

Dave Yost • Auditor of State

CITY OF INDEPENDENCE
CUYAHOGA COUNTY

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Dave Yost • Auditor of State

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

City of Independence
Cuyahoga County
6800 Brecksville Rd.
Independence, Ohio 44131

To the City Council:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Independence, Cuyahoga County, Ohio (the City) as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated September 16, 2011, where in we noted the City restated the December 31, 2009 fund balances of the General Fund and Other Governmental Funds to properly account for the court program fees activity by the City. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

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

We also noted certain matters not requiring inclusion in this report that we reported to the City's management in a separate letter dated September 16, 2011.

We intend this report solely for the information and use of management, the audit committee, City Council, and others within the City. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

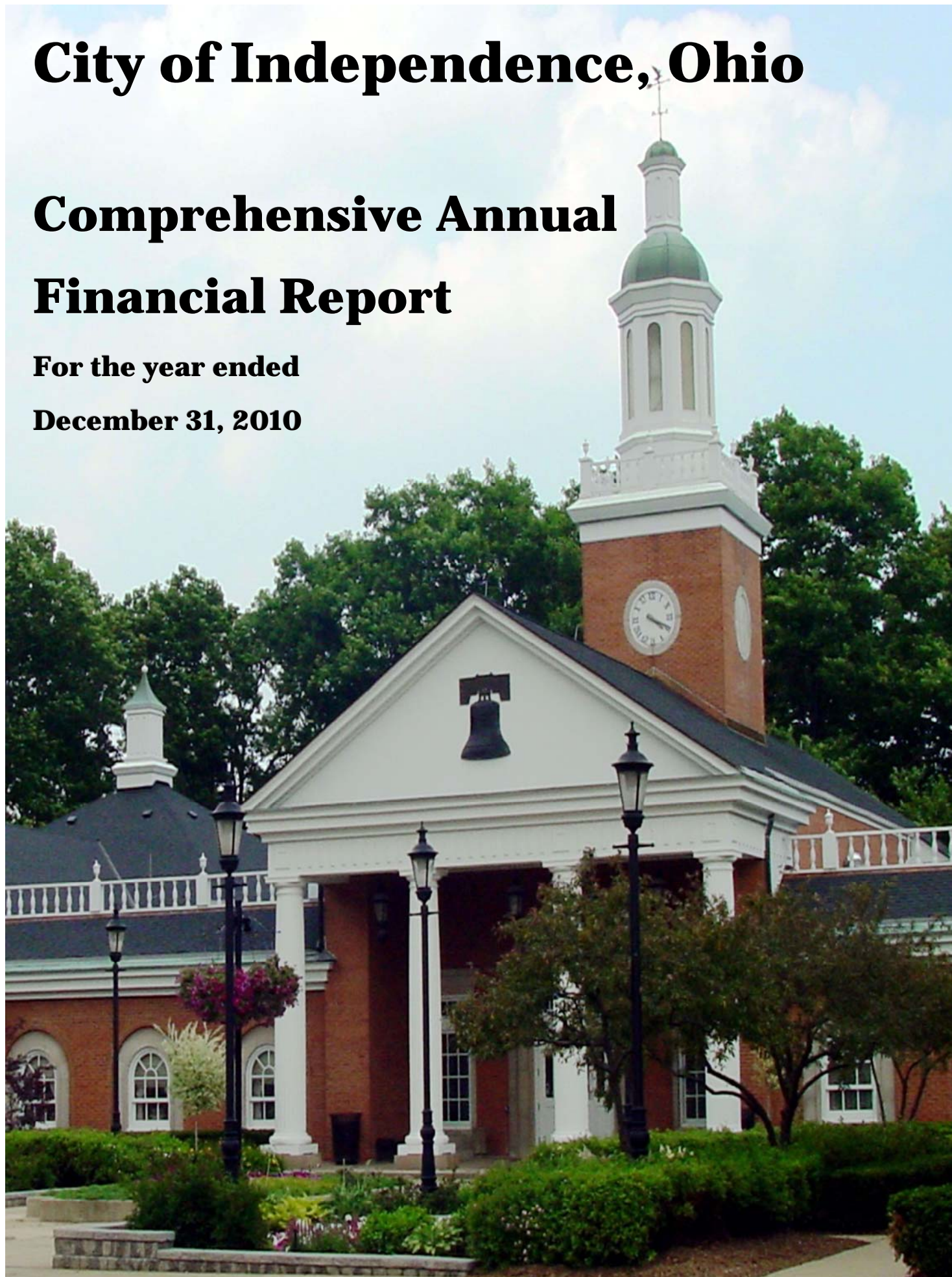
September 16, 2011

City of Independence, Ohio

Comprehensive Annual Financial Report

For the year ended

December 31, 2010



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Introductory Section



CITY OF INDEPENDENCE, OHIO

COMPREHENSIVE

ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2010

John M. Veres, CPA, CPFA
Finance Director

Prepared by the City Finance Department

City of Independence, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2010
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City of Independence, Ohio

