987</u>	<u>123,799</u>
Excess of Revenues Over (Under) Expenditures	(446,927)	(490,808)	(394,491)	96,317
Other Financing Sources (Uses):				
Transfers - In	<u>305,379</u>	<u>305,379</u>	<u>300,000</u>	<u>(5,379)</u>
Net Change in Fund Balances	(141,548)	(185,429)	(94,491)	90,938
Fund Balance at Beginning of Year	122,900	122,900	122,900	0
Prior Year Encumbrances Appropriated	<u>65,079</u>	<u>65,079</u>	<u>65,079</u>	<u>0</u>
Fund Balance at End of Year	\$ <u>46,431</u>	\$ <u>2,550</u>	\$ <u>93,488</u>	\$ <u>90,938</u>

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

City of Rocky River, Ohio

Statement of Fund Net Position Proprietary Funds

December 31, 2012

	Business-Type Activities <u>Sewer</u>	Governmental Activities - Internal Service <u>Fund</u>
Assets:		
Current Assets:		
Equity in Pooled Cash and Cash Equivalents	\$ 139,457	\$ 513,971
Accounts Receivable	719,962	0
Materials and Supplies Inventory	<u>10,342</u>	<u>0</u>
Total Current Assets	<u>869,761</u>	<u>513,971</u>
Noncurrent Assets:		
Investment in Joint Venture	5,387,167	0
Nondepreciable Capital Assets	289,516	0
Depreciable Capital Assets, Net	<u>17,239,597</u>	<u>0</u>
Total Noncurrent Assets	<u>22,916,280</u>	<u>0</u>
Total Assets	<u>23,786,041</u>	<u>513,971</u>
Liabilities:		
Current Liabilities:		
Accounts Payable	310,898	0
Accrued Wages and Benefits	6,461	0
Intergovernmental Payable	10,141	0
Claims Payable	0	103,336
Accrued Interest Payable	4,582	0
Compensated Absences Payable	15,928	0
OWDA Loans Payable	<u>18,992</u>	<u>0</u>
Total Current Liabilities	<u>367,002</u>	<u>103,336</u>
Long-term Liabilities:		
Accrued Compensated Absences (Net of Current Portion)	93,612	0
OWDA Loans Payable (Net of Current Portion)	<u>160,391</u>	<u>0</u>
Total Long-Term Liabilities	<u>254,003</u>	<u>0</u>
Total Liabilities	<u>621,005</u>	<u>103,336</u>
Net Position:		
Net Investment in Capital Assets	17,349,730	0
Unrestricted	<u>5,815,306</u>	<u>410,635</u>
Total Net Position	23,165,036	\$ <u><u>410,635</u></u>
Net Position reported for Business-Type Activities in the Statement of Net Position are different because they include accumulated overpayments to the Internal Service Fund:		
	<u>14,935</u>	
Net Position of Business-Type Activities	\$ <u><u>23,179,971</u></u>	

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

City of Rocky River, Ohio

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

For The Year Ended December 31, 2012

	Business-Type Activities <u>Sewer</u>	Governmental Activities - Internal Service <u>Fund</u>
Operating Revenues:		
Charges for Services	\$ <u>1,867,073</u>	\$ <u>1,945,278</u>
Operating Expenses:		
Personal Service	538,859	0
Materials and Supplies	81,562	0
Contractual Services	1,234,241	290,490
Capital Outlay	(141,020)	0
Heat, Light and Power	15,173	0
Depreciation	317,732	0
Other	3,999	0
Claims	<u>0</u>	<u>1,742,896</u>
Total Operating Expenses	<u>2,050,546</u>	<u>2,033,386</u>
Operating Loss	<u>(183,473)</u>	<u>(88,108)</u>
Non-Operating (Expenses):		
Interest Expense	(8,958)	0
Loss in Joint Venture	<u>(369,344)</u>	<u>0</u>
Total Non-Operating Expenses	<u>(378,302)</u>	<u>0</u>
Loss before Transfers and Capital Contributions	(561,775)	(88,108)
Transfers	(4,736,952)	0
Contributed Capital	<u>437,437</u>	<u>0</u>
Change in Net Position	(4,861,290)	(88,108)
Net Position at Beginning of Year	<u>28,026,326</u>	<u>498,743</u>
Net Position at End of Year	\$ <u><u>23,165,036</u></u>	\$ <u><u>410,635</u></u>
Some amount reported for Business-Type Activities in the Statement of Activities are different because of a portion of the Change in Net Position of the Internal Service Fund is reported with Business-Type Activities:	<u>(2,625)</u>	
Change in Net Position of Business-Type Activities	\$ <u><u>(4,863,915)</u></u>	

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

City of Rocky River, Ohio

Statement of Cash Flows Proprietary Fund Types

For The Year Ended December 31, 2012

	Business-Type Activities <u>Sewer</u>	Governmental Activities - Internal Service <u>Fund</u>
Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 1,742,323	\$ 1,945,278
Cash Payments for Goods and Services	(931,775)	(290,490)
Cash Payments to Employees for Services and Benefits	(531,334)	0
Cash Payments for Claims	0	(1,763,964)
Cash Payments for Other Operating Expenses	<u>(3,999)</u>	<u>0</u>
Net Cash Provided (Used) by Operating Activities	<u>275,215</u>	<u>(109,176)</u>
Cash Flows from Capital and Related Financing Activities:		
Capital Contribution for OWDA Loan	(142,320)	
Principal Paid on OWDA Loan	(18,140)	0
Interest Paid on OWDA Loan	<u>(8,958)</u>	<u>0</u>
Net Cash Used for Capital and Related Financing Activities	<u>(169,418)</u>	<u>0</u>
Cash Flows from Investing Activities:		
Capital Contributed to Joint Venture	<u>(161,735)</u>	<u>0</u>
Net Decrease Cash and Cash Equivalents	(55,938)	(109,176)
Cash and cash Equivalents at Beginning of Year	<u>195,395</u>	<u>623,147</u>
Cash and Cash Equivalents at End of Year	\$ <u>139,457</u>	\$ <u>513,971</u>
Reconciliation of Operating Loss to Net Cash Provided (Used) by Operating Activities:		
Operating Loss	\$ (183,473)	\$ (88,108)
Adjustments:		
Depreciation	317,732	0
Change in Operating Assets and Liabilities:		
Accounts Receivable	(124,750)	0
Materials and Supplies Inventory	(2,128)	0
Accounts Payable	276,734	0
Accrued Wages and Benefits	1,565	0
Compensated Absences Payable	5,804	0
Intergovernmental Payable	(16,269)	0
Claims Payable	<u>0</u>	<u>(21,068)</u>
Total Adjustments	<u>458,688</u>	<u>(21,068)</u>
Net Cash Provided (Used) by Operating Activities	\$ <u>275,215</u>	\$ <u>(109,176)</u>
Supplemental Schedule for Non-Cash Capital and Related Financing Activities:		
Increase in Capital Assets due to Capital Contributions	\$ 437,437	
Decrease in Capital Assets due to Transfers	4,736,952	

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

City of Rocky River, Ohio

Statement of Fiduciary Net Position Fiduciary Funds

December 31, 2012

	<u>Investment Trust</u>	
	<u>Individual Investment Account</u>	<u>Agency</u>
Assets:		
Equity in Pooled Cash and Cash Equivalents	\$ 0	\$ 364,333
Cash and Cash Equivalents:		
In Segregated Accounts	<u>4,056,320</u>	<u>568,629</u>
Total Assets	\$ <u>4,056,320</u>	\$ <u>932,962</u>
Liabilities:		
Undistributed Monies	\$ 0	\$ 291,547
Deposits Held and Due to Others	<u>0</u>	<u>641,415</u>
Total Liabilities	<u>0</u>	\$ <u>932,962</u>
Net Position:		
Held in Trust for Participants	\$ <u>4,056,320</u>	

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

City of Rocky River, Ohio

Statement of Changes in Fiduciary Net Position Investment Trust Funds

For The Year Ended December 31, 2012

	<u>Individual Investment Account</u>
Additions:	
Interest	\$ 5,385
Capital Transaction – Purchases	<u>4,356,718</u>
Total Additions	<u>4,362,103</u>
Deductions:	
Capital Transaction – Redemption	4,985,761
Distributions to Participants	<u>5,891</u>
Total Deductions	<u>4,991,652</u>
Changes in Net Position	(629,549)
Net Position Beginning of Year	<u>4,685,869</u>
Net Position End of Year	\$ <u><u>4,056,320</u></u>

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

City of Rocky River, Ohio

Notes to Basic Financial Statements

For The Year Ended December 31, 2012

Note 1: Description of City and Reporting Entity

The City of Rocky River (City) is a home rule municipal corporation, established under the laws of the State of Ohio and operated under a charter. The charter provides for a Council/Mayor form of government whereby the Mayor is the administrative officer of the City. The Charter was originally adopted in 1960 and has been amended periodically; most recently in 2008. The Mayor, Law Director and seven-member Council all serve two-year terms.

Reporting Entity

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

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

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

The Rocky River Wastewater Treatment Plant (Plant) is a joint venture among the cities of Rocky River, Bay Village, Fairview Park, and Westlake. The Plant has a Management Committee consisting of the Mayor of each Member City or his/her designee and a fifth member who is appointed by the four Mayors. The Director of Finance of the City of Rocky River serves as fiscal agent for the Plant.

The Plant is managed by the City of Rocky River with a report of operational activities made to the Management Committee annually. Personnel at the Plant are employees of the City of Rocky River. Pursuant to the organizing agreement (and amendments), the Plant is jointly owned by the Member Cities with each Member City's share being in proportion to its contribution to the total cost of constructing certain improvements. The Plant is a joint venture in which each Member City has an equity interest.

The City has an explicit and measurable equity interest in the Plant. There exists a residual interest in the assets upon dissolution of the joint venture. The City also has an ongoing financial responsibility for its share of the joint venture liabilities. Additionally, the City has an ongoing financial responsibility since the City's participation is essential to the continued existence of the Plant. The Plant is further described in Note 11 of the basic financial statements.

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2012

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

Reporting Entity (continued)

The City participates in other organizations: jointly governed organizations and a related organization. See Notes 20 and 25 to the basic financial statements for further information. The City also participates in a Joint Economic Development Zone, see Note 26 for further information.

Note 2: Summary of Significant Accounting Policies

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements, which provide a more detailed level of financial information.

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

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

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2012

Note 2: Summary of Significant Accounting Policies (continued)

A. Basis of Presentation (continued)

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

B. Fund Accounting

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

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

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

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

General Obligation Bond Retirement Fund The General Obligation Bond Retirement Fund accounts for resources that are utilized for the repayment of general obligation bonds of the City.

Sewer Rehabilitation Fund The Sewer Rehabilitation Fund accounts for a fixed-fee sanitary sewer charge to be used for the accumulation of resources to rehabilitate through acquisition, construction, or improvement the City's sanitary sewer infrastructure.

Capital Improvement Fund The Capital Improvement Fund accounts for the various projects of the City financed by tax monies and General Fund subsidies.

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

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2012

Note 2: Summary of Significant Accounting Policies (continued)

B. Fund Accounting (continued)

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

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

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

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

C. Measurement Focus

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

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

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2012

Note 2: Summary of Significant Accounting Policies (continued)

C. Measurement Focus (continued)

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the Statement of Fund Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The Statement of Cash Flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

D. Basis of Accounting

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

Revenues - Exchange and Non-exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the City, available means expected to be received within 60 days of year-end.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements, and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 7). Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2012

Note 2: Summary of Significant Accounting Policies (continued)

D. Basis of Accounting (continued)

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

Property taxes for which there is an enforceable legal claim as of December 31, 2012, but which were levied to finance year 2013 operations, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as unearned revenue.

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

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 all funds is pooled. Monies for these funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through City records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents."

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

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts and nonnegotiable certificates of deposit are reported at cost.

The City has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2012. STAR Ohio is a statewide investment pool managed by the Ohio Treasurer of State. Participation is offered to Ohio political subdivisions as defined in Ohio Revised Code Section 135.45(F)(2)(a). STAR Ohio is not registered with the Securities Exchange Commission (SEC) as an investment company, but maintains a policy to operate as a "2a7 like pool" in a manner consistent with GASB Statement No. 31 "*Accounting and Financial Reporting for Certain Investments and for External Investment Pools.*" Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 2012.

Investment procedures are restricted by the provisions of the City Charter and the general laws of the State of Ohio. Interest revenue credited to the General Fund during 2012 amounted to \$5,225, which includes \$3,219 assigned from other City funds.

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2012

Note 2: Summary of Significant Accounting Policies (continued)

E. Cash and Cash Equivalents (continued)

The City serves as fiscal agent for the Rocky River Wastewater Treatment Plant. A related individual investment account is presented as “Cash and Cash Equivalents in Segregated Accounts” and represent deposits or nonnegotiable certificates of deposit which are reported at cost. During 2012, investments purchased through this account were limited to nonnegotiable certificates of deposit and are reported at cost.

F. Inventory

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

G. Deferred Charges

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

H. Investment in Joint Venture

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

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2012 are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

J. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their 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.

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2012

Note 2: Summary of Significant Accounting Policies (continued)

J. Capital Assets (continued)

All capital assets are depreciated except for land; certain land improvements; rights of way and construction in progress. Improvements are depreciated over the estimated remaining useful lives of the related capital assets. For 2012, the City's infrastructure consists of roads, traffic signals, sidewalks, storm sewers, and water mains. In addition, the City has recorded construction in progress for City road and sewer projects initiated in 2012. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following estimated useful lives:

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

K. Interfund Balances

On the fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as "Interfund Receivable/Payable." Interfund loans which do not represent available expendable resources are offset by a fund balance reserve account. Interfund balance amounts are eliminated in the Statement of Net Position, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances. See Note 21 for interfund receivables/payables as of December 31, 2012.

L. Compensated Absences

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

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those that the City has identified as probable of receiving payment in the future (those employees who will be eligible to receive termination payments in the next 20 years). The amount is based on accumulated sick leave and employee wage rates at year-end taking into consideration any limits specified in the City's termination policy and employees with two or more years of service.

M. Accrued Liabilities and Long-term Obligations

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

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2012

Note 2: Summary of Significant Accounting Policies (continued)

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

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

N. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable: The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

Restricted: Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (City Council’s resolutions).

Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party, such as citizens, public interest groups, or the judiciary, to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed: The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of City Council. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be re-deployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2012

Note 2: Summary of Significant Accounting Policies (continued)

L. Fund Balance (continued)

Assigned: Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. These amounts are assigned by City Council. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the City Council or a City official delegated that authority by the City Council.

City Council assigned fund balance to cover a gap between estimated revenue and appropriations in the 2013 appropriated budget.

Unassigned: Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

O. Net Position

Net position represents the difference between assets and liabilities. Net investment 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 position is reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations, of other governments. Net position restricted for other purposes include miscellaneous state and federal grants.

The government-wide Statement of Net Position reports \$9,548,057 of Restricted Net Position, a portion of which is restricted by enabling legislation. Net position restricted for other purposes include resources for streets and highways and municipal probation services. The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

P. Operating Revenues and Expenses

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

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2012

Note 2: Summary of Significant Accounting Policies (continued)

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 non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

R. Extraordinary and Special Items

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

During 2012, the City entered into an Asset Transfer Agreement and a Project Reimbursement Program with the City of Cleveland. The Asset Transfer Agreement provides that the City will transfer ownership to the City of Cleveland all water distribution mains, related equipment and fire hydrants. The Project Reimbursement Program provides project support by the City of Cleveland for infrastructure projects undertaken and managed by the City that include a water distribution main maintenance or replacement component. Pursuant to the execution of the Asset Transfer Agreement, in 2012, the City recorded a loss on the transfer of the water distribution mains in the amount of \$4,554,583 as a special item. Also, pursuant to the Project Reimbursement Program, in 2012, the City received \$675,927 from the City of Cleveland for the water distribution main component of the Frazier Drive Sewer Improvement project.

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.

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2012

Note 2: Summary of Significant Accounting Policies (continued)

T. Budgetary Data

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the Alternative Tax Budget Information, the Certificate of Estimated Resources, and the Appropriations Ordinance, all of which are prepared on the budgetary basis of accounting. The Alternative Tax Budget Information demonstrates a need for existing or increased tax rates. The Certificate of Estimated Resources establishes a limit on the amount Council may appropriate. The Appropriations Ordinance is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of control has been established by Council through the Appropriation Ordinance at the object level within each department for the General Fund and at the object level for all other funds. Budgetary modifications may only be made by ordinance of the City Council at the legal level of control.

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

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

U. Subsequent Events

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through June 26, 2013, the date the financial statements were issued. See Note 28.

Note 3: Change in Accounting Principles

For fiscal year 2012, the City implemented Governmental Accounting Standards Board ("GASB") Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.

GASB Statement No. 62 establishes accounting and financial reporting standards for the financial statements of the state and local governments. The implementation of this statement has no impact on the City's financial statements or disclosures.

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2012

Note 3: Change in Accounting Principles (continued)

GASB Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The City's financial statements have been updated to reflect the implementation of this standard.

Note 4: Budgetary Basis of Accounting

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by the general laws of the State of Ohio is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual for the General Fund and Recreation Center Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are as follows:

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

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund and the Recreation Fund.

	<u>Net Change in Fund Balance</u>	
	<u>General</u>	<u>Recreation Center</u>
GAAP Basis	\$ 798,309	\$ (49,981)
Net Adjustment for Revenue Accruals	(268,577)	(2,895)
Net Adjustment for Expenditure Accruals	136,294	23,083
Encumbrances	<u>(192,652)</u>	<u>(64,698)</u>
Budget Basis	\$ <u>473,374</u>	\$ <u>(94,491)</u>

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2012

Note 5: Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on a fund for the major governmental funds and all other governmental funds are presented below:

	General Fund	Recreation Center	General Obligation Bond	Sewer Rehabilitation	Capital Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:							
Inventory	\$ 31,397	\$ 2,426	\$ 0	\$ 0	\$ 0	\$ 132,400	\$ 166,223
Prepaid Items	2,187	0	0	0	0	0	2,187
Unclaimed Funds	<u>5,640</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,640</u>
Total Nonspendable	<u>39,224</u>	<u>2,426</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>132,400</u>	<u>174,050</u>
Restricted for:							
Capital Improvements	0	0	0	2,482,094	2,500,753	1,817,649	6,800,496
Community Impacts	0	0	0	0	0	3,312	3,312
Debt Service	0	0	148,345	0	0	292	148,637
Law Enforcement and Education	0	0	0	0	0	159,381	159,381
Marine Patrol	0	0	0	0	0	10,233	10,233
Office on Aging	0	0	0	0	0	16,017	16,017
Refuse and Recycling	0	0	0	0	0	88,820	88,820
Security of Persons and Property	0	0	0	0	0	640,403	640,403
Streets and Highways	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>365,811</u>	<u>365,811</u>
Total Restricted	<u>0</u>	<u>0</u>	<u>148,345</u>	<u>2,482,094</u>	<u>2,500,753</u>	<u>3,101,918</u>	<u>8,233,110</u>
Assigned to:							
Purchases on Order Subsequent Year's Budget: Appropriation of Fund Balance	121,900	0	0	0	0	0	121,900
Total Assigned	<u>2,408,342</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,408,342</u>
Unassigned (Deficit)	<u>1,825,725</u>	<u>(438,578)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(65,501)</u>	<u>1,321,646</u>
Total Fund Balance \$	<u>4,395,191</u>	<u>\$ (436,152)</u>	<u>\$ 148,345</u>	<u>\$ 2,482,094</u>	<u>\$ 2,500,753</u>	<u>\$ 3,168,817</u>	<u>\$ 12,259,048</u>

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2012

Note 6: Deposits and Investments

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

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

Ohio Revised Code Section 135.01 classifies public money of the City into three categories: 1) active deposits; 2) inactive deposits, and 3) interim deposits. The City maintains active and interim deposits only.

Deposits

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

At year-end, the carrying amount of the City’s deposits was \$16,328,878 and the bank balance was \$16,463,540. Of the bank balance \$11,141,488 was covered by the FDIC and \$5,322,052 was uninsured. The entire uninsured bank balance was collateralized with securities held by pledging institutions’ agents in its collateral pool.

Investments

Investments are reported at fair value. As of December 31, 2012, the City has \$950,028 in STAROhio which has a Standard and Poor’s rating of AAAM.

Interest Rate Risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The City Charter addresses interest rate risk requiring that the City’s investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity and by investing operating funds primarily in short-term investments. The Ohio Revised Code Chapter 135 also limits security purchases to those that mature within five years unless specifically matched to a specific cash flow.

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2012

Note 6: Deposits and Investments (continued)

Investments (continued)

Custodial Risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. All financial institutions and broker/dealers who desire to become qualified for investment transactions with the City must meet a set of standards prescribed by Ohio Revised Code Chapter 135 and be periodically reviewed.

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

Concentration of Credit Risk is defined by GASB as five percent or more in the securities of a single issuer. The City's Charter provides for diversification of the portfolio but does not indicate specific percentage allocations.

Note 7: Property Taxes

Property taxes include amounts levied against real and public utility properties located in the City. Property tax revenue received during 2012 represents collections of the 2011 taxes.

2012 real property taxes were levied after October 1, 2012, on the assessed value as of January 1, 2012, the lien date. Assessed values are established by Ohio Revised Code at 35 percent of appraised value. 2012 real property taxes are collected in and intended to finance 2013.

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. 2012 public utility property taxes which became a lien December 31, 2011, were levied after October 1, 2012, and were collected in 2012 with real property taxes.

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

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

In a subsequent budget bill passed in June 2011, the phased-out reimbursement payment that were to continue to 2018 were discontinued as of July 1, 2011.

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2012

Note 7: Property Taxes (continued)

The full tax rate for all City operations for the year ended December 31, 2012, was \$10.90 per \$1,000 of assessed value. The full rate for the City is the same as the effective rate. The assessed values of real and public utility properties upon which 2012 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Property	\$ 678,705,910
Public Utility	<u>6,797,170</u>
Total	\$ <u>685,503,080</u>

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

The Cuyahoga County Fiscal Officer collects property taxes on behalf of all taxing districts in the county, including the City. The County Fiscal Officers periodically remits to the City its portion of the taxes. Property taxes receivable represents real property taxes, public utility taxes, and outstanding delinquencies which are measurable as of December 31, 2012 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 2012 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 8: Income Taxes

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

By contractual agreement, the Central Collection Agency, a division of the City of Cleveland, administers and collects income taxes for the City. Amounts collected are remitted monthly to the City. Collection fees for 2012 were \$354,055.

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2012

Note 9: Receivables

Receivables at December 31, 2012, consisted of taxes, accounts (billings for user charged services), special assessments, interest, and intergovernmental receivables. Receivables are recorded net of an allowance for estimated uncollectible amounts. The allowance is based on a percentage of aged accounts receivable and current year revenues. The City has estimated \$18,322 in uncollectible billings for user charged services.

A summary of Intergovernmental Receivables follows:

Governmental Activities:

Homestead and Rollback	\$	469,520
Public Utility and CAT Tax Reimbursements		308
Local Government		178,875
Auto Registration and Gasoline Tax		346,090
Permissive Tax		7,133
Estate Tax		574,160
OPWC Loan Proceeds		500,327
Other Local Tax		<u>57,050</u>
Total Intergovernmental Receivable	\$	<u><u>2,133,463</u></u>

Special assessments expected to be collected beyond one year amount to \$430,000 in the Special Assessment Bond Retirement Fund. The amount of delinquent special assessments outstanding is \$17,076 at December 31, 2012.

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2012

Note 10: Capital Assets

A summary of changes in capital assets during 2012 follows:

	Balance 12/31/11	Additions	Deletions	Balance 12/31/12
Governmental Activities				
<i>Non-depreciable Capital Assets</i>				
Land	\$ 2,017,826	\$ 0	\$ 0	\$ 2,017,826
Land Improvements	203,158	0	0	203,158
Construction in Progress	<u>2,744,480</u>	<u>7,716,775</u>	<u>(2,653,255)</u>	<u>7,808,000</u>
<i>Total Non-depreciable Capital Assets</i>	<u>4,965,464</u>	<u>7,716,775</u>	<u>(2,653,255)</u>	<u>10,028,984</u>
<i>Depreciable Capital Assets</i>				
Land Improvements	4,717,753	0	0	4,717,753
Buildings	33,730,576	0	0	33,730,576
Furniture, Fixtures and Equipment	4,841,614	50,485	0	4,892,099
Vehicles	7,596,126	46,648	(247,949)	7,394,825
Infrastructure:				
Roads	23,600,374	3,403,882	(95,792)	26,908,464
Sidewalks	1,110,390	173,272	0	1,283,662
Traffic Signals	2,670,690	156,343	0	2,827,033
Storm Sewers	4,730,338	1,086,536	0	5,816,874
Water Mains	<u>6,846,050</u>	<u>0</u>	<u>(6,846,050)</u>	<u>0</u>
<i>Total Depreciable Capital Assets</i>	<u>89,843,911</u>	<u>4,917,166</u>	<u>(7,189,791)</u>	<u>87,571,286</u>
Less Accumulated Depreciation:				
Land Improvements	(1,241,591)	(127,049)	0	(1,368,640)
Building	(11,065,140)	(586,827)	0	(11,651,967)
Furniture, Fixtures and Equipment	(4,123,454)	(24,218)	0	(4,147,672)
Vehicles	(7,107,270)	(313,816)	247,949	(7,173,137)
Infrastructure:				
Roads	(16,345,757)	(627,903)	95,792	(16,877,868)
Sidewalks	(102,351)	(29,927)	0	(132,278)
Traffic Signals	(2,153,729)	(137,463)	0	(2,291,192)
Storm Sewers	(1,504,050)	(64,790)	0	(1,568,840)
Water Mains	<u>(2,247,915)</u>	<u>(43,552)</u>	<u>2,291,467</u>	<u>0</u>
<i>Total Accumulated Depreciation</i>	<u>(45,891,257)</u>	<u>(1,955,545)</u>	<u>2,635,208</u>	<u>(45,211,594)</u>
Total Depreciable Capital Assets, Net	<u>43,952,654</u>	<u>2,961,621</u>	<u>(4,554,583)</u>	<u>42,359,692</u>
Governmental Activities Capital Assets, Net	\$ <u>48,918,118</u>	\$ <u>10,678,396</u>	\$ <u>(7,207,838)</u>	\$ <u>52,388,676</u>

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2012

Note 10: Capital Assets (continued)

	Balance 12/31/11	Additions	Deletions	Balance 12/31/12
Business-Type Activities				
<i>Non-depreciable Capital Assets</i>				
Land	\$ 39,516	\$ 0	\$ 0	\$ 39,516
Right of Way	250,000	0	0	250,000
Construction in Progress	<u>5,197,361</u>	<u>0</u>	<u>(5,197,361)</u>	<u>0</u>
<i>Total Non-depreciable Capital Assets</i>	<u>5,486,877</u>	<u>0</u>	<u>(5,197,361)</u>	<u>289,516</u>
<i>Depreciable Capital Assets</i>				
Furniture, Fixtures and Equipment	113,243	0	0	113,243
Vehicles	540,859	0	0	540,859
Sewer Lines	<u>22,288,808</u>	<u>897,846</u>	<u>0</u>	<u>23,186,654</u>
<i>Total Depreciable Capital Assets</i>	<u>22,942,910</u>	<u>897,846</u>	<u>0</u>	<u>23,840,756</u>
Less Accumulated Depreciation				
Furniture, Fixtures and Equipment	(70,456)	(16,637)	0	(87,093)
Vehicles	(537,664)	(3,195)	0	(540,859)
Sewer Lines	<u>(5,675,307)</u>	<u>(297,900)</u>	<u>0</u>	<u>(5,973,207)</u>
<i>Total Accumulated Depreciation</i>	<u>(6,283,427)</u>	<u>(317,732)</u>	<u>0</u>	<u>(6,601,159)</u>
Total Depreciable Capital Assets, Net	<u>16,659,483</u>	<u>580,114</u>	<u>0</u>	<u>17,239,597</u>
Total Business-Type Activities Capital Assets, Net	\$ <u>22,146,360</u>	\$ <u>580,114</u>	\$ <u>(5,197,361)</u>	\$ <u>17,529,113</u>

*Depreciation expense was charged to governmental functions as follows:

General Government	\$ 164,525
Security of Persons and Property	309,946
Public Health	40,116
Transportation	689,838
Community Development	13,404
Basic Utility Service	324,340
Leisure Time Activities	<u>413,376</u>
Total	\$ <u>1,955,545</u>

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2012

Note 11: Joint Venture - Rocky River Wastewater Treatment Plant

The Rocky River Wastewater Treatment Plant (Plant) is a joint venture among the cities of Rocky River, Bay Village, Fairview Park, and Westlake. The Plant is governed by a management committee consisting of the elected mayors of the four member cities and a fifth person nominated and elected by the mayors. The committee has authority over all aspects of the Plant's operation. The Plant supplies all participating residents of the member cities with wastewater treatment services. Each city owns the sewage lines located in its city and bills its residents for usage. Continued existence of the Plant is dependent on the City's continued participation, and the City does have an equity interest in the Plant. The City's equity interest is \$5,387,167 which represents 25.43 percent of the total equity in the Plant. The Plant is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit to or burden on the City. Complete financial statements can be obtained from the Director of Finance, City of Rocky River, 21012 Hilliard Boulevard, Rocky River, Ohio 44116, who serves as fiscal agent.

Note 12: Related Party Transactions

Since the continued existence of the Plant is dependent upon the participation of each member city, all transactions between the Plant and each member city are considered related party transactions. The Plant's transactions during 2012 involving the City of Rocky River are summarized as follows:

A. Charges for Services and Contributions for Capital Assets Replacement Fund

Charges for services revenue for 2012 consists of amounts charged to the member cities for wastewater treatment services provided to the member cities' residents and contributions to the Plant for plant and equipment replacement, as follows:

	Charges for	
	<u>Services</u>	<u>Contributions</u>
Rocky River	\$ 1,028,807	\$ 161,735

As of December 31, 2012, the City of Rocky River owed the Plant \$309,284 for the charges discussed above which is recorded as Accounts Payable.

B. Lease of Land

The Plant is located on property owned by the City. The organizing agreement (as amended) provides for an annual lease payment of \$57,000 from the Plant for use of the land.

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2012

Note 13: Risk Management

The City is exposed to various risks related to damage to, theft of and destruction of assets; torts; errors and omissions; natural disasters; and injuries to employees. During 2012, the City obtained insurance coverage with private insurance carriers to address exposure to certain of these risks.

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

Protection for employees injured while at work is provided through the two agencies of the State of Ohio: the Bureau of Workers' Compensation (BWC) and the Industrial Commission of Ohio (IC). The BWC has the administrative and insurance function, collecting workers' compensation insurance premiums from employers, and overseeing compensable claims of injured workers. The IC is the claims adjudicative branch that resolves disputes arising from a workers' compensation claim. Also, the City has contracted with a third-party administrator and a managed care organization to provide case management, consulting, and administrative services.

Since May 2002, the City has provided employees (and eligible dependents) medical and prescription drug benefits on a partially self-insured basis; dental benefits are provided on a fully-insured basis.

The City contracts with a third-party administrator to process and pay claims and has obtained stop-loss coverage for claims individual and aggregate per year claims. The City pays a monthly premium into the Self-Insurance Fund for each employee that varies according to employee group. These rates are paid by the fund from which the employees' salary is paid. Incurred but not reported claims of \$103,336 have been accrued as a liability at December 31, 2012 based on an estimate by the third-party administrator.

Changes in the fund's claims liability amount were:

	<u>Balance at</u> <u>Beginning of Year</u>	<u>Current Year</u> <u>Claims</u>	<u>Claim</u> <u>Payments</u>	<u>Balance at</u> <u>End of Year</u>
2008	\$ 160,920	\$ 2,226,471	\$ 2,100,829	\$ 286,562
2009	286,562	1,494,393	1,690,471	90,484
2010	90,484	1,800,064	1,783,075	107,473
2011	107,473	1,657,326	1,640,395	124,404
2012	124,404	1,618,492	1,639,560	103,336

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2012

Note 14: 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, the member-directed plan and the combined plan. 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 percent 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, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the traditional plan benefit. Member contributions, the investment of which is self-directed by the members, 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) 222-5601 or 800-222-7377.

For 2012, the members and employer contribution rates were consistent across all three plans. For the year ended, December 31, 2012, the members of all three plans were required to contribute 10 percent of their annual covered salary to fund pension obligations. The City contributed 14 percent of covered payroll, of which 4 percent for the traditional plan and 6.05 percent for the combined plan was used to fund health care coverage for retirees. The contribution rate is determined actuarially. The Ohio Revised Code provides statutory authority for member and employer contributions.

The City's required contributions for pension obligations, excluding the health care portion, to the traditional and combined plans for the years ended December 31, 2012, 2011, and 2010 were \$858,596, \$927,763, and \$867,293, respectively; 98.44 percent has been contributed for 2012, and 100 percent for 2011 and 2010. Contributions to the member-directed plan for 2012 were \$29,384 made by the City and \$20,989 made by the plan members.

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. The OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. The OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2012

Note 14: Defined Benefit Pension Plans (continued)

B. Ohio Police and Fire Pension Fund (continued)

Plan members are required to contribute 10 percent of their annual covered salary, while employers are required to contribute 19.5 percent for police officers and 24 percent for firefighters. Contributions are authorized by state statute. The City's contributions, excluding the health care portion, for the years ended December 31, 2012, 2011, and 2010 for police officers were \$329,131, \$327,180, and \$357,644 and for firefighters were \$402,717, \$406,704, and \$414,062, respectively, equal to the required contributions for each year. The full amount has been contributed for years 2010 and 2011, and 72.16 percent and 70.64 percent has been contributed for 2012 for police and firefighters, respectively.

Note 15: Post-employment Benefits

A. Ohio Public Employees Retirement System

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the traditional pension and the combined plans. Members of the member-directed plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-retirement health care coverage, age and service retirees under the traditional pension and combined plans must have 10 or more years of qualifying service credit. Health care coverage for disability recipients and qualified survivor recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 227 E. Town St., Columbus, OH, 43215-4642, or by calling (614)222-5601 or 800-222-7377.

The Ohio Revised Code provides statutory authority requiring employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2012, the City contributed at a rate of 14 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units. Active members do not make contributions to the OPEB plan.

OPERS' Post-Employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of the post-employment health care benefits. For 2012, the employer contribution allocated to the health care plan for members in the traditional plan was 4.0 percent of covered payroll and 6.05 percent of covered payroll for members of the combined plan.

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2012

Note 15: Post-employment Benefits (continued)

A. Ohio Public Employees Retirement System (continued)

The OPERS Board of Trustees is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2012, 2011, and 2010 were \$344,679, \$372,454, and \$496,839, respectively; 98.44 percent has been contributed for 2012, 100 percent has been contributed for 2011 and 2010.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

B. Ohio Police and Fire Pension Fund

The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost-sharing multiple-employer defined post-employment health care plan administered by the OP&F. OP&F provides health care benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long-term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to the Pension Fund, Attention: Chief Financial Officer, 140 E. Town St., Columbus, Ohio 43215-5164.

The Ohio Revised Code provides for contribution requirements of the participating employers and of the plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5 percent and 24 percent of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of the covered payroll for police employer units and 24 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2012

Note 15: Post-employment Benefits (continued)

B. Ohio Police and Fire Pension Fund (continued)

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2011, the employer contribution allocated to health care plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 1150 and 401(h).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's total contributions to OP&F for police and fire for the years ending December 31, 2012, 2011, and 2010 were \$503,376, \$500,392, and \$546,985, and \$560,302, \$565,849, and \$576,086, respectively, of which \$174,246, \$173,213, and \$189,341 and \$157,585, \$159,145, and \$162,024, respectively, was allocated to the health care plan. The full amount has been contributed for 2011 and 2010. For 2012, 72.16 percent for police and 70.64 percent for firefighters has been contributed, with the remainder being reported as a liability.

Note 16: Compensated Absences

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

Employees earn sick leave at the rate of 2.3 hours for every 40 hours worked, except for the fire division where employees earn 9.69 hours for every 168 hours worked. Sick leave accumulation is limited to 960 hours, except for the fire division where a maximum of 1,341 hours may be accumulated. City employees with two or more years of service are paid for their accumulated sick leave upon termination or retirement.

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2012

Note 17: Conduit Debt

West Shore Unitarian Universalist Church

In October 2005, the City issued \$1,350,000 Economic Development Revenue Bonds, Series 2005 (Bonds) pursuant to a Loan Agreement dated October 3, 2005 between the City and the West Shore Unitarian Universalist Church (the Borrower). The Bonds were issued for the purpose of making a loan to the Borrower, an Ohio nonprofit corporation to acquire, construct, renovate, furnish, and equip an approximately 12,000 square foot area of the Borrower's facility at 20401 Hilliard Boulevard, Rocky River, which will be used by the Borrower, acting as the "West Shore Child Care Center" in its operation of day care and pre-school facilities.

The Bond Service Charges are payable from revenue assigned to secure such payment are not payable from other funds of the City whether raised by taxation or otherwise received. Accordingly, the Bonds are not reported as a liability of the City in the accompanying financial statements. The Bonds are payable in 240 monthly payments from November 1, 2005 through October 1, 2025 inclusive.

<u>Description</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Outstanding 12/31/12</u>	<u>Date of Maturity</u>
Economic Development Revenue Bonds, Series 2005	\$ 1,350,000	Variable	\$ 1,014,049	October 1, 2025

Note 18: Long-Term Obligations

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

<u>Debt Issue</u>	<u>Interest Rate</u>	<u>Original Issue Amount</u>	<u>Date of Maturity</u>
General Obligation Bonds			
2005 Civic Facility Improvements	2.50-4.00%	\$ 8,400,000	December 1, 2024
2002 Municipal Court Facility	3.00-4.75	3,700,000	December 1, 2026
2004 General Purpose	2.00-5.00	10,840,000	December 1, 2024
2011 Municipal Court Facility Refunded	2.00-3.125	2,835,000	December 1, 2022
Special Assessment Bonds			
2000 Erosion Control (B)	5.00-5.50	360,000	December 1, 2025
1998 Erosion Control (A)	4.75-5.10	605,000	December 1, 2023
OPWC Loans			
Valley View Storm and Sanitary Sewer	0.00	NA	January 1, 2041
Hampton Road Storm and Sanitary Sewer	0.00	NA	January 1, 2043
Frazier Drive Sewer Improvements	0.00	NA	January 1, 2044
OWDA Loan			
2000 Pump Station and Sewer Repair	4.64	328,239	July 1, 2020
Avalon Drive Storm and Sanitary Sewer	3.03	NA	July 1, 2017

NA – Final amount of loan has not been finalized.

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2012

Note 18: Long-Term Obligations (continued)

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

	Outstanding 12/31/11	Additions	Reductions	Outstanding 12/31/12	Amount Due in One Year
Governmental Activities					
General Obligation Bonds					
2005 Civic Facility Improvements	\$ 6,175,000	\$ 0	\$ 365,000	\$ 5,810,000	\$ 375,000
2002 Municipal Court Facility	125,000	0	125,000	0	0
2004 General Purpose	6,445,000	0	615,000	5,830,000	620,000
2011 Refunded Municipal Court Facility	2,085,000	0	60,000	2,025,000	205,000
Loss on Refunding	(182,830)	0	(16,621)	(166,209)	0
Unamortized Premium	349,371	0	27,611	321,760	0
Total General Obligation Bonds	14,996,541	0	1,175,990	13,820,551	1,200,000
Special Assessment Bonds					
2000 Erosion Control (B)	210,000	0	15,000	195,000	15,000
1998 Erosion Control (A)	300,000	0	25,000	275,000	25,000
Total Special Assessment Bonds	510,000	0	40,000	470,000	40,000
Ohio Public Works Commission (OPWC) Loans					
Valley View Storm and Sanitary Sewer Improvement	2,485,003	53,435	0	2,538,438	0
Hampton Road Storm and Sanitary Sewer Improvement	246,307	1,444,725	0	1,691,032	0
Frazier Drive Sewer Improvement	0	431,357	0	431,357	0
Total OPWC Loans	2,731,310	1,929,517	0	4,660,827	0
Ohio Water Development Authority (OWDA) Loans					
OWDA Loan – Avalon Drive	0	177,038	32,745	144,293	33,241
Compensated Absences Payable	4,255,632	1,539,873	1,870,533	3,924,972	465,506
Police and Fire Pension Liability	492,319	0	30,544	461,775	31,855
Total Governmental Activities	\$ 22,985,802	\$ 3,646,428	\$ 3,149,812	\$ 23,482,418	\$ 1,770,602
Business-Type Activities					
OWDA Loan – Pump Station	\$ 197,523	\$ 0	\$ 18,140	\$ 179,383	\$ 18,992
OWDA Loan – Avalon Drive	142,320	0	142,320	0	0
Compensated Absences Payable	103,736	45,127	39,323	109,540	15,928
Total Business-Type Activities	\$ 443,579	\$ 45,127	\$ 199,783	\$ 288,923	\$ 34,920

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2012

Note 18: Long-Term Obligations (continued)

General purpose general obligation bonds will be paid from property taxes and money transferred to the Debt Service Fund.

Municipal Court Facility and the Refunded Municipal Court Facility general obligation bonds will be paid from the Municipal Court Capital Improvement Fund.

The special assessment bonds will be paid from the proceeds of special assessments levied against benefited property owners. In the event that property owners fail to make their special assessment payments, the City is responsible for providing the resources to meet the annual principal and interest payments.

The police and fire pension liability will be paid from levied taxes in the Police and Fire Pension Special Revenue Funds.

Compensated absences will be paid from the General Fund, the Recreation Center, Office on Aging, Refuse and Recycling, Motor Vehicle License Tax, and Street Construction and Repair Special Revenue Funds, and the Sanitary Sewer Enterprise Fund.

The OWDA loan reported in the Sanitary Sewer Enterprise Fund will be paid from revenues derived by the City from sanitary sewer charges. During 2012, it was determined the OWDA loan for Avalon will be paid from the Sewer Rehabilitation Fund.

During 2009, the City obtained an OPWC loan for the Valley View Storm and Sanitary Sewer Improvements to be repaid in semi-annual principal payments of approximately \$49,795 beginning in July 2011 for an estimated 30 years. OPWC has authorized this loan up to \$2,987,712. The above represents the monies drawn against this loan and as a result, the debt maturity schedule below does not reflect any amount for principal. When the loan is finalized, the principal will be included below.

Also during 2009, the City obtained a second OPWC loan for the Hampton Road Storm and Sanitary Sewer Improvements to be repaid in semi-annual principal payments of approximately \$63,112 beginning in July 2013 for an estimated 30 years. OPWC has authorized this loan up to \$3,786,720. The above represents the monies drawn against this loan and as a result, the debt maturity schedule below does not reflect any amount for principal. When the loan is finalized, the principal will be included below.

During 2010, the City obtained an OPWC loan for the Frazier Drive Improvements to be repaid in semi-annual principal payments of approximately \$54,619 beginning in July 2014 for an estimated 30 years. OPWC has authorized this loan up to \$3,277,120. The above represents the monies drawn against this loan and as a result, the debt maturity schedule below does not reflect any amount for principal. When the loan is finalized, the principal will be included below.

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2012

Note 18: Long-Term Obligations (continued)

The City's overall legal debt margin was \$58,161,178 at December 31, 2012. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2012, are as follows:

	<u>General Obligation Bonds</u>		<u>Special Assessment Bonds</u>		<u>Police and Fire Pension</u>		<u>Total Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 1,200,000	\$ 579,906	\$ 40,000	\$ 24,475	\$ 31,855	\$ 19,291	\$ 1,271,855	\$ 623,672
2014	1,230,000	537,831	40,000	22,475	33,224	17,922	1,303,224	578,228
2015	1,000,000	495,981	40,000	20,463	34,651	16,495	1,074,651	532,939
2016	1,040,000	456,331	40,000	18,400	36,139	15,007	1,116,139	489,738
2017	1,090,000	410,781	40,000	16,325	37,691	13,455	1,167,691	440,561
2018-2022	5,855,000	1,289,706	200,000	50,238	122,717	45,975	6,177,717	1,385,919
2023-2027	2,250,000	154,206	70,000	6,225	72,161	28,534	2,392,161	188,965
2028-2032	0	0	0	0	89,047	11,647	89,047	11,647
2033-2037	0	0	0	0	4,290	91	4,290	91
Total	\$ <u>13,665,000</u>	\$ <u>3,924,742</u>	\$ <u>470,000</u>	\$ <u>158,601</u>	\$ <u>461,775</u>	\$ <u>168,417</u>	\$ <u>14,596,775</u>	\$ <u>4,251,760</u>

Business Type Activity

OWDA Loan

	<u>Principal</u>	<u>Interest</u>
2013	\$ 18,992	\$ 8,106
2014	19,884	7,214
2015	20,817	6,281
2016	21,794	5,304
2017	22,817	4,281
2018-2022	<u>75,079</u>	<u>6,213</u>
Total	\$ <u>179,383</u>	\$ <u>37,399</u>

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2012

Note 19: Litigation

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

Note 20: Jointly Governed Organizations

A. West Shore Council of Governments

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

The West Shore Council is governed by a board comprised of one member from each member city. The board exercises control over the operation of the West Shore Council including budgeting, appropriating, contracting, and administration. The West Shore Council board adopts an annual budget governing its activities for that year. Each city's degree of control is limited to its representation on the board. In 2012, the City contributed \$38,220 to the West Shore Council.

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

B. Tri-City Park Council of Governments

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

Tri-City Park is governed by a board comprised of one member from each member city. The board exercises control over the operation of Tri-City Park including budgeting, appropriating, contracting, and administration. The Tri-City Park board adopts an annual budget governing its activities for that year. Each city's degree of control is limited to its representation on the board. In 2012, the City contributed \$2,000 to the Tri-City Park.

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

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2012

Note 20: Jointly Governed Organizations (continued)

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

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

The S.A.F.E. Council is governed by a board comprised of one member from each member city. The board exercises control over the operation of the S.A.F.E. Council including budgeting, appropriating, contracting, and administration. The S.A.F.E. Council board adopts an annual budget governing its activities for that year.

Each city's degree of control is limited to its representation on the board. In 2012, the City contributed \$3,000 to the S.A.F.E. Council.

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

D. Suburban Water Regional Council of Governments

The Suburban Water Regional Council of Governments (Water Council) was organized in 2003 pursuant to Ohio Revised Code Section 167.01 by the political subdivisions to which the City of Cleveland, Ohio sells water, either by direct service to residents or on a bulk basis. The Water Council was formed to represent such political subdivisions in communications, understandings, uniform approaches, and exchange of information between the members of the Water Council and the City of Cleveland, Ohio.

The Water Council is governed by a Board of Trustees elected from each of nine member groups defined in the organizing agreement. The Mayor represents the City and is eligible to be elected to the Board of Trustees of the Water Council.

The City made no contributions to the Water Council in 2012. The organizing agreement provides for the assessment of dues to members; however, no dues have been assessed since the inception of the Water Council.

The fiscal information of the Water Council may be obtained through the office of the Executive Secretary of the Cuyahoga County Mayors and Managers Association located at 10107 Brecksville Road, Brecksville, Ohio 44141, who serves as the fiscal agent.

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2012

Note 21: Interfund Activity

A. Transfers

The transfers among City funds were made to provide additional resources for current operations and for the payment of debt. The General Fund made the following transfers during the year ended December 31, 2012:

<u>Transfer to</u>		
Recreation Center	\$	300,000
General Obligation Bond Retirement		990,000
Other Governmental Funds		<u>2,704,000</u>
Total Transfers	\$	<u>3,994,000</u>

The City also transferred \$4,736,952 of Construction in Progress from the Business Type Activities to the Governmental Activities during the year ended December 31, 2012.

B. Receivable/Payable

During the year ended December 31, 2008, the General Fund advanced the Recreation Center Special Revenue Fund \$500,000, which created an Interfund Receivable/Payable. A \$50,000 payment was made in 2011. The advance was for monies that are expected to be repaid by December 31, 2013. The remaining balance is \$450,000.

Note 22: Accountability and Compliance

A. Accountability

Fund Equity Deficit – Special Revenue Funds

There are deficits in the Recreation Center, Fire Levy, and Policy Levy Special Revenue Funds of \$436,152, \$61,827, and \$3,674, respectively, caused by the application of accounting principles generally accepted in the United State of America to the funds. The General Fund is liable for any deficit in the funds and provides operating transfers when cash is required, not when accruals occur.

B. Compliance

The following had appropriations in excess of the estimated resources plus available balances for 2012, contrary to Ohio Revised Code, Section 5705.39:

	<u>Original</u>			<u>Final</u>		
	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Excess</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Excess</u>
Special Revenue Funds:						
Refuse and Recycling Fund \$	1,680,113	\$ 1,755,905	\$ 75,792	\$ 1,680,113	\$ 1,765,637	\$ 85,524
General Obligation Bond	1,442,317	1,542,400	100,083	1,542,317	1,542,400	83

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2012

Note 23: Significant Commitments

A. Contracts

At December 31, 2012, the City's significant contractual commitments consisted of:

<u>Project</u>	<u>Contract Amount</u>	<u>Amount Paid</u>	<u>Remaining on Contract</u>
Dispatch Charges	\$ 184,000	\$ 34,625	\$ 149,375
Equipment Purchases	33,357	27,822	5,535
Frazier / Beachcliff Water Main Improvement	598,166	185,253	412,913
Hampton Road Storm and Sanitary Improvement	500,000	199,529	300,471
Professional Services	35,585	8,797	26,788
Sewer Televising	50,000	33,011	16,989
Street, Sidewalk, and Curb Repair	50,000	32,983	17,017
Valley View Sewer Rehabilitation	<u>3,485,576</u>	<u>170,809</u>	<u>3,314,767</u>
Total	\$ <u>4,936,684</u>	\$ <u>692,829</u>	\$ <u>4,243,855</u>

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

B. Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

General Fund	\$ 121,900
Recreation Fund	59,843
Sewer Rehabilitation Fund	931,276
Capital Improvement Fund	175,885
Other Governmental Funds	<u>263,361</u>
Total Governmental	<u>1,552,265</u>

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2012

Note 24: Operating Leases

In August 2006, the City entered into a 15 year lease agreement with Beachcliff Properties L.P. to lease a parking structure at the Beachcliff Market Square to provide free public parking in the downtown retail district. The total rental expense for year ended December 31, 2012 was \$30,000.

Future minimum rental payments for these leases are as follows:

2013	\$	20,000
2014		20,000
2015		20,000
2016		20,000
2017		20,000
2018-2020		<u>60,000</u>
	\$	<u>160,000</u>

Note 25: Related Organization

The Rocky River Community Improvement Corporation (CIC) was organized pursuant to Ohio Revised Code Chapter 1724 in October 2002 as an Ohio nonprofit corporation. The CIC was formed to advance, encourage and promote development of the City by acting as the designated agency of the City for such purposes in accordance with Ohio Revised Code Section 1724.10.

The CIC is a body politic, separate from the City, which may act as an individual entity to carry out the powers conferred upon it by the general laws of the State of Ohio. The corporate code of regulations provides for a board of directors comprised of the Mayor; the members of City Council and the Directors of Community and Economic Development and Finance of the City. The Director of Finance serves as CIC Treasurer. The CIC has neither applied nor qualified for a tax-exemption pursuant to any section of the Internal Revenue Code.

At December 31, 2012, the CIC has no assets or liabilities. The CIC has had no financial activity since 2005.

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2012

Note 26: Joint Economic Development Zones

In 2008, pursuant to Ohio Rev. Code Section 715.69, the City entered into a 30 year agreement with 13 other cities in Cuyahoga and Lorain Counties to create and provide for the operation of a joint economic development zone (JEDZ) for the purpose of facilitating new or expanded growth for commercial or economic development. The JEDZ is known as the Nagel-Interstate 90 Joint Economic Development Zone and consists of about 791 acres in the City of Avon, Lorain County, Ohio.

The agreement provides that for any business relocating to the JEDZ from the City, the City of Avon will 1) limit real estate tax abatements; 2) not provide any income tax abatements; and 3) with certain limitations, share income taxes.

The agreement does not provide for a financial contribution by the City.

In 2012, pursuant to Ohio Rev. Code Section 715.69, the City entered into a 20 year agreement with the City of Cleveland to create a joint economic development zone (JEDZ) to facilitate new or expanded growth for commercial or economic development for the residents of each city and the State of Ohio. The JEDZ is known as the Cleveland – Rocky River Joint Economic Development Zone, the territorial boundaries of which are the combined total area of the two cities.

The agreement provides that for any business relocating to the JEDZ from the City of Cleveland and the City will 1) limit new industrial or commercial real estate tax abatement; 2) not provide any income tax abatement; and 3) with certain limitations, share income taxes.

The agreement does not provide for a financial contribution by the City.

Note 27: Solid Waste Transfer Station

The City operates a solid waste transfer station at 22401 Lake Road. The transfer station has been in operation since 1995 and is used by residents and businesses to dispose of solid waste which is then transported to a commercial landfill outside the City.

In accordance Ohio Environmental Protection Agency regulations promulgated in the Ohio Administrative Code, the City annually provides the required financial assurance through the local government financial test for final closure of the transfer station. Since the initiation of said regulations, the City completed the local government financial test and met the required financial assurances.

When using the local government financial test mechanism, the Ohio Environmental Protection Agency does not require a liability to be recognized provided the City meets the requirements of the financial test. Further, the City has no plans to close or move the facility. Therefore, no liability is recognized (actual or contingent) in the accompanying financial statements, for the cost to perform and complete transfer station closure activities.

City of Rocky River, Ohio

Notes to Basic Financial Statements (continued)

For The Year Ended December 31, 2012

Note 28: Subsequent Event

On June 10, 2013, City Council introduced a resolution to present the electors of the City with an income tax increase issue at the general election on November 5, 2013. The issue to be decided is to raise income tax from 1.5 percent to 2.0 percent and increase the reciprocity credit for income taxes paid to another city from 1.0 percent to 1.5 percent. The purpose of the incremental increase would be limited to providing funding for capital improvements and equipment purchases, either directly or through the payment of debt service for those obligations, to be effective January 1, 2014. Based on an analysis of 2011 income tax withholding payments and tax return filings, the increase is estimated to generate additional revenue annually of \$2,151,000.

City of Rocky River, Ohio

Combining Statements
Non-Major Government Funds
Fund Descriptions

Non-major Special Revenue Funds

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

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

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

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

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

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

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

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

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

Marine Patrol Fund – To account for monies received from the state and General Fund subsidies used for the operation of the City's police boat.

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

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

(continued)

City of Rocky River, Ohio

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

Non-major Special Revenue Funds (continued)

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

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

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

Indigent Driver Alcohol Monitoring (IDAM) Fund – To account for mandatory minimum fine amounts established pursuant to Ohio Rev. Code Section 4511.19(G)(5)(e) for operating a vehicle under the influence of alcohol or drugs.

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

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

Non-major Debt Service Funds

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

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

Non-major Capital Projects Fund

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

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

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

City of Rocky River, Ohio

Combining Balance Sheet Non-Major Governmental Funds

December 31, 2012

	Non-major Special Revenue Funds	Non-major Debt Service Fund	Non-major Capital Projects Funds	Total Non-major Governmental Funds
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ 1,536,393	\$ 292	\$ 1,771,182	\$ 3,307,867
Accrued Interest Receivable	51	0	934	985
Accounts Receivable	27,225	0	56,775	84,000
Intergovernmental Receivable	443,960	0	0	443,960
Materials and Supplies Inventory	132,400	0	0	132,400
Grants Receivable	1,350	0	0	1,350
Taxes Receivable	1,255,377	0	0	1,255,377
Special Assessments Receivable	<u>0</u>	<u>677,444</u>	<u>0</u>	<u>677,444</u>
Total Assets	\$ <u>3,396,756</u>	\$ <u>677,736</u>	\$ <u>1,828,891</u>	\$ <u>5,903,383</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	\$ 55,840	\$ 0	\$ 999	\$ 56,839
Accrued Wages and Benefits	45,186	0	3,785	48,971
Intergovernmental Payable	370,830	0	6,458	377,288
Deferred Revenue	<u>1,574,024</u>	<u>677,444</u>	<u>0</u>	<u>2,251,468</u>
Total Liabilities	<u>2,045,880</u>	<u>677,444</u>	<u>11,242</u>	<u>2,734,566</u>
Fund Balances:				
Nonspendable	132,400	0	0	132,400
Restricted	1,283,977	292	1,817,649	3,101,918
Unassigned (Deficit)	<u>(65,501)</u>	<u>0</u>	<u>0</u>	<u>(65,501)</u>
Total Fund Balances	<u>1,350,876</u>	<u>292</u>	<u>1,817,649</u>	<u>3,168,817</u>
Total Liabilities and Fund Balances	\$ <u>3,396,756</u>	\$ <u>677,736</u>	\$ <u>1,828,891</u>	\$ <u>5,903,383</u>

City of Rocky River, Ohio

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds

For The Year Ended December 31, 2012

	Non-major Special Revenue Funds	Non-major Debt Service Fund	Non-major Capital Projects Funds	Total Non-major Governmental Funds
Revenues:				
Property Taxes	\$ 1,251,491	\$ 0	\$ 0	\$ 1,251,491
Intergovernmental	1,120,222	0	936,187	2,056,409
Charges for Services	504,422	0	0	504,422
Fees, Fines and Permits	348,294	0	4,386	352,680
Special Assessments	0	58,421	0	58,421
Investment Income	274	0	2,000	2,274
Other	<u>3,351</u>	<u>0</u>	<u>0</u>	<u>3,351</u>
 Total Revenues	 <u>3,228,054</u>	 <u>58,421</u>	 <u>942,573</u>	 <u>4,229,048</u>
Expenditures:				
Current:				
General Government	18,759	0	0	18,759
Security of Persons and Property	1,448,003	0	0	1,448,003
Public Health	1,061,178	0	0	1,061,178
Transportation	1,080,495	0	0	1,080,495
Basic Utility Service	1,574,041	0	0	1,574,041
Capital Outlay	68,282	0	581,921	650,203
Debt Service:				
Principal Retirement	30,544	40,000	185,000	255,544
Interest and Fiscal Charges	<u>22,628</u>	<u>27,041</u>	<u>68,070</u>	<u>117,739</u>
 Total Expenditures	 <u>5,303,930</u>	 <u>67,041</u>	 <u>834,991</u>	 <u>6,205,962</u>
Excess of Revenues Over (Under) Expenditures	(2,075,876)	(8,620)	107,582	(1,976,914)
Other Financing Sources:				
Transfers - In	<u>2,589,000</u>	<u>5,000</u>	<u>110,000</u>	<u>2,704,000</u>
Net Change In Fund Balances	513,124	(3,620)	217,582	727,086
Fund Balances at Beginning of Year	<u>837,752</u>	<u>3,912</u>	<u>1,600,067</u>	<u>2,441,731</u>
Fund Balances at End of Year	\$ <u><u>1,350,876</u></u>	\$ <u><u>292</u></u>	\$ <u><u>1,817,649</u></u>	\$ <u><u>3,168,817</u></u>

City of Rocky River, Ohio

Combining Balance Sheet Non-Major Special Revenue Funds

December 31, 2012

	<u>Law Enforcement Trust</u>	<u>Community Diversion Program</u>	<u>Indigent Driver Alcohol Treatment</u>	<u>Enforcement and Education</u>
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ 151,082	\$ 4,108	\$ 119,361	\$ 8,503
Accrued Interest Receivable	0	0	0	0
Accounts Receivable	0	0	2,838	183
Intergovernmental Receivable	0	0	0	0
Materials and Supplies Inventory	0	0	0	0
Grants Receivable	0	1,350	0	0
Taxes Receivable	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
 Total Assets	 \$ <u>151,082</u>	 \$ <u>5,458</u>	 \$ <u>122,199</u>	 \$ <u>8,686</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	\$ 0	\$ 0	\$ 3,512	\$ 0
Accrued Wages and Benefits	0	0	0	0
Intergovernmental Payable	387	137	0	0
Deferred Revenue	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
 Total Liabilities	 <u>387</u>	 <u>137</u>	 <u>3,512</u>	 <u>0</u>
Fund Balances:				
Nonspendable	0	0	0	0
Restricted	150,695	5,321	118,687	8,686
Unassigned (Deficit)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
 Total Fund Balances (Deficit)	 <u>150,695</u>	 <u>5,321</u>	 <u>118,687</u>	 <u>8,686</u>
 Total Liabilities and Fund Balances	 \$ <u>151,082</u>	 \$ <u>5,458</u>	 \$ <u>122,199</u>	 \$ <u>8,686</u>

<u>Municipal Probation Services</u>	<u>Mediation Services</u>	<u>Federal Emergency Management Agency</u>	<u>Office on Aging</u>	<u>Marine Patrol</u>
\$ 356,374	\$ 60,745	\$ 47	\$ 44,283	\$ 10,732
51	0	0	0	0
21,683	980	0	0	0
0	0	0	21,531	0
0	0	0	43,988	0
0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>298,899</u>	<u>0</u>
\$ <u>378,108</u>	\$ <u>61,725</u>	\$ <u>47</u>	\$ <u>408,701</u>	\$ <u>10,732</u>
\$ 12,706	\$ 0	\$ 0	\$ 8,898	\$ 33
2,651	78	0	6,254	0
3,578	361	0	13,114	466
<u>0</u>	<u>0</u>	<u>0</u>	<u>320,430</u>	<u>0</u>
<u>18,935</u>	<u>439</u>	<u>0</u>	<u>348,696</u>	<u>499</u>
0	0	0	43,988	0
359,173	61,286	47	16,017	10,233
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>359,173</u>	<u>61,286</u>	<u>47</u>	<u>60,005</u>	<u>10,233</u>
\$ <u>378,108</u>	\$ <u>61,725</u>	\$ <u>47</u>	\$ <u>408,701</u>	\$ <u>10,732</u>

(continued)

City of Rocky River, Ohio

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

December 31, 2012

	Community Impacts	Refuse and Recycling	Motor Vehicle License Tax	Street Repair and Maintenance
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ 3,312	\$ 164,293	\$ 71,999	\$ 155,157
Accrued Interest Receivable	0	0	0	0
Accounts Receivable	0	0	0	0
Intergovernmental Receivable	0	43,062	7,133	320,131
Materials and Supplies Inventory	0	1,823	0	86,589
Grants Receivable	0	0	0	0
Taxes Receivable	<u>0</u>	<u>597,798</u>	<u>0</u>	<u>0</u>
Total Assets	\$ <u>3,312</u>	\$ <u>806,976</u>	\$ <u>79,132</u>	\$ <u>561,877</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	\$ 0	\$ 28,470	\$ 1,798	\$ 423
Accrued Wages and Benefits	0	17,051	2,966	16,186
Intergovernmental Payable	0	29,952	5,017	13,177
Deferred Revenue	<u>0</u>	<u>640,860</u>	<u>0</u>	<u>210,815</u>
Total Liabilities	<u>0</u>	<u>716,333</u>	<u>9,781</u>	<u>240,601</u>
Fund Balances:				
Nonspendable	0	1,823	0	86,589
Restricted	3,312	88,820	69,351	234,687
Unassigned (Deficit)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Fund Balances (Deficit)	<u>3,312</u>	<u>90,643</u>	<u>69,351</u>	<u>321,276</u>
Total Liabilities and Fund Balances	\$ <u>3,312</u>	\$ <u>806,976</u>	\$ <u>79,132</u>	\$ <u>561,877</u>

<u>State Highway</u>	<u>Indigent Driver Alcohol Monitoring</u>	<u>Fire Levy</u>	<u>Police Levy</u>	<u>Total Non-major Special Revenue Funds</u>
\$ 52,909	\$ 94,348	\$ 102,691	\$ 136,449	\$ 1,536,393
0	0	0	0	51
0	1,541	0	0	27,225
25,957	0	13,073	13,073	443,960
0	0	0	0	132,400
0	0	0	0	1,350
<u>0</u>	<u>0</u>	<u>179,340</u>	<u>179,340</u>	<u>1,255,377</u>
\$ <u>78,866</u>	\$ <u>95,889</u>	\$ <u>295,104</u>	\$ <u>328,862</u>	\$ <u>3,396,756</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 55,840
0	0	0	0	45,186
0	0	164,518	140,123	370,830
<u>17,093</u>	<u>0</u>	<u>192,413</u>	<u>192,413</u>	<u>1,574,024</u>
<u>17,093</u>	<u>0</u>	<u>356,931</u>	<u>332,536</u>	<u>2,045,880</u>
0	0	0	0	132,400
61,773	95,889	0	0	1,283,977
<u>0</u>	<u>0</u>	<u>(61,827)</u>	<u>(3,674)</u>	<u>(65,501)</u>
<u>61,773</u>	<u>95,889</u>	<u>(61,827)</u>	<u>(3,674)</u>	<u>1,350,876</u>
\$ <u>78,866</u>	\$ <u>95,889</u>	\$ <u>295,104</u>	\$ <u>328,862</u>	\$ <u>3,396,756</u>

City of Rocky River, Ohio

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

For the Year Ended December 31, 2012

	Law Enforcement Trust	Community Diversion Program	Indigent Driver Alcohol Treatment	Enforcement and Education
Revenues:				
Property Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental	75,502	0	0	0
Charges for Services	0	0	0	0
Fees, Fines and Permits	7,703	5,400	66,379	2,071
Investment Income	0	0	0	0
Other	0	0	0	0
Total Revenues	83,205	5,400	66,379	2,071
Expenditures:				
Current:				
General Government	0	0	0	0
Security of Persons and Property	19,771	6,379	77,826	5,680
Public Health	0	0	0	0
Transportation	0	0	0	0
Basic Utility Service	0	0	0	0
Capital Outlay	16,873	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
Total Expenditures	36,644	6,379	77,826	5,680
Excess of Revenues Over (Under) Expenditures	46,561	(979)	(11,447)	(3,609)
Other Financing Sources (Uses):				
Transfers – In	0	0	0	0
Net Change in Fund Balances	46,561	(979)	(11,447)	(3,609)
Fund Balances (Deficit) at Beginning of Year				
	104,134	6,300	130,134	12,295
Fund Balances (Deficit) at End of Year	150,695	5,321	118,687	8,686

<u>Municipal Probation Services</u>	<u>Mediation Services</u>	<u>Federal Emergency Management Agency</u>	<u>Office on Aging</u>	<u>Marine Patrol</u>
\$ 0	\$ 0	\$ 0	\$ 297,070	\$ 0
0	0	0	43,062	25,021
0	0	0	495,746	0
252,871	13,530	0	0	0
274	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>1,210</u>	<u>0</u>
<u>253,145</u>	<u>13,530</u>	<u>0</u>	<u>837,088</u>	<u>25,021</u>
2,125	16,634	0	0	0
245,291	0	0	0	29,152
0	0	0	1,061,178	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>247,416</u>	<u>16,634</u>	<u>0</u>	<u>1,061,178</u>	<u>29,152</u>
5,729	(3,104)	0	(224,090)	(4,131)
<u>0</u>	<u>0</u>	<u>0</u>	<u>250,000</u>	<u>9,000</u>
5,729	(3,104)	0	25,910	4,869
<u>353,444</u>	<u>64,390</u>	<u>47</u>	<u>34,095</u>	<u>5,364</u>
\$ <u><u>359,173</u></u>	\$ <u><u>61,286</u></u>	\$ <u><u>47</u></u>	\$ <u><u>60,005</u></u>	\$ <u><u>10,233</u></u>

(continued)

City of Rocky River, Ohio

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

For the Year Ended December 31, 2012

	Community Impacts	Refuse and Recycling	Motor Vehicle License Tax	Street Repair and Maintenance
Revenues:				
Property Taxes	\$ 0	\$ 594,143	\$ 0	\$ 0
Intergovernmental	0	86,123	50,047	685,892
Charges for Services	0	8,676	0	0
Fees, Fines and Permits	0	0	0	0
Investment Income	0	0	0	0
Other	0	2,141	0	0
Total Revenues	0	691,083	50,047	685,892
Expenditures:				
Current:				
General Government	0	0	0	0
Security of Persons and Property	0	0	3,677	0
Public Health	0	0	0	0
Transportation	0	0	290,797	734,900
Basic Utility Service	0	1,574,041	0	0
Capital Outlay	0	0	6,460	11,373
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
Total Expenditures	0	1,574,041	300,934	746,273
Excess of Revenues Over (Under) Expenditures	0	(882,958)	(250,887)	(60,381)
Other Financing Sources (Uses):				
Transfers – In	0	1,000,000	300,000	200,000
Net Change in Fund Balances	0	117,042	49,113	139,619
Fund Balances (Deficit) at Beginning of Year				
	3,312	(26,399)	20,238	181,657
Fund Balances (Deficit) at End of Year	\$ 3,312	\$ 90,643	\$ 69,351	\$ 321,276

<u>State Highway</u>	<u>Indigent Driver Alcohol Monitoring</u>	<u>Fire Levy</u>	<u>Police Levy</u>	<u>Total Non-major Special Revenue Funds</u>
\$ 0	\$ 0	\$ 180,139	\$ 180,139	\$ 1,251,491
55,613	47,288	25,837	25,837	1,120,222
0	0	0	0	504,422
0	340	0	0	348,294
0	0	0	0	274
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,351</u>
<u>55,613</u>	<u>47,628</u>	<u>205,976</u>	<u>205,976</u>	<u>3,228,054</u>
0	0	0	0	18,759
0	0	569,828	490,399	1,448,003
0	0	0	0	1,061,178
54,798	0	0	0	1,080,495
0	0	0	0	1,574,041
0	33,576	0	0	68,282
0	0	8,339	22,205	30,544
<u>0</u>	<u>0</u>	<u>11,800</u>	<u>10,828</u>	<u>22,628</u>
<u>54,798</u>	<u>33,576</u>	<u>589,967</u>	<u>523,432</u>	<u>5,303,930</u>
815	14,052	(383,991)	(317,456)	(2,075,876)
<u>0</u>	<u>0</u>	<u>430,000</u>	<u>400,000</u>	<u>2,589,000</u>
815	14,052	46,009	82,544	513,124
<u>60,958</u>	<u>81,837</u>	<u>(107,836)</u>	<u>(86,218)</u>	<u>837,752</u>
\$ <u>61,773</u>	\$ <u>95,889</u>	\$ <u>(61,827)</u>	\$ <u>(3,674)</u>	\$ <u>1,350,876</u>

City of Rocky River, Ohio

Combining Balance Sheet Non-Major Capital Projects Funds

December 31, 2012

	<u>Equipment Replacement</u>	<u>Municipal Court Capital Improvement</u>	<u>Total Non-major Capital Project Funds</u>
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$ 148,912	\$ 1,622,270	\$ 1,771,182
Accrued Interest Receivable	0	934	934
Accounts Receivable	<u>0</u>	<u>56,775</u>	<u>56,775</u>
Total Assets	\$ <u>148,912</u>	\$ <u>1,679,979</u>	\$ <u>1,828,891</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	\$ 999	\$ 0	\$ 999
Accrued Wages and Benefits	0	3,785	3,785
Intergovernmental Payable	<u>0</u>	<u>6,458</u>	<u>6,458</u>
Total Liabilities	<u>999</u>	<u>10,243</u>	<u>11,242</u>
Fund Balances:			
Restricted	<u>147,913</u>	<u>1,669,736</u>	<u>1,817,649</u>
Total Fund Balances	<u>147,913</u>	<u>1,669,736</u>	<u>1,817,649</u>
Total Liabilities and Fund Balances	\$ <u>148,912</u>	\$ <u>1,679,979</u>	\$ <u>1,828,891</u>

City of Rocky River, Ohio

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Non-Major Capital Project Funds

For the Year Ended December 31, 2012

	<u>Equipment Replacement</u>	<u>Municipal Court Capital Improvement</u>	<u>Total Non-major Capital Project Funds</u>
Revenues:			
Intergovernmental	\$ 66,127	\$ 870,060	\$ 936,187
Fees, Fines, and Permits	0	4,386	4,386
Investment Income	<u>0</u>	<u>2,000</u>	<u>2,000</u>
Total Revenues	<u>66,127</u>	<u>876,446</u>	<u>942,573</u>
Expenditures:			
Capital Outlay	60,450	521,471	581,921
Debt Service:			
Principal Retirement	0	185,000	185,000
Interest and Fiscal Charges	<u>0</u>	<u>68,070</u>	<u>68,070</u>
Total Expenditures	<u>60,450</u>	<u>774,541</u>	<u>834,991</u>
Excess of Revenues Over (Under) Expenditures	5,677	101,905	107,582
Other Financing Sources:			
Transfers - In	<u>110,000</u>	<u>0</u>	<u>110,000</u>
Net Change in Fund Balances	115,677	101,905	217,582
Fund Balances at Beginning of Year	<u>32,236</u>	<u>1,567,831</u>	<u>1,600,067</u>
Fund Balances at End of Year	\$ <u>147,913</u>	\$ <u>1,669,736</u>	\$ <u>1,817,649</u>

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

City of Rocky River, Ohio

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

General Fund

For The Year Ended December 31, 2012

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 4,145,491	\$ 4,145,491	\$ 3,743,094	\$ (402,397)
Municipal Income Taxes	8,328,375	8,665,154	8,759,645	94,491
Other Local Taxes	33,773	35,139	35,522	383
Intergovernmental	1,852,302	1,927,204	2,537,101	609,897
Charges for Services	42,257	43,968	44,446	478
Rentals	75,156	78,195	79,048	853
Fines, Fees, and Permits	3,202,372	3,331,867	3,368,200	36,333
Investment Income	4,405	4,583	4,633	50
Miscellaneous Income	<u>103,585</u>	<u>109,553</u>	<u>101,374</u>	<u>(8,179)</u>
Total Revenues	<u>17,787,716</u>	<u>18,341,154</u>	<u>18,673,063</u>	<u>331,909</u>
Expenditures:				
Current:				
General Government:				
Council:				
Personal Service	117,200	118,882	121,291	(2,409)
Other	<u>5,920</u>	<u>5,920</u>	<u>2,129</u>	<u>3,791</u>
Total Council	<u>123,120</u>	<u>124,802</u>	<u>123,420</u>	<u>1,382</u>
Mayor:				
Personal Service	165,405	167,505	168,336	(831)
Other	<u>5,134</u>	<u>5,134</u>	<u>4,685</u>	<u>449</u>
Total Mayor	<u>170,539</u>	<u>172,639</u>	<u>173,021</u>	<u>(382)</u>
Finance Department:				
Personal Service	265,712	269,117	263,136	5,981
Other	<u>95,148</u>	<u>103,148</u>	<u>97,707</u>	<u>5,441</u>
Total Finance Department	<u>360,860</u>	<u>372,265</u>	<u>360,843</u>	<u>11,422</u>
Law Director:				
Personal Service	106,100	107,747	114,473	(6,726)
Other	<u>57,617</u>	<u>33,617</u>	<u>25,505</u>	<u>8,112</u>
Total Law Director	<u>163,717</u>	<u>141,364</u>	<u>139,978</u>	<u>1,386</u>
Other Executive Administration:				
Personal Service	178,360	179,164	181,587	(2,423)
Other	<u>19,918</u>	<u>19,918</u>	<u>11,866</u>	<u>8,052</u>
Total Other Executive Administration	<u>198,278</u>	<u>199,082</u>	<u>193,453</u>	<u>5,629</u>

(continued)

City of Rocky River, Ohio

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

General Fund (continued)

For The Year Ended December 31, 2012

	<u>Budget</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Boards and Commissions:				
Personal Service	30,200	30,561	27,765	2,796
Other	<u>11,050</u>	<u>22,050</u>	<u>15,834</u>	<u>6,216</u>
Total Boards and Commissions	<u>41,250</u>	<u>52,611</u>	<u>43,599</u>	<u>9,012</u>
Building Maintenance:				
Personal Service	361,628	366,040	361,326	4,714
Other	<u>360,944</u>	<u>338,944</u>	<u>307,464</u>	<u>31,480</u>
Total Building Maintenance	<u>722,572</u>	<u>704,984</u>	<u>668,790</u>	<u>36,194</u>
Human Resources:				
Personal Service	92,372	93,474	93,030	444
Other	<u>29,280</u>	<u>23,280</u>	<u>22,261</u>	<u>1,019</u>
Total Human Resources	<u>121,652</u>	<u>116,754</u>	<u>115,291</u>	<u>1,463</u>
Municipal Courts:				
Personal Service	2,158,249	2,206,249	1,885,128	321,121
Other	<u>284,081</u>	<u>285,581</u>	<u>235,550</u>	<u>50,031</u>
Total Municipal Courts	<u>2,442,330</u>	<u>2,491,830</u>	<u>2,120,678</u>	<u>371,152</u>
Miscellaneous:				
Other	<u>1,773,959</u>	<u>1,614,059</u>	<u>1,143,414</u>	<u>470,645</u>
Total General Government	<u>6,118,277</u>	<u>5,990,390</u>	<u>5,082,487</u>	<u>907,903</u>
Security of Persons And Property:				
Police Department:				
Personal Service	3,312,183	3,335,464	3,226,716	108,748
Other	<u>375,682</u>	<u>393,782</u>	<u>347,501</u>	<u>46,281</u>
Total Police Department	<u>3,687,865</u>	<u>3,729,246</u>	<u>3,574,217</u>	<u>155,029</u>
Fire Department:				
Personal Service	2,823,925	2,857,485	2,814,274	43,211
Other	<u>323,923</u>	<u>335,823</u>	<u>315,477</u>	<u>20,346</u>
Total Fire Department	<u>3,147,848</u>	<u>3,193,308</u>	<u>3,129,751</u>	<u>63,557</u>

(continued)

City of Rocky River, Ohio

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

General Fund (continued)

For The Year Ended December 31, 2012

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Police on Patrol Arresting Speeders:				
Personal Service	89,800	118,964	113,848	5,116
Other	<u>86,972</u>	<u>73,972</u>	<u>68,440</u>	<u>5,532</u>
Total Police on Patrol Arresting Speeders	<u>176,772</u>	<u>192,936</u>	<u>182,288</u>	<u>10,648</u>
Street Lighting:				
Other	<u>325,000</u>	<u>325,000</u>	<u>304,445</u>	<u>20,555</u>
Administrative Support:				
Personal Service	<u>161,800</u>	<u>161,800</u>	<u>167,235</u>	<u>(5,435)</u>
Total Security of Persons and Property	<u>7,499,285</u>	<u>7,602,290</u>	<u>7,357,936</u>	<u>244,354</u>
Transportation:				
Equipment Repair and Garage:				
Personal Service	562,057	564,660	539,467	25,193
Other	<u>116,158</u>	<u>116,158</u>	<u>92,168</u>	<u>23,990</u>
Total Transportation	<u>678,215</u>	<u>680,818</u>	<u>631,635</u>	<u>49,183</u>
Leisure Time Activities:				
Parks Department:				
Personal Service	302,994	304,499	282,606	21,893
Other	<u>120,241</u>	<u>112,241</u>	<u>56,238</u>	<u>56,003</u>
Total Leisure Time Activities	<u>423,235</u>	<u>416,740</u>	<u>338,844</u>	<u>77,896</u>
Community Development:				
Community Center:				
Personal Service	517,662	529,780	520,673	9,107
Other	<u>58,511</u>	<u>58,511</u>	<u>53,258</u>	<u>5,253</u>
Total Community Center	<u>576,173</u>	<u>588,291</u>	<u>573,931</u>	<u>14,360</u>
Economic Development:				
Personal Service	112,236	112,236	112,854	(618)
Other	<u>85,133</u>	<u>93,233</u>	<u>85,146</u>	<u>8,087</u>
Total Economic Development	<u>197,369</u>	<u>205,469</u>	<u>198,000</u>	<u>7,469</u>
Total Community Development	<u>773,542</u>	<u>793,760</u>	<u>771,931</u>	<u>21,829</u>

(continued)

City of Rocky River, Ohio

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

General Fund (continued)

For The Year Ended December 31, 2012

	<u>Budget</u>		<u>Actual</u>	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Capital Outlay	<u>49,053</u>	<u>60,553</u>	<u>37,471</u>	<u>23,082</u>
Total Expenditures	<u>15,541,607</u>	<u>15,544,551</u>	<u>14,220,304</u>	<u>1,324,247</u>
Excess of Revenues Over (Under) Expenditures	<u>2,246,109</u>	<u>2,796,603</u>	<u>4,452,759</u>	<u>1,656,156</u>
Other Financing Sources (Uses):				
Sale of Capital Assets	13,895	14,457	14,615	158
Transfers – Out	<u>(4,109,000)</u>	<u>(4,160,156)</u>	<u>(3,994,000)</u>	<u>166,156</u>
Total Other Financing Sources (Uses)	<u>(4,095,105)</u>	<u>(4,145,699)</u>	<u>(3,979,385)</u>	<u>166,314</u>
Net Change in Fund Balance	(1,848,996)	(1,349,096)	473,374	1,822,470
Fund Balance at Beginning of Year	1,979,937	1,979,937	1,979,937	0
Prior Year Encumbrances Appropriated	<u>113,420</u>	<u>113,420</u>	<u>113,420</u>	<u>0</u>
Fund Balance at End of Year	\$ <u>244,361</u>	\$ <u>744,261</u>	\$ <u>2,566,731</u>	\$ <u>1,822,470</u>

City of Rocky River, Ohio

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

Recreation Center Fund

For the Year Ended December 31, 2012

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 329,008	\$ 329,008	\$ 297,070	\$ (31,938)
Charges for Services	2,183,535	2,183,535	2,145,183	(38,352)
Intergovernmental	0	0	43,062	43,062
Rentals	14,435	14,435	14,181	(254)
Total Revenues	<u>2,526,978</u>	<u>2,526,978</u>	<u>2,499,496</u>	<u>(27,482)</u>
Expenditures:				
Current:				
Leisure Time Activities:				
Recreation Center:				
Personal Service	1,982,524	2,012,405	1,974,523	37,882
Other	989,381	1,003,281	917,463	85,818
Capital Outlay	2,000	2,100	2,001	99
Total Expenditures	<u>2,973,905</u>	<u>3,017,786</u>	<u>2,893,987</u>	<u>123,799</u>
Excess of Revenues Over (Under) Expenditures	(446,927)	(490,808)	(394,491)	96,317
Other Financing Sources (Uses):				
Transfers-In	<u>305,379</u>	<u>305,379</u>	<u>300,000</u>	<u>(5,379)</u>
Net Change in Fund Balances	(141,548)	(185,429)	(94,491)	90,938
Fund Balance at Beginning of Year	122,900	122,900	122,900	0
Prior Year Encumbrances Appropriated	<u>65,079</u>	<u>65,079</u>	<u>65,079</u>	<u>0</u>
Fund Balance at End of Year	\$ <u>46,431</u>	\$ <u>2,550</u>	\$ <u>93,488</u>	\$ <u>90,938</u>

City of Rocky River, Ohio

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

General Obligation Bond Retirement Fund

For the Year Ended December 31, 2012

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 658,014	\$ 658,014	\$ 594,143	\$ (63,871)
Intergovernmental	<u>0</u>	<u>0</u>	<u>86,123</u>	<u>86,123</u>
Total Revenues	<u>658,014</u>	<u>658,014</u>	<u>680,266</u>	<u>22,252</u>
Expenditures:				
Debt Service:				
Principal Retirement	980,000	980,000	980,000	0
Interest and Fiscal Charges	<u>562,400</u>	<u>562,400</u>	<u>562,318</u>	<u>82</u>
Total Expenditures	<u>1,542,400</u>	<u>1,542,400</u>	<u>1,542,318</u>	<u>82</u>
Excess of Revenues Over (Under) Expenditures	(884,386)	(884,386)	(862,052)	22,334
Other Financing Sources (Uses):				
Transfers – In	<u>784,303</u>	<u>884,303</u>	<u>990,000</u>	<u>105,697</u>
Net Change in Fund Balances	(100,083)	(83)	127,948	128,031
Fund Balance at Beginning of Year	<u>20,397</u>	<u>20,397</u>	<u>20,397</u>	<u>0</u>
Fund Balance at End of Year	\$ <u>(79,686)</u>	\$ <u>20,314</u>	\$ <u>148,345</u>	\$ <u>128,031</u>

City of Rocky River, Ohio

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

Sewer Rehabilitation Fund

For the Year Ended December 31, 2012

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services	\$ 1,347,317	\$ 1,347,317	\$ 1,035,808	\$ (311,509)
Intergovernmental	916,835	916,835	366,391	(550,444)
Miscellaneous Income	<u>879,205</u>	<u>879,205</u>	<u>675,927</u>	<u>(203,278)</u>
Total Revenue	3,143,357	3,143,357	2,078,126	(1,065,231)
Expenditures:				
Current:				
Basic Utility Services:				
Sewer Rehabilitation:				
Other	5,375,364	5,335,364	3,998,226	1,337,138
Debt Service:				
Principal Retirement	0	34,000	32,745	1,255
Interest and Fiscal Charges	<u>0</u>	<u>6,000</u>	<u>5,313</u>	<u>687</u>
Total Expenditures	<u>5,375,364</u>	<u>5,375,364</u>	<u>4,036,284</u>	<u>1,339,080</u>
Excess of Revenues Over (Under) Expenditures	(2,232,007)	(2,232,007)	(1,958,158)	273,849
Other Financing Sources (Uses):				
Issuance of Debt	<u>1,463,908</u>	<u>1,463,908</u>	<u>1,463,908</u>	<u>0</u>
Net Change in Fund Balance	(768,099)	(768,099)	(494,250)	273,849
Fund Balance at Beginning of Year	1,329,597	1,329,597	1,329,597	0
Prior Year Encumbrances Appropriated	<u>912,392</u>	<u>912,392</u>	<u>912,392</u>	<u>0</u>
Fund Balance at End of Year	\$ <u>1,473,890</u>	\$ <u>1,473,890</u>	\$ <u>1,747,739</u>	\$ <u>273,849</u>

City of Rocky River, Ohio

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

Capital Improvement Fund

For The Year Ended December 31, 2012

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 658,014	\$ 658,014	\$ 594,143	\$ (63,871)
Intergovernmental	260,257	368,288	286,123	(82,165)
Other Local Taxes	274,980	389,122	211,314	(177,808)
Other	<u>69,446</u>	<u>98,273</u>	<u>53,367</u>	<u>(44,906)</u>
Total Revenues	1,262,697	1,513,697	1,144,947	(368,750)
Expenditures:				
Capital Outlay	<u>1,120,203</u>	<u>1,120,203</u>	<u>418,442</u>	<u>701,761</u>
Net Change in Fund Balance	142,494	393,494	726,505	333,011
Fund Balance at Beginning of Year	1,273,502	1,273,502	1,273,502	0
Prior Year Encumbrances Appropriated	<u>344,803</u>	<u>344,803</u>	<u>344,803</u>	<u>0</u>
Fund Balance at End of Year	\$ <u>1,760,799</u>	\$ <u>2,011,799</u>	\$ <u>2,344,810</u>	\$ <u>333,011</u>

City of Rocky River, Ohio

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

Law Enforcement Trust Fund

For The Year Ended December 31, 2012

	<u>Budget</u>		<u>Actual</u>	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines, Fees, and Permits	\$ 2,753	\$ 8,254	\$ 7,797	\$ (457)
Intergovernmental	<u>25,778</u>	<u>77,277</u>	<u>75,502</u>	<u>(1,775)</u>
Total Revenues	<u>28,531</u>	<u>85,531</u>	<u>83,299</u>	<u>(2,232)</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Law Enforcement Trust:				
Personal Service	15,375	15,375	15,375	0
Other	34,092	34,092	4,987	29,105
Capital Outlay	<u>25,000</u>	<u>25,000</u>	<u>16,873</u>	<u>8,127</u>
Total Expenditures	<u>74,467</u>	<u>74,467</u>	<u>37,235</u>	<u>37,232</u>
Net Change in Fund Balance	(45,936)	11,064	46,064	35,000
Fund Balance at Beginning of Year	103,126	103,126	103,126	0
Prior Year Encumbrances Appropriated	<u>1,592</u>	<u>1,592</u>	<u>1,592</u>	<u>0</u>
Fund Balance at End of Year	\$ <u>58,782</u>	\$ <u>115,782</u>	\$ <u>150,782</u>	\$ <u>35,000</u>

City of Rocky River, Ohio

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

Community Diversion Program Fund

For The Year Ended December 31, 2012

	<u>Budget</u>		<u>Actual</u>	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines, Fees and Permits	\$ 0	\$ 5,400	\$ 4,050	\$ (1,350)
Expenditures:				
Current:				
Security of Persons and Property:				
Commercial Driver Program:				
Personal Service	<u>6,335</u>	<u>6,446</u>	<u>6,365</u>	<u>81</u>
Net Change in Fund Balance	(6,335)	(1,046)	(2,315)	(1,269)
Fund Balance at Beginning of Year	<u>6,423</u>	<u>6,423</u>	<u>6,423</u>	<u>0</u>
Fund Balance at End of Year	\$ <u><u>88</u></u>	\$ <u><u>5,377</u></u>	\$ <u><u>4,108</u></u>	\$ <u><u>(1,269)</u></u>

City of Rocky River, Ohio

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

Indigent Driver Alcohol Treatment Fund

For The Year Ended December 31, 2012

	<u>Budget</u>		<u>Actual</u>	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines, Fees, and Permits	\$ 55,727	\$ 55,727	\$ 66,000	\$ 10,273
Expenditures:				
Current:				
Security of Persons and Property:				
Indigent Driver Alcohol Treatment:				
Other	<u>45,671</u>	<u>95,671</u>	<u>95,406</u>	<u>265</u>
Net Change in Fund Balance	10,056	(39,944)	(29,406)	10,538
Fund Balance at Beginning of Year	<u>148,767</u>	<u>148,767</u>	<u>148,767</u>	<u>0</u>
Fund Balance at End of Year	\$ <u>158,823</u>	\$ <u>108,823</u>	\$ <u>119,361</u>	\$ <u>10,538</u>

City of Rocky River, Ohio

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

Enforcement and Education Fund

For The Year Ended December 31, 2012

	<u>Budget</u>		<u>Actual</u>	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines, Fees, and Permits	\$ 2,803	\$ 2,803	\$ 2,059	\$ (744)
Expenditures:				
Current:				
Security of Persons and Property:				
Enforcement and Education:				
Other	<u>10,620</u>	<u>10,620</u>	<u>6,100</u>	<u>4,520</u>
Net Change in Fund Balance	(7,817)	(7,817)	(4,041)	3,776
Fund Balance at Beginning of Year	11,704	11,704	11,704	0
Prior Year Encumbrances Appropriated	<u>420</u>	<u>420</u>	<u>420</u>	<u>0</u>
Fund Balance at End of Year	\$ <u><u>4,307</u></u>	\$ <u><u>4,307</u></u>	\$ <u><u>8,083</u></u>	\$ <u><u>3,776</u></u>

City of Rocky River, Ohio

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

Municipal Probation Services Fund

For The Year Ended December 31, 2012

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fees, Fines, and Permits	\$ 219,068	\$ 219,068	\$ 243,316	\$ 24,248
Investment Income	<u>245</u>	<u>245</u>	<u>272</u>	<u>27</u>
Total Revenues	<u>219,313</u>	<u>219,313</u>	<u>243,588</u>	<u>24,275</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Municipal Probation Services:				
Personal Service	285,900	285,900	159,781	126,119
Capital Outlay	7,450	2,950	450	2,500
Other	<u>95,000</u>	<u>99,500</u>	<u>90,029</u>	<u>9,471</u>
Total Expenditures	<u>388,350</u>	<u>388,350</u>	<u>250,260</u>	<u>138,090</u>
Net Change in Fund Balance	(169,037)	(169,037)	(6,672)	162,365
Fund Balance at Beginning of Year	361,746	361,746	361,746	0
Prior Year Encumbrances Appropriated	<u>200</u>	<u>200</u>	<u>200</u>	<u>0</u>
Fund Balance at End of Year	\$ <u>192,909</u>	\$ <u>192,909</u>	\$ <u>355,274</u>	\$ <u>162,365</u>

City of Rocky River, Ohio

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

Mediation Services Fund

For The Year Ended December 31, 2012

	<u>Budget</u>		<u>Actual</u>	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines, Fees, and Permits	\$ 14,879	\$ 14,879	\$ 13,595	\$ (1,284)
Expenditures:				
Current:				
General Government:				
Mediation Services:				
Other	<u>28,450</u>	<u>28,450</u>	<u>16,785</u>	<u>11,665</u>
Net Change in Fund Balance	(13,571)	(13,571)	(3,190)	10,381
Fund Balance at Beginning of Year	<u>63,935</u>	<u>63,935</u>	<u>63,935</u>	<u>0</u>
Fund Balance at End of Year	\$ <u><u>50,364</u></u>	\$ <u><u>50,364</u></u>	\$ <u><u>60,745</u></u>	\$ <u><u>10,381</u></u>

City of Rocky River, Ohio

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

Federal Emergency Management Agency Grant Fund

For The Year Ended December 31, 2012

	<u>Budget</u>		<u>Actual</u>	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 81,000	\$ 81,000	\$ 0	\$ (81,000)
Expenditures:				
Current:				
Security of Persons and Property:				
FEMA:				
Other	<u>0</u>	<u>1,300</u>	<u>0</u>	<u>1,300</u>
Net Change in Fund Balance	81,000	79,700	0	(79,700)
Fund Balance at Beginning of Year	<u>47</u>	<u>47</u>	<u>47</u>	<u>0</u>
Fund Balance at End of Year	\$ <u>81,047</u>	\$ <u>79,747</u>	\$ <u>47</u>	\$ <u>(79,700)</u>

City of Rocky River, Ohio

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

Office on Aging Fund

For The Year Ended December 31, 2012

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 329,008	\$ 329,008	\$ 297,070	\$ (31,938)
Intergovernmental	0	0	43,062	43,062
Charges for Services	618,160	618,160	495,746	(122,414)
Other	<u>1,509</u>	<u>1,509</u>	<u>1,210</u>	<u>(299)</u>
Total Revenues	<u>948,677</u>	<u>948,677</u>	<u>837,088</u>	<u>(111,589)</u>
Expenditures:				
Current:				
Public Health Services:				
Office on Aging:				
Personal Service	641,524	653,480	609,237	44,243
Other	<u>499,245</u>	<u>530,745</u>	<u>499,679</u>	<u>31,066</u>
Total Expenditures	<u>1,140,769</u>	<u>1,184,225</u>	<u>1,108,916</u>	<u>75,309</u>
Excess of Revenues Over (Under) Expenditures	(192,092)	(235,548)	(271,828)	(36,280)
Other Financing Sources (Uses):				
Transfers – In	<u>311,732</u>	<u>311,732</u>	<u>250,000</u>	<u>(61,732)</u>
Net Change in Fund Balance	119,640	76,184	(21,828)	(98,012)
Fund Balance at Beginning of Year	46,699	46,699	46,699	0
Prior Year Encumbrances Appropriated	<u>6,998</u>	<u>6,998</u>	<u>6,998</u>	<u>0</u>
Fund Balance at End of Year	\$ <u>173,337</u>	\$ <u>129,881</u>	\$ <u>31,869</u>	\$ <u>(98,012)</u>

City of Rocky River, Ohio

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

Marine Patrol Fund

For The Year Ended December 31, 2012

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ <u>55,159</u>	\$ <u>55,159</u>	\$ <u>25,021</u>	\$ <u>(30,138)</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Marine Patrol:				
Personal Service	22,600	23,789	22,840	949
Other	<u>11,689</u>	<u>10,689</u>	<u>6,301</u>	<u>4,388</u>
Total Expenditures	<u>34,289</u>	<u>34,478</u>	<u>29,141</u>	<u>5,337</u>
Excess of Revenues Over (Under) Expenditures	20,870	20,681	(4,120)	(24,801)
Other Financing Sources (Uses):				
Transfers – In	<u>19,841</u>	<u>19,841</u>	<u>9,000</u>	<u>(10,841)</u>
Net Change in Fund Balance	40,711	40,522	4,880	(35,642)
Fund Balance at Beginning of Year	5,810	5,810	5,810	0
Prior Year Encumbrances Appropriated	<u>14</u>	<u>14</u>	<u>14</u>	<u>0</u>
Fund Balance at End of Year	\$ <u><u>46,535</u></u>	\$ <u><u>46,346</u></u>	\$ <u><u>10,704</u></u>	\$ <u><u>(35,642)</u></u>

City of Rocky River, Ohio

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

Community Impacts Fund

For The Year Ended December 31, 2012

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

City of Rocky River, Ohio

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

Refuse and Recycling Fund

For The Year Ended December 31, 2012

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 658,014	\$ 658,014	\$ 594,143	\$ (63,871)
Charges for Services	8,773	8,773	8,676	(97)
Intergovernmental	0	0	86,123	86,123
Other	<u>2,165</u>	<u>2,165</u>	<u>2,141</u>	<u>(24)</u>
Total Revenues	<u>668,952</u>	<u>668,952</u>	<u>691,083</u>	<u>22,131</u>
Expenditures:				
Current:				
Basic Utilities Service:				
Refuse and Recycling:				
Personal Service	1,084,126	1,093,858	1,034,695	59,163
Other	<u>671,779</u>	<u>671,779</u>	<u>616,308</u>	<u>55,471</u>
Total Expenditures	<u>1,755,905</u>	<u>1,765,637</u>	<u>1,651,003</u>	<u>114,634</u>
Excess of Revenues Over (Under) Expenditures	(1,086,953)	(1,096,685)	(959,920)	136,765
Other Financing Sources (Uses):				
Transfers – In	<u>1,011,161</u>	<u>1,011,161</u>	<u>1,000,000</u>	<u>(11,161)</u>
Net Change in Fund Balance	(75,792)	(85,524)	40,080	125,604
Fund Balance at Beginning of Year	3,115	3,115	3,115	0
Prior Year Encumbrances Appropriated	<u>66,579</u>	<u>66,579</u>	<u>66,579</u>	<u>0</u>
Fund Balance at End of Year	\$ <u>(6,098)</u>	\$ <u>(15,830)</u>	\$ <u>109,774</u>	\$ <u>125,604</u>

City of Rocky River, Ohio

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

Motor Vehicle License Tax Fund

For The Year Ended December 31, 2012

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ <u>50,711</u>	\$ <u>50,711</u>	\$ <u>46,417</u>	\$ <u>(4,294)</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Motor Vehicle License Tax:				
Personal Service	0	1,929	1,735	194
Transportation:				
Motor Vehicle License Tax:				
Personal Service	294,741	283,541	247,825	35,716
Other	<u>60,499</u>	<u>64,999</u>	<u>46,608</u>	<u>18,391</u>
Total Motor Vehicle License Tax	355,240	350,469	296,168	54,301
Capital Outlay	<u>300</u>	<u>7,000</u>	<u>6,460</u>	<u>540</u>
Total Expenditures	<u>355,540</u>	<u>357,469</u>	<u>302,628</u>	<u>54,841</u>
Excess of Revenues Over (Under) Expenditures	(304,829)	(306,758)	(256,211)	50,547
Other Financing Sources (Uses):				
Transfers – In	<u>327,756</u>	<u>327,756</u>	<u>300,000</u>	<u>(27,756)</u>
Net Change in Fund Balance	22,927	20,998	43,789	22,791
Fund Balance at Beginning of Year	19,957	19,957	19,957	0
Prior Year Encumbrances Appropriated	<u>6,549</u>	<u>6,549</u>	<u>6,549</u>	<u>0</u>
Fund Balance at End of Year	\$ <u>49,433</u>	\$ <u>47,504</u>	\$ <u>70,295</u>	\$ <u>22,791</u>

City of Rocky River, Ohio

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

Street Repair and Maintenance Fund

For The Year Ended December 31, 2012

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ <u>800,765</u>	\$ <u>800,765</u>	\$ <u>678,152</u>	\$ <u>(122,613)</u>
Expenditures:				
Current:				
Transportation				
Street Repair and Maintenance:				
Personal Service	698,176	703,022	566,070	136,952
Other	<u>394,937</u>	<u>394,937</u>	<u>311,328</u>	<u>83,609</u>
Total Street Repair and Maintenance	1,093,113	1,097,959	877,398	220,561
Capital Outlay	<u>20,000</u>	<u>20,000</u>	<u>12,799</u>	<u>7,201</u>
Total Expenditures	<u>1,113,113</u>	<u>1,117,959</u>	<u>890,197</u>	<u>227,762</u>
Excess of Revenues Over (Under) Expenditures	(312,348)	(317,194)	(212,045)	105,149
Other Financing Sources (Uses):				
Transfers – In	<u>236,161</u>	<u>236,161</u>	<u>200,000</u>	<u>(36,161)</u>
Net Change in Fund Balance	(76,187)	(81,033)	(12,045)	68,988
Fund Balance at Beginning of Year	51,877	51,877	51,877	0
Prior Year Encumbrances Appropriated	<u>81,237</u>	<u>81,237</u>	<u>81,237</u>	<u>0</u>
Fund Balance at End of Year	\$ <u><u>56,927</u></u>	\$ <u><u>52,081</u></u>	\$ <u><u>121,069</u></u>	\$ <u><u>68,988</u></u>

City of Rocky River, Ohio

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

State Highway Fund

For The Year Ended December 31, 2012

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 50,213	\$ 50,213	\$ 54,985	\$ 4,772
Expenditures:				
Current:				
Transportation:				
State Highway Patrol:				
Other	<u>86,200</u>	<u>86,200</u>	<u>84,798</u>	<u>1,402</u>
Net Change in Fund Balance	(35,987)	(35,987)	(29,813)	6,174
Fund Balance at Beginning of Year	51,522	51,522	51,522	0
Prior Year Encumbrances Appropriated	<u>1,200</u>	<u>1,200</u>	<u>1,200</u>	<u>0</u>
Fund Balance at End of Year	\$ <u><u>16,735</u></u>	\$ <u><u>16,735</u></u>	\$ <u><u>22,909</u></u>	\$ <u><u>6,174</u></u>

City of Rocky River, Ohio

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

Indigent Driver Alcohol Monitoring Fund

For The Year Ended December 31, 2012

	<u>Budget</u>		<u>Actual</u>	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 32,653	\$ 32,653	\$ 47,288	\$ 14,635
Expenditures:				
Current:				
Capital Outlay	<u>37,419</u>	<u>52,419</u>	<u>41,006</u>	<u>11,413</u>
Net Change in Fund Balance	(4,766)	(19,766)	6,282	26,048
Fund Balance at Beginning of Year	86,647	86,647	86,647	0
Prior Year Encumbrances Appropriated	<u>1,419</u>	<u>1,419</u>	<u>1,419</u>	<u>0</u>
Fund Balance at End of Year	\$ <u>83,300</u>	\$ <u>68,300</u>	\$ <u>94,348</u>	\$ <u>26,048</u>

City of Rocky River, Ohio

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

Fire Levy Fund

For The Year Ended December 31, 2012

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 197,404	\$ 197,404	\$ 180,139	\$ (17,265)
Intergovernmental	<u>0</u>	<u>0</u>	<u>25,837</u>	<u>25,837</u>
Total Revenues	<u>197,404</u>	<u>197,404</u>	<u>205,976</u>	<u>8,572</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Fire:				
Personal Service	646,831	646,831	639,883	6,948
Debt Service:				
Principal Retirement	8,339	8,339	8,339	0
Interest and Fiscal Charges	<u>11,800</u>	<u>11,800</u>	<u>11,800</u>	<u>0</u>
Total Expenditures	<u>666,970</u>	<u>666,970</u>	<u>660,022</u>	<u>6,948</u>
Excess of Revenues Over (Under) Expenditures	(469,566)	(469,566)	(454,046)	15,520
Other Financing Sources (Uses):				
Transfers – In	<u>430,028</u>	<u>430,028</u>	<u>430,000</u>	<u>(28)</u>
Net Change in Fund Balance	(39,538)	(39,538)	(24,046)	15,492
Fund Balance at Beginning of Year	503	503	503	0
Prior Year Encumbrances Appropriated	<u>44,831</u>	<u>44,831</u>	<u>44,831</u>	<u>0</u>
Fund Balance at End of Year	\$ <u>5,796</u>	\$ <u>5,796</u>	\$ <u>21,288</u>	\$ <u>15,492</u>

City of Rocky River, Ohio

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

Police Levy Fund

For The Year Ended December 31, 2012

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 197,404	\$ 197,404	\$ 180,139	\$ (17,265)
Intergovernmental	<u>0</u>	<u>0</u>	<u>25,837</u>	<u>25,837</u>
Total Revenues	<u>197,404</u>	<u>197,404</u>	<u>205,976</u>	<u>8,572</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Police:				
Personal Service	540,756	540,756	505,183	35,573
Debt Service:				
Principal Retirement	22,205	22,205	22,205	0
Interest and Fiscal Charges	<u>10,828</u>	<u>10,828</u>	<u>10,828</u>	<u>0</u>
Total Expenditures	<u>573,789</u>	<u>573,789</u>	<u>538,216</u>	<u>35,573</u>
Excess of Revenues Over (Under) Expenditures	(376,385)	(376,385)	(332,240)	44,145
Other Financing Sources (Uses):				
Transfers – In	<u>402,451</u>	<u>402,451</u>	<u>400,000</u>	<u>(2,451)</u>
Net Change in Fund Balance	26,066	26,066	67,760	41,694
Fund Balance at Beginning of Year	11,386	11,386	11,386	0
Prior Year Encumbrances Appropriated	<u>35,755</u>	<u>35,755</u>	<u>35,755</u>	<u>0</u>
Fund Balance at End of Year	\$ <u>73,207</u>	\$ <u>73,207</u>	\$ <u>114,901</u>	\$ <u>41,694</u>

City of Rocky River, Ohio

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

Special Assessment Bond Retirement Fund

For The Year Ended December 31, 2012

	<u>Budget</u>		<u>Actual</u>	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Special Assessments	\$ <u>74,055</u>	\$ <u>74,055</u>	\$ <u>58,421</u>	\$ <u>(15,634)</u>
Expenditures:				
Debt Service:				
Principal Retirement	40,000	40,000	40,000	0
Interest and Fiscal Charges	<u>27,370</u>	<u>27,370</u>	<u>27,041</u>	<u>329</u>
Total Expenditures	<u>67,370</u>	<u>67,370</u>	<u>67,041</u>	<u>329</u>
Excess of Revenues Over (Under) Expenditures	6,685	6,685	(8,620)	(15,305)
Other Financing Sources (Uses):				
Transfers – In	<u>6,338</u>	<u>6,338</u>	<u>5,000</u>	<u>(1,338)</u>
Net Change in Fund Balance	13,023	13,023	(3,620)	(16,643)
Fund balance at Beginning of Year	<u>3,912</u>	<u>3,912</u>	<u>3,912</u>	<u>0</u>
Fund balance at End of Year	\$ <u>16,935</u>	\$ <u>16,935</u>	\$ <u>292</u>	\$ <u>(16,643)</u>

City of Rocky River, Ohio

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

Equipment Replacement Fund

For The Year Ended December 31, 2012

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 81,746	\$ 81,746	\$ 75,690	\$ (6,056)
Expenditures:				
Capital Outlay	<u>149,459</u>	<u>149,459</u>	<u>72,885</u>	<u>76,574</u>
Excess of Revenues Over (Under) Expenditures	(67,713)	(67,713)	2,805	70,518
Other Financing Sources (Uses):				
Transfers – In	<u>118,801</u>	<u>118,801</u>	<u>110,000</u>	<u>(8,801)</u>
Net Change in Fund Balance	51,088	51,088	112,805	61,717
Fund Balance at Beginning of Year	22,654	22,654	22,654	0
Prior Year Encumbrances Appropriated	<u>3,759</u>	<u>3,759</u>	<u>3,759</u>	<u>0</u>
Fund Balance at End of Year	\$ <u><u>77,501</u></u>	\$ <u><u>77,501</u></u>	\$ <u><u>139,218</u></u>	\$ <u><u>61,717</u></u>

City of Rocky River, Ohio

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

Municipal Court Capital Improvement Fund

For The Year Ended December 31, 2012

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 320,253	\$ 320,253	\$ 870,060	\$ 549,807
Investment Income	1,189	1,189	1,123	(66)
Total Revenues	<u>321,442</u>	<u>321,442</u>	<u>871,183</u>	<u>549,741</u>
Expenditures:				
Current:				
General Government:				
Personal Service	396,487	396,487	305,344	91,143
Other	319,833	327,833	207,342	120,491
Capital Outlay	122,580	114,580	32,734	81,846
Debt Service:				
Principal Retirement	185,000	185,000	185,000	0
Interest and Fiscal Charges	68,100	68,100	68,100	0
Total Expenditures	<u>1,092,000</u>	<u>1,092,000</u>	<u>798,520</u>	<u>293,480</u>
Net Change in Fund Balance	(770,558)	(770,558)	72,663	843,221
Fund Balance at Beginning of Year	1,491,305	1,491,305	1,491,305	0
Prior Year Encumbrances Appropriated	<u>34,533</u>	<u>34,533</u>	<u>34,533</u>	<u>0</u>
Fund Balance at End of Year	\$ <u>755,280</u>	\$ <u>755,280</u>	\$ <u>1,598,501</u>	\$ <u>843,221</u>

City of Rocky River, Ohio

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

Sanitary Sewer Fund

For The Year Ended December 31, 2012

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services	\$ <u>2,000,018</u>	\$ <u>2,000,018</u>	\$ <u>1,742,323</u>	\$ <u>(257,695)</u>
Expenses:				
Sewer Operations:				
Personal Service	560,953	575,265	531,334	43,931
Contractual Services	1,382,458	1,379,558	1,158,338	221,220
Heat, Light, And Power	16,000	16,000	13,559	2,441
Materials And Supplies	86,985	90,985	85,341	5,644
Other	6,000	6,000	4,813	1,187
Capital Outlay	6,000	2,000	1,300	700
Debt Service:				
Principal Retirement	18,150	18,150	18,140	10
Interest and Fiscal Charges	<u>9,050</u>	<u>9,050</u>	<u>8,958</u>	<u>92</u>
Total Expenses	<u>2,085,596</u>	<u>2,097,008</u>	<u>1,821,783</u>	<u>275,225</u>
Net Change in Fund Equity	(85,578)	(96,990)	(79,460)	17,530
Fund Equity at Beginning of Year	166,971	166,971	166,971	0
Prior Year Encumbrances Appropriated	<u>28,424</u>	<u>28,424</u>	<u>28,424</u>	<u>0</u>
Fund Equity at End of Year	\$ <u>109,817</u>	\$ <u>98,405</u>	\$ <u>115,935</u>	\$ <u>17,530</u>

City of Rocky River, Ohio

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

Self Insurance Fund

For The Year Ended December 31, 2012

	<u>Budget</u>		<u>Actual</u>	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charge for Services	\$ <u>2,581,384</u>	\$ <u>2,581,384</u>	\$ <u>1,945,278</u>	\$ <u>(636,106)</u>
Expenses:				
Claims	2,696,501	2,674,501	1,764,064	910,437
Contractual Services	<u>278,390</u>	<u>300,390</u>	<u>290,898</u>	<u>9,492</u>
Total Expenses	<u>2,974,891</u>	<u>2,974,891</u>	<u>2,054,962</u>	<u>919,929</u>
Net Change in Fund Equity	(393,507)	(393,507)	(109,684)	283,823
Fund Equity at Beginning of Year	607,256	607,256	607,256	0
Prior Year Encumbrances Appropriated	<u>15,891</u>	<u>15,891</u>	<u>15,891</u>	<u>0</u>
Fund Equity at End of Year	\$ <u>229,640</u>	\$ <u>229,640</u>	\$ <u>513,463</u>	\$ <u>283,823</u>

City of Rocky River, Ohio

Fiduciary Funds

Fund Descriptions

Agency Funds

Deposits, Fees and Tri-City Fund – To account for refundable deposits and the Tri-City Council of Governments.

Donations and Bequests Fund – To account for donations and bequests for various City departments.

Municipal Court Fund – To account for the monies received and disbursed from the Rocky River Municipal Court.

S.A.F.E. Fund – To account for financial transactions of the S.A.F.E. Council of Governments.

City of Rocky River, Ohio

Combining Statement of Assets and Liabilities – Agency Funds

December 31, 2012

	<u>Deposits, Fees and Tri-City</u>	<u>Donations and Bequests</u>	<u>Municipal Court</u>	<u>S.A.F.E.</u>	<u>Total</u>
Assets:					
Equity in Pooled Cash and Cash Equivalents	\$ 72,786	\$ 276,359	\$ 0	\$ 15,188	\$ 364,333
Cash and Cash Equivalents in Segregated Accounts	<u>0</u>	<u>0</u>	<u>568,629</u>	<u>0</u>	<u>568,629</u>
Total Assets	\$ <u>72,786</u>	\$ <u>276,359</u>	\$ <u>568,629</u>	\$ <u>15,188</u>	\$ <u>932,962</u>
Liabilities:					
Undistributed Monies	\$ 0	\$ 276,359	\$ 0	\$ 15,188	\$ 291,547
Deposits Held and Due To Others	<u>72,786</u>	<u>0</u>	<u>568,629</u>	<u>0</u>	<u>641,415</u>
Total Liabilities	\$ <u>72,786</u>	\$ <u>276,359</u>	\$ <u>568,629</u>	\$ <u>15,188</u>	\$ <u>932,962</u>

City of Rocky River, Ohio

Combining Statement of Changes in Assets and Liabilities – Agency Funds

For The Year Ended December 31, 2012

	<u>Balance</u> <u>12/31/11</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12/31/12</u>
Deposits, Fees and Tri-City				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ <u>72,151</u>	\$ <u>7,777</u>	\$ <u>7,142</u>	\$ <u>72,786</u>
Liabilities:				
Deposits Held and Due to Others	\$ <u>72,151</u>	\$ <u>7,777</u>	\$ <u>7,142</u>	\$ <u>72,786</u>
Donations and Bequests				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ <u>273,426</u>	\$ <u>31,235</u>	\$ <u>28,302</u>	\$ <u>276,359</u>
Liabilities:				
Undistributed Monies	\$ <u>273,426</u>	\$ <u>31,235</u>	\$ <u>28,302</u>	\$ <u>276,359</u>
Municipal Court				
Assets:				
Cash and Cash Equivalents in Segregated Accounts	\$ <u>532,973</u>	\$ <u>7,302,228</u>	\$ <u>7,266,572</u>	\$ <u>568,629</u>
Liabilities:				
Deposits Held and Due to Others	\$ <u>532,973</u>	\$ <u>7,302,228</u>	\$ <u>7,266,572</u>	\$ <u>568,629</u>
S.A.F.E.				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ <u>3,754</u>	\$ <u>11,804</u>	\$ <u>370</u>	\$ <u>15,188</u>
Liabilities:				
Undistributed Monies	\$ <u>3,754</u>	\$ <u>11,804</u>	\$ <u>370</u>	\$ <u>15,188</u>
All Agency Funds				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ 349,331	\$ 50,816	\$ 35,814	\$ 364,333
Cash and Cash Equivalents in Segregated Accounts	<u>532,973</u>	<u>7,302,228</u>	<u>7,266,572</u>	<u>568,629</u>
Total Assets	\$ <u>882,304</u>	\$ <u>7,353,044</u>	\$ <u>7,302,386</u>	\$ <u>932,962</u>
Liabilities:				
Undistributed Monies	\$ 277,180	\$ 43,039	\$ 28,672	\$ 291,547
Deposits Held and Due to Others	<u>605,124</u>	<u>7,310,005</u>	<u>7,273,714</u>	<u>641,415</u>
Total Liabilities	\$ <u>882,304</u>	\$ <u>7,353,044</u>	\$ <u>7,302,386</u>	\$ <u>932,962</u>

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City of Rocky River, Ohio

December 31, 2012

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

<u>Contents</u>	<u>Page(s)</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	122 – 129
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	130 – 136
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	137 – 142
Economic and Demographic Information These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	143 – 145
Operating Information These schedules contain service data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	146 – 151

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

City of Rocky River, Ohio

Net Position by Component – Last Ten Fiscal Years

Accrual Basis of Accounting

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental Activities:										
Net Investment in Capital Assets	\$ 25,694,191	\$ 21,762,917	\$ 24,062,462	\$ 24,996,254	\$ 28,079,248	\$ 30,592,575	\$ 31,254,205	\$ 31,781,713	\$ 30,680,267	\$ 33,293,005
Restricted for:										
Capital Projects	6,697,396	8,506,497	10,244,546	8,538,517	4,038,732	4,463,366	6,208,401	6,304,738	5,136,504	2,568,095
Debt Services	933,368	436,075	311,203	370,924	299,208	434,148	295,558	129,556	735,700	264,133
Recreation	272,344	537,147	453,232	825,367	0	0	0	0	0	0
Refuse and Recycling	0	0	0	0	0	0	0	0	0	157,985
Municipal Probation	314,982	341,646	366,541	380,220	381,081	416,388	421,063	387,247	353,444	0
Aging	226,474	403,278	279,679	800,380	354,143	218,952	124,001	51,446	71,622	93,676
Street Construction and Maintenance	347,929	658,753	311,953	505,658	696,805	415,917	406,063	414,993	413,966	0
Other Purposes	212,492	712,932	421,903	848,768	364,080	816,857	539,121	224,268	556,500	6,464,168
Unreserved	<u>2,078,511</u>	<u>4,238,433</u>	<u>3,759,748</u>	<u>3,047,689</u>	<u>8,033,664</u>	<u>5,210,492</u>	<u>3,227,747</u>	<u>2,162,461</u>	<u>1,107,586</u>	<u>2,360,231</u>
Total Net Position – Governmental Activities	<u>36,777,687</u>	<u>37,597,678</u>	<u>40,211,267</u>	<u>40,313,777</u>	<u>42,246,961</u>	<u>42,568,695</u>	<u>42,476,159</u>	<u>41,456,422</u>	<u>39,055,589</u>	<u>45,201,293</u>
Business-Type Activities:										
Net Investment in Capital Assets	14,798,306	16,580,359	16,408,395	16,369,129	17,261,301	17,184,178	17,800,190	18,945,660	21,806,517	17,349,730
Unrestricted	<u>6,970,391</u>	<u>7,028,630</u>	<u>6,975,394</u>	<u>7,038,020</u>	<u>6,690,857</u>	<u>6,668,185</u>	<u>6,619,718</u>	<u>6,177,103</u>	<u>6,237,369</u>	<u>5,830,241</u>
Total Net Position – Business-Type Activities	<u>21,768,697</u>	<u>23,608,989</u>	<u>23,383,789</u>	<u>23,407,149</u>	<u>23,952,158</u>	<u>23,852,363</u>	<u>24,419,908</u>	<u>25,122,763</u>	<u>28,043,886</u>	<u>23,179,971</u>
Primary Government:										
Net Investment in Capital Assets	40,492,497	38,343,276	40,470,857	41,365,383	45,340,549	47,776,753	49,054,395	50,727,373	52,486,784	50,642,735
Restricted for:										
Capital Projects	6,697,396	8,506,497	10,244,546	8,538,517	4,038,732	4,463,366	6,208,401	6,304,738	5,136,504	2,568,095
Debt Services	933,368	436,075	311,203	370,924	299,208	434,148	295,558	129,556	735,700	264,133
Recreation	272,344	537,147	453,232	825,367	0	0	0	0	0	0
Refuse and Recycling	0	0	0	0	0	0	0	0	0	157,985
Municipal Probation	314,982	341,646	366,541	380,220	381,081	416,388	421,063	387,247	353,444	0
Aging	226,474	403,278	279,679	800,380	354,143	218,952	124,001	51,446	71,622	93,676
Street Construction and Maintenance	347,929	658,753	311,953	505,658	696,805	415,917	406,063	414,993	413,966	0
Other Purposes	212,492	712,932	421,903	848,768	364,080	816,857	539,121	224,268	556,500	6,464,168
Unrestricted	<u>9,048,902</u>	<u>11,267,063</u>	<u>10,735,142</u>	<u>10,085,709</u>	<u>14,724,521</u>	<u>11,878,677</u>	<u>9,847,465</u>	<u>8,339,564</u>	<u>7,344,955</u>	<u>8,190,472</u>
Total Primary Government Net Position	\$ <u>58,546,384</u>	\$ <u>61,206,667</u>	\$ <u>63,595,056</u>	\$ <u>63,720,926</u>	\$ <u>66,199,119</u>	\$ <u>66,421,058</u>	\$ <u>66,896,067</u>	\$ <u>66,579,185</u>	\$ <u>67,099,475</u>	\$ <u>68,381,264</u>

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

City of Rocky River, Ohio

Changes in Net Position – Last Ten Fiscal Years

Accrual Basis of Accounting

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Program revenues:										
Governmental Activities:										
Charges for Services:										
General Government	\$ 2,406,821	\$ 2,368,876	\$ 2,834,113	\$ 2,931,941	\$ 2,130,339	\$ 2,293,658	\$ 2,761,052	\$ 2,533,392	\$ 2,688,561	\$ 2,237,380
Security of Persons and Property	346,364	607,429	282,092	710,930	804,196	1,175,625	740,665	1,105,984	1,056,599	1,640,185
Public Health	397,420	347,554	441,693	436,247	489,380	467,691	369,997	495,138	542,072	536,596
Transportation	19,603	14,256	425	500	75	425	75	350	400	325
Leisure Time Activities	1,265,249	1,234,683	1,401,233	1,451,092	1,907,655	1,987,167	1,979,316	2,118,323	2,067,741	2,163,408
Community Development	715	705	525	495	270	180	260	175	200	250
Basic Utility Service	14,966	19,370	16,982	17,965	11,847	700,345	995,455	1,040,871	1,103,942	1,044,484
Operating Grants and Contributions:										
General Government	0	0	0	0	0	63,921	35,857	45,122	44,331	47,288
Security of Persons and Property	40,392	25,604	25,584	25,946	24,107	27,352	25,263	26,864	25,707	25,021
Transportation	518,181	657,577	705,137	749,323	737,192	777,503	781,961	775,539	777,312	791,552
Basic Utility Service	70,301	121,500	78,317	65,250	41,254	90,523	90,956	86,861	86,220	86,123
Capital Grants and Contributions:										
General Government	749,605	789,079	819,794	619,653	873,945	929,746	824,696	823,491	864,849	936,187
Public Health	0	0	3,628	3,700	255	0	0	0	0	0
Transportation	0	0	0	0	64,000	0	0	0	0	1,976,093
Basic Utility Service	0	0	0	0	0	0	220,091	463,209	0	366,391
Total Governmental Activities										
Program Revenues	<u>5,829,617</u>	<u>6,186,633</u>	<u>6,609,523</u>	<u>7,013,042</u>	<u>7,084,515</u>	<u>8,514,136</u>	<u>8,825,644</u>	<u>9,515,319</u>	<u>9,257,934</u>	<u>11,851,283</u>
Business-Type Activities:										
Charges for Services:										
Sewer	1,649,436	2,012,219	1,853,327	1,882,034	1,862,049	2,012,434	1,979,436	1,758,085	1,865,441	1,867,073
Capital Grants and Contributions:										
Sewer	0	1,107,813	347,671	219,730	54,603	195,846	903,127	1,501,035	3,158,259	437,437
Total Business-Type Activities										
Program Revenues	<u>1,649,436</u>	<u>3,120,032</u>	<u>2,200,998</u>	<u>2,101,764</u>	<u>1,916,652</u>	<u>2,208,280</u>	<u>2,882,563</u>	<u>3,259,120</u>	<u>5,023,700</u>	<u>2,304,510</u>
Total Primary Government										
Program Revenues	<u>7,479,053</u>	<u>9,306,665</u>	<u>8,810,521</u>	<u>9,114,806</u>	<u>9,001,167</u>	<u>10,722,416</u>	<u>11,708,207</u>	<u>12,774,439</u>	<u>14,281,634</u>	<u>14,155,793</u>

(continued)

City of Rocky River, Ohio

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

Accrual Basis of Accounting

Expenses	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities:										
General Government	5,142,027	4,555,899	4,514,387	8,818,319	6,808,557	8,051,702	6,932,356	7,598,480	9,384,315	5,294,037
Security of Persons and Property	8,037,215	7,673,916	7,876,398	9,202,339	9,829,332	9,396,241	9,623,866	9,010,010	9,472,809	8,983,880
Public Health	1,071,428	977,448	1,142,913	1,220,577	1,363,640	1,347,437	1,437,857	1,428,688	1,386,701	1,185,768
Transportation	2,738,117	4,698,400	1,587,610	3,244,883	2,314,773	3,195,503	2,758,278	2,385,058	2,459,672	2,279,856
Leisure Time Activities	2,619,434	3,933,467	4,973,173	783,730	4,076,680	3,937,438	4,268,822	3,948,809	4,527,664	3,657,902
Community Development	823,487	803,006	703,873	257,600	790,060	801,140	720,892	816,485	673,807	760,476
Basic Utility Services	2,161,930	1,739,378	1,900,149	1,934,737	1,693,864	1,609,178	1,772,114	2,127,597	2,111,718	2,521,711
Interest and Fiscal Charges	439,230	507,297	965,098	925,760	882,306	854,095	824,261	790,980	687,642	677,987
Total Governmental Activities Expenses	23,032,868	24,888,811	23,663,601	26,387,945	27,759,212	29,192,734	28,338,446	28,106,107	30,704,328	25,361,617
Business-Type Activities:										
Sewer	2,405,376	1,279,740	2,426,198	2,078,404	2,454,298	2,308,075	2,315,018	2,450,068	2,102,577	2,431,473
Transfers	0	0	0	0	0	0	0	106,197	0	4,736,952
Total Business-Type Activities	2,405,376	1,279,740	2,426,198	2,078,404	2,454,298	2,308,075	2,315,018	2,556,265	2,102,577	7,168,425
Total Primary Government Program Expenses	25,438,244	26,168,551	26,089,799	28,466,349	30,213,510	31,500,809	30,653,464	30,662,372	32,806,905	32,530,042
General Revenues:										
Property taxes and Other Local Taxes Levied for:										
General Purposes	3,344,189	3,669,410	3,595,174	3,695,587	4,210,179	4,018,607	4,093,251	3,872,423	3,788,172	3,815,055
Recreation	265,406	286,213	285,331	293,301	293,591	318,938	324,861	307,335	300,648	281,777
Office on Aging	265,406	286,213	286,175	283,755	331,210	318,938	324,861	307,335	300,648	281,777
Refuse and Recycling	530,815	572,426	569,818	596,199	624,749	637,881	649,723	614,670	601,297	563,557
Fire Levy	159,244	172,015	171,200	175,980	187,441	191,365	194,916	184,401	180,663	170,963
Police Levy	159,244	171,439	171,199	96,012	267,410	191,365	194,916	184,401	181,671	170,963
Capital Improvements	530,815	572,426	604,444	552,819	624,801	637,881	649,723	614,670	601,297	563,557
General Obligation Bond Retirement	0	0	570,663	666,569	542,651	626,790	634,889	599,627	597,831	563,557
Municipal Taxes Levied for:										
General Purposes	7,450,963	8,159,833	7,794,391	8,203,978	8,893,894	8,673,869	7,661,534	7,959,539	8,606,720	8,906,264
Franchise Tax	1,485,683	278,970	47,289	139,215	149,384	207,506	128,163	236,114	201,531	159,268
Admissions Tax	0	0	75,069	45,929	40,874	36,715	34,981	33,855	32,638	35,522
Grants and Entitlements not Restricted to Specific Programs	1,455,607	4,955,054	4,688,251	3,453,555	3,837,407	4,156,898	4,195,197	2,477,912	2,852,477	3,122,384
Investment Earnings	195,673	281,820	680,947	1,202,568	1,110,881	516,771	140,058	31,050	8,162	7,499
Other	327,212	116,350	127,716	71,946	407,662	466,811	193,193	41,522	791,806	831,526
Transfers	0	0	0	0	0	0	0	106,197	0	4,736,952
Special Item	0	0	0	0	0	0	0	0	0	(4,554,583)
Total General Revenues, Transfers, and Special Items	16,170,257	19,522,169	19,667,667	19,477,413	21,522,134	21,000,332	19,420,266	17,571,051	19,045,561	19,656,038

City of Rocky River, Ohio

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

Accrual Basis of Accounting

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Change in Net Position:										
Governmental Activities	(1,032,994)	819,991	2,613,589	102,510	847,702	321,734	(92,536)	(1,019,737)	(2,400,833)	6,145,704
Business-Type Activities	<u>(755,940)</u>	<u>1,840,292</u>	<u>(225,200)</u>	<u>23,360</u>	<u>(537,646)</u>	<u>(99,795)</u>	<u>567,545</u>	<u>702,855</u>	<u>2,921,123</u>	<u>(4,863,915)</u>
Total Primary Government										
Change in Net Position	\$ <u>(1,788,934)</u>	\$ <u>2,660,283</u>	\$ <u>2,388,389</u>	\$ <u>125,870</u>	\$ <u>310,056</u>	\$ <u>221,939</u>	\$ <u>475,009</u>	\$ <u>(316,882)</u>	\$ <u>520,290</u>	\$ <u>1,281,789</u>

City of Rocky River, Ohio

Fund Balances, Governmental Funds – Last Ten Fiscal Years

Modified Accrual Basis of Accounting

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General Fund										
Nonspendable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 20,082	\$ 39,224
Assigned	0	0	0	0	0	0	0	0	73,625	2,530,242
Unassigned	0	0	0	0	0	0	0	0	3,503,175	1,825,725
Reserved	172,542	118,309	158,475	126,594	124,594	235,188	118,863	370,707	0	0
Unreserved	<u>3,353,437</u>	<u>4,961,316</u>	<u>12,092,669</u>	<u>8,751,298</u>	<u>9,040,991</u>	<u>6,278,579</u>	<u>4,363,415</u>	<u>3,183,940</u>	<u>0</u>	<u>0</u>
Total General Fund	<u>3,525,979</u>	<u>5,079,625</u>	<u>12,251,144</u>	<u>8,877,892</u>	<u>9,165,386</u>	<u>6,513,767</u>	<u>4,482,278</u>	<u>3,554,647</u>	<u>3,596,882</u>	<u>4,395,191</u>
All Other Governmental Funds										
Nonspendable	0	0	0	0	0	0	0	0	117,404	134,826
Restricted	0	0	0	0	0	0	0	0	6,054,235	8,233,110
Unassigned (Deficit)	0	0	0	0	0	0	0	0	(627,575)	(504,079)
Reserved	2,061,840	1,958,494	981,092	7,003,846	1,545,110	740,155	2,615,314	4,893,122	0	0
Unreserved, Undesignated, Reported in:										
Special Revenue Funds	1,662,708	2,274,096	1,620,122	3,179,196	1,498,981	1,494,900	722,896	375,705	0	0
Debt Service Funds	129,136	436,075	309,515	368,623	320,601	434,703	296,748	129,711	0	0
Capital Projects Funds	<u>4,669,196</u>	<u>6,682,010</u>	<u>9,470,562</u>	<u>1,707,532</u>	<u>2,797,157</u>	<u>4,043,671</u>	<u>3,971,943</u>	<u>1,766,381</u>	<u>0</u>	<u>0</u>
Total All Other Governmental Funds	<u>8,522,880</u>	<u>11,350,675</u>	<u>12,381,291</u>	<u>12,259,197</u>	<u>6,161,849</u>	<u>6,713,429</u>	<u>7,606,901</u>	<u>7,164,919</u>	<u>5,544,064</u>	<u>7,863,857</u>
Total Governmental Funds	\$ <u>12,048,859</u>	\$ <u>16,430,300</u>	\$ <u>24,632,435</u>	\$ <u>21,137,089</u>	\$ <u>15,327,235</u>	\$ <u>13,227,196</u>	\$ <u>12,089,179</u>	\$ <u>10,719,566</u>	\$ <u>9,140,946</u>	\$ <u>12,259,048</u>

Note: In 2011, the City implemented GASB Statement No. 54.

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City of Rocky River, Ohio

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

Modified Accrual Basis of Accounting

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Property Taxes	\$ 5,251,769	\$ 5,667,016	\$ 6,235,604	\$ 6,335,087	\$ 7,041,339	\$ 6,947,816	\$ 7,080,115	\$ 6,686,547	\$ 6,472,059	\$ 6,479,941
Municipal Income taxes	7,553,532	7,732,660	8,064,069	8,302,551	8,524,272	8,506,159	7,748,760	8,106,509	8,570,317	8,697,295
Other Local Taxes	195,006	278,970	171,013	185,144	190,258	244,218	163,144	269,969	234,169	194,790
Intergovernmental	4,351,557	6,823,149	6,168,682	5,223,478	5,067,103	5,900,572	6,285,727	4,683,905	4,749,825	5,356,419
Charges for Services	1,609,543	1,686,685	1,850,165	2,108,616	2,362,258	3,188,107	3,317,448	3,635,605	3,711,407	3,829,615
Fines, Fees, and Permits	2,739,144	2,857,860	3,292,766	2,946,563	2,795,898	3,348,071	3,357,804	3,405,319	3,504,950	3,652,640
Special Assessments	41,018	86,950	72,514	73,625	69,545	67,171	66,757	61,788	60,120	58,421
Investment Income	195,673	281,820	680,947	1,202,568	1,110,881	516,771	140,058	31,050	8,162	7,499
Rentals	98,771	107,664	109,372	102,925	130,683	94,133	104,387	104,047	86,230	93,229
Other	327,212	315,554	155,317	137,471	489,200	480,433	209,371	107,372	792,765	834,019
Total Revenues	22,363,225	25,838,328	26,800,449	26,618,028	27,781,437	29,293,451	28,473,571	27,092,111	28,190,004	29,203,868
Expenditures										
Current:										
General Government	4,544,926	4,153,103	4,661,055	4,367,663	4,630,034	4,933,287	4,991,465	4,983,015	4,888,964	5,106,984
Security of Persons and Property	7,309,763	7,585,135	7,680,206	8,158,722	8,659,138	8,876,601	9,246,320	8,985,847	9,104,294	8,785,151
Public Health and Welfare	1,081,332	918,244	1,063,225	1,107,247	1,258,586	1,260,324	1,173,737	1,298,805	1,281,566	1,061,178
Transportation	2,317,478	2,072,377	2,323,383	2,160,615	2,167,526	2,514,664	2,268,740	2,206,182	2,138,947	1,702,865
Leisure Time Activities	352,892	2,433,953	2,661,923	2,888,877	3,522,149	3,818,666	3,641,297	3,387,478	3,188,335	3,170,232
Community Development	806,798	766,159	679,701	1,341,837	965,311	932,862	917,692	792,068	807,866	766,902
Basic Utility Services	1,485,120	1,339,321	1,437,860	1,482,518	1,601,443	1,639,711	2,056,568	3,387,129	4,592,412	4,481,802
Capital Outlay	5,611,179	9,201,024	4,773,885	6,528,974	8,759,176	5,203,465	3,595,408	2,125,399	2,997,396	1,035,843
Debt Service										
Principal	462,037	3,356,817	1,022,756	1,148,732	1,154,751	1,100,814	1,116,923	1,138,080	1,909,286	1,268,289
Interest	439,169	485,503	968,887	933,167	905,917	877,823	848,319	815,274	716,098	685,370
Bond Issuance Costs	0	0	0	0	0	0	0	0	74,864	0
Total Expenditures	24,410,694	32,311,636	27,272,881	30,118,352	33,624,031	31,158,220	29,856,469	29,119,277	31,700,028	28,064,616
Excess of Revenues Over (Under) Expenditures	(2,047,469)	(6,473,308)	(472,432)	(3,500,324)	(5,842,594)	(1,864,769)	(1,382,898)	(2,027,166)	(3,510,024)	1,139,252

(continued)

City of Rocky River, Ohio

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

Modified Accrual Basis of Accounting

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<u>Other Financing Sources (Uses)</u>										
Proceeds from Issuance of Debt	0	10,840,000	8,400,000	0	0	0	228,754	646,016	4,691,540	1,964,235
Premium on General Obligation Debt	0	0	262,963	0	0	0	0	0	52,694	0
Payment to Escrow	0	0	0	0	0	0	0	0	(2,812,830)	0
Proceeds from Sale of Capital Assets	82,405	14,749	11,604	4,978	32,740	29,730	16,127	11,537	0	14,615
Transfers – In	5,370,297	7,549,959	2,795,000	9,070,623	5,115,000	7,650,000	5,487,764	4,471,000	3,680,000	3,994,000
Transfers – Out	<u>(5,370,297)</u>	<u>(7,549,959)</u>	<u>(2,795,000)</u>	<u>(9,070,623)</u>	<u>(5,115,000)</u>	<u>(7,915,000)</u>	<u>(5,487,764)</u>	<u>(4,471,000)</u>	<u>(3,680,000)</u>	<u>(3,994,000)</u>
Total Other Financing Sources (Uses)	<u>82,405</u>	<u>10,854,749</u>	<u>8,674,567</u>	<u>4,978</u>	<u>32,740</u>	<u>(235,270)</u>	<u>244,881</u>	<u>657,553</u>	<u>1,931,404</u>	<u>1,978,850</u>
Net change in fund balances	\$ <u>(1,965,064)</u>	\$ <u>4,381,441</u>	\$ <u>8,202,135</u>	\$ <u>(3,495,346)</u>	\$ <u>(5,809,854)</u>	\$ <u>(2,100,039)</u>	\$ <u>(1,138,017)</u>	\$ <u>(1,369,613)</u>	\$ <u>(1,578,620)</u>	\$ <u>3,118,102</u>
Debt Service as a Percentage of Noncapital Expenditures	4.05%	14.27%	8.92%	8.23%	8.11%	7.19%	7.18%	7.21%	8.56%	7.88%

City of Rocky River, Ohio

Assessed and Estimated Actual Value of Taxable Property

Last Ten Years

Tax Year/ Collection Year	Real Property		Public Utility Property	
	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)
2003/2004	\$ 634,723,650	\$ 1,813,496,142	\$ 9,544,580	\$ 10,846,113
2004/2005	636,121,350	1,817,489,571	9,737,980	11,065,806
2005/2006	637,972,350	1,822,778,143	8,772,100	9,968,295
2006/2007	704,756,080	2,013,588,800	8,279,590	9,408,625
2007/2008	707,992,790	2,022,836,543	5,790,110	6,579,670
2008/2009	714,739,290	2,042,112,257	6,053,290	6,878,739
2009/2010	686,743,340	1,962,123,829	6,392,090	7,263,739
2010/2011	682,758,970	1,950,739,914	6,534,340	7,425,386
2011/2012	678,705,910	1,939,159,743	6,797,170	7,724,057
2012/2013	675,604,330	1,930,298,086	7,420,390	8,432,261

Source: Cuyahoga County, Ohio; County Fiscal Officer

(1) This amount is calculated for 2012 based on the following percentages:

Real property is assessed at 35 percent of actual value.

Public utility property is assessed at 88 percent of actual value.

Tangible personal property is assessed at 25 percent of true value for capital assets and 23 percent of true value for inventory prior to 2006 tax year. Tangible personal is assessed at 18.75, 12.5, and 6.25 percent of true value for all property inventory for 2006, 2007, and 2008 respectively.

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

<u>Tangible Personal Property</u>		<u>Total</u>		<u>Ratio</u>	<u>Total Direct Rate (2)</u>
<u>Assessed Value</u>	<u>Estimated Actual Value (1)</u>	<u>Assessed Value</u>	<u>Estimated Actual Value (1)</u>		
\$ 14,696,532	\$ 58,786,128	\$ 658,964,762	\$ 1,883,128,383	34.99%	\$ 9.90
11,888,430	51,688,826	657,747,760	1,880,244,283	34.98	10.90
10,280,540	44,698,000	657,024,990	1,877,444,438	34.99	10.90
10,384,146	55,382,112	723,419,816	2,078,379,537	34.81	10.90
4,097,141	32,777,128	717,880,041	2,062,193,341	34.81	10.90
4,073,990	65,183,840	724,866,570	2,114,174,836	34.29	10.90
0	0	693,135,430	1,969,387,568	35.20	10.90
0	0	689,293,310	1,958,165,300	35.20	10.90
0	0	685,503,080	1,946,883,800	35.21	10.90
0	0	683,024,720	1,938,730,347	35.23	10.90

City of Rocky River, Ohio

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

Last Ten Years

Year	City of Rocky River					Total	Rocky River School and Library	Cuyahoga County	Special(1) Taxing Districts	Total
	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Bond Service						
2003	\$ 6.30	\$ 2.60	\$ 1.00	\$ 0	\$ 9.90	\$ 76.70	\$ 13.52	\$ 4.48	\$ 104.60	
2004	6.30	2.60	1.00	1.00	10.90	78.10	13.52	4.78	107.30	
2005	6.30	2.60	1.00	1.00	10.90	83.10	13.52	4.78	112.30	
2006	6.30	2.60	1.00	1.00	10.90	83.30	13.42	4.78	112.40	
2007	6.30	2.60	1.00	1.00	10.90	83.20	13.42	4.78	112.30	
2008	6.30	2.60	1.00	1.00	10.90	88.80	13.32	4.78	117.80	
2009	6.30	2.60	1.00	1.00	10.90	88.80	13.32	4.78	117.80	
2010	6.30	2.60	1.00	1.00	10.90	90.40	13.32	5.08	119.70	
2011	6.30	2.60	1.00	1.00	10.90	90.45	13.22	5.08	119.65	
2012	6.30	2.60	1.00	1.00	10.90	95.35	13.42	5.08	124.75	

Source: Cuyahoga County, Ohio; County Fiscal Officer

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

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City of Rocky River, Ohio

Real Property Tax Levies and Collection

Last Ten Years

<u>Year</u>	<u>Total Tax Levy</u>	<u>Current Collections (1)</u>	<u>Percent of Current Collections to Tax Levy</u>	<u>Delinquent Tax Collections</u>
2003	\$ 6,258,955	\$ 5,889,910	94.10 %	\$ 122,928
2004	6,568,175	6,170,368	93.94	139,194
2005	7,216,321	6,814,655	94.43	124,325
2006	7,232,129	6,847,235	94.68	134,097
2007	7,993,917	7,565,168	94.64	139,558
2008	8,054,197	7,555,361	93.81	211,861
2009	7,867,118	7,834,168	99.58	177,726
2010	7,810,832	7,320,406	93.72	157,753
2011	7,758,489	7,214,139	92.98	150,703
2012	7,822,646	7,212,012	92.19	271,795

Source: Cuyahoga County, Ohio; County Fiscal Officer

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

Note: The County does not identify delinquent collections by the year for which the tax was levied.

	<u>Total Tax Collections</u>	<u>Percent of Total Collections To Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Percent of Delinquent Taxes to Tax Levy</u>
\$	6,012,838	96.07%	\$ 248,027	3.96%
	6,309,562	96.06	292,542	4.45
	6,938,980	96.16	286,098	3.96
	6,981,332	96.53	315,249	4.36
	7,704,725	96.38	345,085	4.32
	7,767,222	96.44	267,880	3.33
	8,011,894	101.84	254,902	3.24
	7,478,159	95.74	253,220	3.23
	7,364,842	94.93	333,387	4.30
	7,483,807	95.67	264,653	3.38

City of Rocky River, Ohio

Principal Taxpayers: Real and Tangible Personal Property Tax

As of December 31, 2012 and December 31, 2003

<u>Taxpayer</u>	2012	
	Real Personal Property Assessed Value	Percent of Total Assessed Value
	Cleveland Illuminating Company	\$ 7,450,940
Westwood Town Center	7,007,250	1.04
Normandy Association, LP	5,680,480	0.84
Inland Westgate, LLC	5,074,130	0.75
Beachcliff Properties, LP	3,702,830	0.55
SRK Perrysburg Association, LLC	3,277,890	0.49
Westwood Country Club, Co.	3,221,050	0.48
Presidential Apartments, LTD.	2,773,120	0.41
Gross Management, Inc.	2,607,960	0.39
Linden Apartment Company	2,388,200	0.35
<i>Totals</i>	\$ <u>43,183,850</u>	<u>6.40%</u>
<i>Total City Assessed Valuation</i>	\$ <u>675,604,330</u>	
<u>Taxpayer</u>	2003	
	Real and Tangible Personal Property Assessed Value	Percent of Total Assessed Value
	Westwood Town Center	\$ 5,447,130
Normandy Association, LTD.	5,103,390	0.77
Rockport Associates Company	4,731,610	0.72
Cleveland Illuminating Company	4,336,960	0.66
Presidential Apartments, LTD.	4,057,450	0.62
John D. Spielberg	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 Fiscal Officer

City of Rocky River, Ohio

Ratio of Outstanding Debt by Type

Last Ten Years

Fiscal Year	Governmental Activities				Business-Type		Total Primary Government	Percentage of Personal Income ⁽¹⁾	Per Capita ⁽¹⁾
	General Obligation Bonds	Special Assessment Bonds	OPWC Loan	OWDA Loan	OWDA Loan				
2003	\$ 6,810,000	\$ 830,000	\$ 0	\$ 0	\$ 316,234	\$ 7,956,234	1.11 %	\$ 383.71	
2004	14,355,000	790,000	0	0	303,666	15,448,666	2.15	745.05	
2005	21,795,000	750,000	0	0	290,508	22,835,508	3.18	1,101.30	
2006	20,710,000	710,000	0	0	276,733	21,696,733	3.02	1,046.38	
2007	19,620,000	670,000	0	0	262,310	20,552,310	2.86	991.19	
2008	18,585,000	630,000	0	0	247,210	19,463,210	2.71	938.62	
2009	17,535,000	590,000	288,754	0	231,400	18,585,154	2.59	896.32	
2010	16,465,000	550,000	874,770	0	214,850	18,104,620	2.58	895.69	
2011	14,830,000	510,000	2,731,310	0	339,843	18,411,153	2.63	910.86	
2012	13,665,000	470,000	4,660,827	144,293	179,383	19,119,503	2.73	945.90	

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) See the schedule of Demographic and Economic Statistics on page 144 for personal income and population data.

City of Rocky River, Ohio

Special Assessment Levies, Collections and Coverage

Last Ten Years

<u>Year</u>	<u>Current Assessments</u>		<u>Ratio of Collections To Amount Due</u>	<u>Debt Service</u>		<u>Coverage</u>
	<u>Due</u>	<u>Collected(1)</u>		<u>Principal</u>	<u>Interest</u>	
2003	\$ 95,383	\$ 69,497	72.86%	\$ 35,000	\$ 43,888	1.42
2004	98,183	94,407	96.15	40,000	42,201	1.14
2005	102,359	96,101	93.88	40,000	40,263	1.20
2006	133,426	112,059	83.99	40,000	38,313	1.43
2007	165,931	123,640	74.51	40,000	36,363	1.62
2008	112,980	104,878	92.83	40,000	34,413	1.41
2009	109,663	101,345	92.42	40,000	32,425	1.40
2010	158,600	141,903	89.47	40,000	30,438	2.01
2011	218,934	160,263	73.20	40,000	28,450	2.34
2012	174,446	147,289	84.43	40,000	26,463	2.22

Source: Cuyahoga County, Ohio; County Fiscal Officer

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

City of Rocky River, Ohio

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

Last Ten Years

<u>Year</u>	<u>Population ⁽¹⁾</u>	<u>Net General Obligation Bonded Debt</u>	<u>Assessed Value</u>	<u>Ratio of Net General Bonded Debt to Assessed Value</u>	<u>Net General Bonded Debt Per Capita</u>
2003	20,735	\$ 6,695,585	\$ 658,964,762	1.02 %	\$ 322.91
2004	20,735	14,228,490	657,747,760	2.16	686.21
2005	20,735	21,938,364	657,024,990	3.34	1,058.04
2006	20,735	20,760,982	723,419,816	2.87	1,001.25
2007	20,735	19,678,785	717,880,041	2.74	949.06
2008	20,735	18,537,073	724,866,570	2.56	894.00
2009	20,735	17,592,670	693,135,430	2.54	848.45
2010	20,213	16,657,273	689,293,310	2.42	824.09
2011	20,213	14,260,841	685,503,080	2.08	705.53
2012	20,213	13,556,418	683,024,720	1.98	670.68

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

(a) 2010 Federal Census

(b) 2000 Federal Census

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

City of Rocky River, Ohio

Computation of Legal Debt Margin

Last Ten Year

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Assessed Valuation	\$ <u>658,964,762</u>	\$ <u>657,747,760</u>	\$ <u>657,024,990</u>	\$ <u>723,419,816</u>	\$ <u>717,880,041</u>	\$ <u>724,866,570</u>	\$ <u>693,135,430</u>	\$ <u>689,293,310</u>	\$ <u>685,503,080</u>	\$ <u>683,024,720</u>
Debt Limit - 10.5% of Assessed Valuation	\$ 69,191,300	\$ 69,063,515	\$ 68,987,624	\$ 75,959,081	\$ 75,377,404	\$ 76,110,990	\$ 72,779,220	\$ 72,375,798	\$ 71,977,823	\$ 71,717,596
Gross Indebtedness	7,956,234	15,728,195	23,269,111	22,107,515	20,940,271	19,827,350	18,927,473	18,424,118	18,577,694	19,275,054
Less: Debt Outside Limitation										
Special Assessment Bonds	(830,000)	(790,000)	(750,000)	(710,000)	(670,000)	(630,000)	(590,000)	(550,000)	(510,000)	(470,000)
OPWC Loans	0	0	0	0	0	0	(228,754)	(874,770)	(2,731,310)	(4,660,827)
OWDA Loans	(316,234)	(303,666)	(290,508)	(276,733)	(262,310)	(247,210)	(231,400)	(214,850)	(339,843)	(323,676)
Less: Amount Available In Debt Service Funds	<u>(114,415)</u>	<u>(406,039)</u>	<u>(290,239)</u>	<u>(359,800)</u>	<u>(329,176)</u>	<u>(413,067)</u>	<u>(284,649)</u>	<u>(127,225)</u>	<u>(735,700)</u>	<u>(264,133)</u>
Net Debt Within 10.5% Limitation	<u>6,695,585</u>	<u>14,228,490</u>	<u>21,938,364</u>	<u>20,760,982</u>	<u>19,678,785</u>	<u>18,537,073</u>	<u>17,592,670</u>	<u>16,657,273</u>	<u>14,260,841</u>	<u>13,556,418</u>
Legal Debt Margin	\$ <u>62,495,715</u>	\$ <u>54,835,025</u>	\$ <u>47,049,260</u>	\$ <u>55,198,099</u>	\$ <u>55,698,619</u>	\$ <u>57,573,917</u>	\$ <u>55,186,550</u>	\$ <u>55,718,525</u>	\$ <u>57,716,982</u>	\$ <u>58,161,178</u>
Debt Limit - 5.5% of Assessed Unvoted Value	\$ 36,243,062	\$ 36,176,127	\$ 36,136,374	\$ 39,788,090	\$ 39,483,402	\$ 39,867,661	\$ 38,122,449	\$ 37,911,132	\$ 37,702,669	\$ 37,566,360
Gross Indebtedness Authorized by Council	7,956,234	15,728,195	23,269,111	22,107,515	20,940,271	19,827,350	18,927,473	18,424,118	18,577,694	19,275,054
Less: Debt Outside Limitation	(1,146,234)	(1,093,666)	(9,368,558)	(8,995,938)	(9,617,670)	(8,228,725)	(8,057,824)	(8,293,445)	(9,871,133)	(11,370,638)
Less: Amount Available in Debt Service Funds Related to Unvoted Debt	<u>(114,415)</u>	<u>(406,039)</u>	<u>(255,283)</u>	<u>(261,837)</u>	<u>(225,486)</u>	<u>(321,603)</u>	<u>(194,019)</u>	<u>(76,937)</u>	<u>(695,009)</u>	<u>(219,222)</u>
Net Debt Within 5.5% Limitation	<u>6,695,585</u>	<u>14,228,490</u>	<u>13,645,270</u>	<u>12,849,740</u>	<u>11,097,115</u>	<u>11,227,022</u>	<u>10,675,630</u>	<u>10,053,736</u>	<u>8,011,552</u>	<u>7,685,194</u>
Unvoted Debt Margin	\$ <u>29,547,477</u>	\$ <u>21,947,637</u>	\$ <u>22,491,104</u>	\$ <u>26,938,350</u>	\$ <u>28,386,287</u>	\$ <u>28,590,639</u>	\$ <u>27,446,819</u>	\$ <u>27,857,396</u>	\$ <u>29,691,117</u>	\$ <u>29,881,166</u>

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

City of Rocky River, Ohio

Computation of Direct and Overlapping General Obligation Bonded Debt

December 31, 2012

	<u>Governmental Activities Debt Outstanding</u>	<u>Percentage Applicable to City (1)</u>	<u>Amount Applicable to City of Rocky River</u>
<u>Direct:</u>			
General Obligation Bonds	\$ 13,820,551	100.00%	\$ 13,820,551
Special Assessment Bonds	470,000	100.00	470,000
Ohio Public Works Commission Loans	4,660,827	100.00	4,660,827
Ohio Water Development Authority Loans	<u>144,293</u>	100.00	<u>144,293</u>
Total Direct Debt	<u>19,095,671</u>		<u>19,095,671</u>
<u>Overlapping:</u>			
Cuyahoga County	341,075,645	2.47	8,424,568
Greater Cleveland Regional Transit Authority	129,495,000	2.47	3,198,527
Rocky River School District	<u>51,675,629</u>	96.97	<u>50,109,857</u>
Total Overlapping	<u>522,246,274</u>		<u>61,732,952</u>
Total	<u>\$ 541,341,945</u>		<u>\$ 80,828,623</u>

Source: Cuyahoga County, Ohio; County Fiscal Officer

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

City of Rocky River, Ohio

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

Last Ten Years

<u>Year</u>	<u>Debt Service</u>	<u>General Governmental Expenditures</u>	<u>Ratio of Debt Service to Total Governmental Expenditures</u>
2003	\$ 769,349	\$ 24,410,694	3.15 %
2004	3,842,320	32,065,983	12.00
2005	1,991,643	27,272,881	7.30
2006	2,081,899	30,118,352	6.91
2007	2,060,668	33,624,031	6.13
2008	1,978,637	31,158,220	6.35
2009	1,965,242	29,856,469	6.56
2010	1,953,354	29,119,277	6.71
2011	2,625,384	31,700,028	8.28
2012	1,953,659	28,064,616	6.96

Source: City Financial Records

City of Rocky River, Ohio

Principal Employers

Current Year and Nine Years Ago

2012			
	<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
1	City of Rocky River	667	5.1%
2	Rocky River Board of Education	613	4.7
3	Riser Foods Co.	265	2.0
4	Westwood Country Club Co.	256	2.0
5	CRS Marketing Services, Inc.	236	1.8
6	Heinens Inc.	236	1.8
7	Cleveland Yacht Club Inc.	225	1.7
8	Marc Glassman Inc.	213	1.6
9	Magnificat High School	197	1.5
10	Group Management Services	155	1.2
	Total	<u>3,063</u>	<u>23.4%</u>
	Total City Employment	<u>13,085</u>	

2003			
	<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
1	Rocky River City School District	NA	NA
2	City of Rocky River	NA	NA
3	Cuyahoga County Auditor	NA	NA
4	Dawson Corp. LTD	NA	NA
5	Dawson Insurance, Inc.	NA	NA
6	Heinen's Inc.	NA	NA
7	Magnificat High School	NA	NA
8	McDonald & Company Securities	NA	NA
9	North American Benefits Network	NA	NA
10	Normandy LTD	NA	NA
	Total	<u>NA</u>	<u>NA</u>
	Total City Employment	<u>NA</u>	

Source: Central Collection Agency (CCA). Total City employment based upon estimate from the Central Collection Agency number of W-2's filed as of 2011, this is the most current information available.

NA - Information is not available

City of Rocky River, Ohio

Demographic and Economic Statistics

Last Ten Years

<u>Year</u>	<u>Population</u> ⁽¹⁾	<u>Total Personal Income</u> ⁽²⁾	<u>Per Capita Personal Income</u> ⁽¹⁾	<u>Median Household Income</u> ⁽¹⁾	<u>School Enrollment</u> ⁽³⁾	<u>Unemployment Cuyahoga County</u>
2003	20,735 b	\$ 718,737,305	\$ 34,663	\$ 51,636	2,575	6.20%
2004	20,735 b	718,737,305	34,663	51,636	2,598	6.20
2005	20,735 b	718,737,305	34,663	51,636	2,623	6.50
2006	20,735 b	718,737,305	34,663	51,636	2,640	5.60
2007	20,735 b	718,737,305	34,663	51,636	2,696	6.10
2008	20,735 b	718,737,305	34,663	51,636	2,686	7.10
2009	20,735 b	718,737,305	34,663	51,636	2,681	8.90
2010	20,213 a	700,643,219	34,663	51,636	2,644	8.60
2011	20,213 a	700,643,219	34,663	51,636	2,612	7.10
2012	20,213 a	700,643,219	34,663	51,636	2,636	6.60

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

(a) 2010 Federal Census

(b) 2000 Federal Census

Note: 2010 Personal Income and Median Household Income data not available

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

(3) Rocky River Board of Education

City of Rocky River, Ohio

Property Value and Construction

Last Ten Years

Year	Property Value (1)			Residential (2)		Commercial (2)	
	Commercial	Residential	Total	Number of Units	Value	Number of Units	Value
2003	\$ 283,572,742	\$ 1,529,923,400	\$ 1,813,496,142	18	\$ 6,195,000	3	\$ 6,843,800
2004	284,197,186	1,533,292,385	1,817,489,571	28	9,652,000	3	3,013,000
2005	280,632,371	1,542,145,771	1,822,778,142	31	11,465,275	1	5,500,000
2006	296,426,314	1,717,162,486	2,013,588,800	25	6,025,000	2	9,929,000
2007	296,814,600	1,726,021,943	2,022,836,543	2	362,000	2	14,716,134
2008	308,154,600	1,733,957,657	2,042,112,257	1	1,500,000	3	1,670,000
2009	320,690,028	1,641,433,800	1,962,123,828	6	4,034,131	1	850,000
2010	308,753,342	1,641,986,571	1,950,739,913	5	3,085,000	2	428,900
2011	299,554,771	1,639,604,971	1,939,159,742	3	1,240,000	1	1,200,000
2012	289,195,857	1,641,014,942	1,930,210,799	8	3,624,000	2	2,164,000

Sources: Cuyahoga County, Ohio - County Fiscal Officer; City Building Department

(1) Represents total estimated market value of real property, obtained from the County Fiscal Officer.

(2) Number of units (single and multi-family) include new construction only. Obtained information from City Building Department.

City of Rocky River, Ohio

Full-time Employees by Function/Program

Last Ten Years

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government:										
Mayor	1	1	1	1	1	1	1	1	1	1
Finance	4	4	3	3	3	3	3	3	3	3
Human Resources	0	0	1	1	1	1	1	1	1	1
Municipal Courts	27	27	27	27	25	26	24	29	29	24
Engineering	3	3	0	0	0	0	0	0	0	0
Building	4	4	6	6	6	6	6	6	6	6
Building Maintenance	5	5	5	5	5	5	5	5	5	5
Security of Persons and Property:										
Safety Service Director	2	2	2	2	1	2	2	2	2	2
Fire	30	30	30	30	30	30	30	30	30	30
Police	37	37	38	38	38	38	38	38	36	36
Traffic Signal	4	4	4	4	4	4	4	3	3	3
Transportation:										
Equipment Repair and Garage	7	7	7	7	8	8	8	7	7	6
Street Repair and Maintenance	13	13	13	12	14	13	12	10	9	7
Community Development:										
Community Development	2	1	1	1	1	1	1	1	1	1
Leisure Time Activities:										
Parks	4	4	4	4	4	4	4	4	4	2
Recreation Center	15	15	15	15	17	16	17	16	14	14
Public Health:										
Office on Aging	8	8	8	8	8	8	8	8	8	6
Basic Utilities Services:										
Refuse and Recycling	15	15	15	15	15	15	15	16	15	15
Total Governmental Activities:	<u>181</u>	<u>180</u>	<u>180</u>	<u>179</u>	<u>181</u>	<u>181</u>	<u>179</u>	<u>180</u>	<u>174</u>	<u>162</u>
Sanitary Sewer	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>9</u>	<u>9</u>	<u>9</u>	<u>7</u>	<u>8</u>
Total Business-Type Activities:	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>9</u>	<u>9</u>	<u>9</u>	<u>7</u>	<u>8</u>
Total Primary Government:	<u>191</u>	<u>190</u>	<u>190</u>	<u>189</u>	<u>191</u>	<u>190</u>	<u>188</u>	<u>189</u>	<u>181</u>	<u>170</u>

Source: City Records

City of Rocky River, Ohio

Operating Indicators by Function/Program

Last Ten Years

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General Government:										
Building Department:										
New Single Family Home Permits	8	12	14	11	2	1	4	5	3	8
Commercial Building/Structures										
New	3	3	1	2	2	2	1	2	1	2
Additions	22	17	27	32	19	22	13	26	11	15
Increase in Dwelling Units	18	28	31	25	2	0	17	13	9	17
Total Receipts – Building Permits	\$ 156,126	\$ 192,512	\$ 219,896	\$ 245,872	\$ 229,087	\$ 221,535	\$ 220,606	\$ 258,561	\$ 267,940	\$ 277,229
Council:										
Number of Ordinances/Resolutions	235	183	188	163	142	144	106	58	89	89
Municipal Court:										
Jurisdiction Population	120,226	120,226	120,226	120,226	120,226	120,226	120,226	120,226	118,137	118,137
Cases Filed:										
Criminal/Traffic	33,774	28,825	32,825	25,536	24,778	25,536	23,592	23,574	23,820	25,175
Civil/Small Claims	2,508	2,629	2,702	2,887	3,208	2,702	3,887	3,106	2,771	2,751
Security of Persons and Property:										
Fire Protection:										
Emergency Responses:										
Building Fire Calls	8	20	13	13	22	13	29	23	29	28
Emergency Medical Care	1,984	1,986	2,032	1,965	2,070	1,956	1,936	2,008	2,240	2,113
System Tests Witnessed:										
Commercial Kitchen	97	103	84	40	18	15	14	NA	2	13
Sprinkler	44	55	40	11	5	9	13	NA	6	8
Fire Alarm	83	94	30	30	5	18	25	NA	3	20
Standpipe	3	5	2	2	3	1	1	NA	0	0
General Inspections for Licensure	22	37	17	32	20	62	58	52	128	91

(continued)

City of Rocky River, Ohio

Operating Indicators by Function/Program (continued)

Last Ten Years

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Police Protection:										
Motor Vehicle Accidents	318	389	377	313	335	363	336	374	311	260
BAC Licensed Operators	23	24	24	23	23	23	22	24	23	20
Community Diversion Cases	171	157	266	213	216	192	240	140	167	105
Marine Patrol Boat Hours	521	567	531	534	510	520	609	922	143	449
Total Prisoners	1,244	1,107	1,080	1,053	1,097	930	972	909	901	911
Miles Patrolled	247,380	330,032	265,671	239,422	278,363	272,326	256,645	250,625	251,262	NA
Transportation:										
Safety Service:										
Snowfall in Inches [1]	95.7	91.2	117.9	50.6	76.5	77.2	79.7	63.1	59.8	63.3
Road Salt Purchased (tons)	5,700	4,000	5,600	3,200	4,500	4,800	4,000	4,800	4,800	NA
Cold Patch Purchased (tons)	36	29	74	25	64	NA	25	NA	NA	NA
Trees Planted	95	109	214	351	224	270	89	92	89	37
Trees Removed	52	78	117	43	64	100	47	43	123	43
Leisure Time Activities:										
Recreation Center:										
Summer Camp – Recreation	525	624	590	557	573	532	476	450	457	395
Summer Camp – Sports	632	529	474	542	626	572	453	518	832	901
Concert Attendance	1,500	2,200	2,800	2,400	3,300	1,850	3,500	NA	NA	1,750
Outdoor Pool Attendance	28,931	25,651	60,273	51,376	56,518	43,955	32,721	46,697	45,000	NA
Civic Center Daily Member Log-ins[2]	NA	NA	NA	NA	15,394	142,017	150,106	168,020	122,774	NA
Basic Utilities Service:										
Refuse Collection:										
Refuse Truck Collections (tons)	8,799	8,761	8,546	8,219	7,739	9,823	9,093	8,853	8,920	8,790
Blue Bag Collections (tons)	293	278	272	284	295	255	337	375	378	390
Leaf Collections (tons)	1,177	NA	1,134	1,384	1,666	1,481	1,287	1,288	1,097	1,140
Paper Collections (tons)	549	493	438	380	308	240	195	155	98	79
Cardboard Collections (tons)	157	177	167	161	158	183	183	173	174	189

(continued)

City of Rocky River, Ohio

Operating Indicators by Function/Program (continued)

Last Ten Years

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Public Health Services:										
Senior Center:										
Volunteers	176	155	148	154	147	150	150	158	171	183
Volunteer Hours	10,630	10,150	10,280	11,676	12,647	12,910	12,910	15,352	15,352	15,832
Senior Transportation Trips	8,713	8,549	9,551	7,932	7,308	7,958	8,578	8,178	8,156	7,772
Lunches Served	10,255	11,443	12,985	13,244	14,016	14,778	15,825	16,612	18,085	NA
Gift Shop Sales	\$ 50,865	\$ 48,299	\$ 50,904	\$ 56,520	\$ 54,421	\$ 57,662	\$ 52,169	\$ 63,152	\$ 59,666	\$ 53,100
90 and Over Luncheon Attendees	NA	NA	NA	130	166	160	250	186	128	NA
Flu and Pneumonia shots	378	509	872	869	691	706	572	436	436	270
Sanitary Sewer:										
Quantity and Strength Percent of Wastewater Treatment Plant	28.35	28.35	28.35	29.53	29.53	29.40	29.40	25.43	25.43	25.43

Source: City Records

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

[2] – The Civic Center opened in September 2007

NA – Information is not available

City of Rocky River, Ohio

Capital Asset Statistics by Function/Program

Last Ten Years

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General Government:										
Other Departmental Vehicles	9	9	10	10	10	10	10	10	10	10
Square Footage of Building	44,370	44,370	44,370	44,370	44,370	44,370	44,370	44,370	44,370	44,370
Miles of Storm Sewer	90	90	90	90	90	90	90	90	90	90
Security of Persons and Property:										
Fire Protection:										
Number of Stations	1	1	1	1	1	1	1	1	1	1
Number of Vehicles	9	9	9	9	10	10	10	10	10	10
Square Footage of Fire Station	10,088	10,088	10,088	10,088	10,088	10,088	10,088	10,088	10,088	10,088
Number of Fire Hydrants	1,093	1,093	1,093	993	1,003	1,003	1,003	1,041	1,041	1,041
Police Protection:										
Number of Stations	1	1	1	1	1	1	1	1	1	1
Number of Vehicles	24	24	24	24	25	25	25	25	25	25
Marine Patrol Boat	1	1	1	1	1	1	1	1	1	1
Canine Unit(s)	1	1	2	2	2	2	2	2	2	2
Square Footage of Police Station	9,672	9,672	9,672	9,672	9,672	9,672	9,672	9,672	9,672	9,672
Number of Street Lights	1,813	1,813	1,813	1,813	1,813	1,813	1,813	1,813	1,813	1,813
Transportation:										
Number of Vehicles	31	31	31	31	31	31	31	31	31	31
Square Footage of Service Building	52,198	52,198	52,198	52,198	52,198	52,198	52,198	52,198	52,198	52,198
Miles of Streets	60.49	60.49	60.49	60.49	60.49	60.49	60.49	60.49	60.49	60.49
Leisure Time Activities:										
Recreation and Culture:										
Number of Parks	8	8	9	9	9	9	9	9	9	9
Acres of Parks	105	105	106	106	106	106	106	106	106	106
Number of Vehicles	10	10	10	10	10	10	10	10	10	10
Square Footage of Recreation Facilities	42,379	42,379	42,379	42,379	84,379	84,379	84,379	84,379	84,379	81,379
Miles of Shoreline	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0

(continued)

City of Rocky River, Ohio

Capital Asset Statistics by Function/Program (continued)

Last Ten Years

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Basic Utilities Service:										
Refuse Collection:										
Refuse Vehicles	24	24	24	24	24	24	24	24	24	24
Transit Scooters	20	20	20	20	20	20	19	19	17	12
Transfer Station	1	1	1	1	1	1	1	1	1	1
Public Health Services:										
Senior Transportation:										
Number of Vehicles	6	6	6	6	6	6	6	5	5	5
Square Footage of Senior Center	20,012	20,012	20,012	20,012	20,012	20,012	20,012	20,012	20,012	20,012
Sewers:										
Miles of Sanitary Sewers	90	90	90	90	90	90	90	90	90	90
Number of Vehicles	8	8	8	8	8	8	8	8	8	8
Number of Sanitary Sewer Accounts	7,087	7,087	7,094	7,091	7,018	7,091	7,038	7,038	7,043	6,806

Source: City Records

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

For the Year Ended December 31, 2012

City of Rocky River, Ohio

For the Year Ended December 31, 2012

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

Members of the City Council
Rocky River, Ohio

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rocky River, Ohio (the "City"), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 26, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

Members of the City Council
Rocky River, Ohio

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ciuni & Panichi, Inc.

Cleveland, Ohio
June 26, 2013

City of Rocky River, Ohio

Schedule of Findings

For the Year Ended December 31, 2013

1. Summary of Auditor's Results

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

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

None

City of Rocky River, Ohio

Schedule of Prior Audit Findings

For the Year Ended December 31, 2012

Finding No.	Finding Summary	Fully Corrected	Explanation
2011-1	Capital asset management system	No	Partially corrected. The City is in process of updating the capital asset management system. Reissued in the Management Letter.

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Dave Yost • Auditor of State

CITY OF ROCKY RIVER

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 17, 2013**