"THE HEART OF CUYAHOGA COUNTY"

6800 BRECKSVILLE ROAD

INDEPENDENCE, OHIO 44131

(216) 524-4131

September 16, 2011

Honorable Citizens of Independence
and Members of City Council
Independence, Ohio

This report enables the City to comply with Ohio Administrative Code Section 117-2-03 (B), which requires reporting on a GAAP (Generally Accepted Accounting Principles) basis, and Ohio Revised Code Section 117.38 which requires the cities reporting on a GAAP basis to file an annual report with the Auditor of State within 150 days of year end.

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

State statutes require the City to be subjected to an annual examination by the Auditor of State. The Auditor of State's office rendered opinions on the City's financial statements as of December 31, 2010, and the Independent Accountants' Report on the basic financial statements is included in the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent accountant's report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the City

In 1814, the Township of Independence was named. Independence was then incorporated in 1914 and became a City on November 12, 1960. The commerce of the community was initially built around farming and sandstone quarrying. Most of the sandstone was loaded onto barges in the nearby Ohio & Erie Canal headed for downtown Cleveland to build many of the buildings in the City.

The current population is estimated to be 7,133 (as of the 2010 Census) indicating a comfortable average of approximately 710 persons per square mile in this City of 9.73 square miles (6,138.3 acres). Independence has the lowest property tax rate of any city in Cuyahoga County. The 2009 rate paid in 2010 is \$2.60 per one thousand dollars of assessed valuation (as of 1/1/09). The 2009 rate for Cleveland, for example, is \$10.24.

The City Hall and Police Facility was dedicated in 1982, and the Fire Station was dedicated in 1995. The Fire Station and equipment are manned by 23 full-time firefighters, all of whom are trained paramedics, and 8 part-time firefighters, 6 of whom are trained paramedics. There are 32 full-time and 3 part-time police officers on the staff of the Police Department.

The City is a home-rule municipal corporation operating under the laws of the State of Ohio. The City's current charter, its municipal constitution, has been amended seven times since its original adoption on November 4, 1958. The laws of the State of Ohio prevail when conflicts exist between the charter and the state constitution and in matters where the charter is silent. The Charter provides for a "Mayor-Council" form of government. The City's charter can only be amended by a majority vote.

According to the Charter, the City of Independence's Chief Executive Officer is the Mayor who is elected by the voters for a four-year term to begin on the first day of January following the election. No person shall serve as Mayor for more than two (2) consecutive terms of office. The Mayor appoints, subject to the approval of Council, the Law Director, the Fire Chief, and Police Chief. He appoints all of the Directors to the City's Departments with the exception of the Director of Finance and the Clerk of Council. He serves as the conservator of the peace, and is responsible to the electors for enforcement of all laws and ordinances. The Mayor executes on behalf of the municipality all contracts, conveyances, and all other instruments to which the municipality is a party. The mayor is the official and ceremonial head of the City and shall receive all civil processes in any action wherein the municipality is a party. He also serves as the Safety Director and presides over Mayor's Court.

The Director of Finance is elected for a four-year term to begin on the first day of January following the election. He shall be bonded for the faithful performance of his duties before taking office. The amount of such bond shall be set by Council. The Director of Finance shall hold a bachelors degree from an accredited college or university and have had at least five (5) years experience in accounting or finance.

Legislative authority is vested in a seven-member Council who are elected at-large. Council members are elected for two-year terms through a non-partisan election process and can serve for five (5) consecutive terms. Their term of office begins January 1.

The Chief of Police and Fire Chief are appointed by the Mayor with the consent of a majority of the members elected to the Council. The Council fixes a range of compensation of each officer, employee and member of any board or commission of the City. The compensation of the Mayor, Director of Finance and Council shall be fixed not less than one hundred twenty (120) days prior to the term next beginning.

The Law Director and the Service Director are appointed by the Mayor with the consent of a majority of the members elected to the Council. The Mayor appoints the three members of the City's Civil Service Commission with the approval of a majority of the members elected to Council. The Council fixes a range of compensation of City officials and employees, and enacts legislation in the form of ordinances and resolutions relative to City services, tax levies, appropriating and borrowing monies, and other municipal purposes.

The Council is required to adopt a permanent appropriation measure within ninety days of the beginning of the year covered by such ordinance. The annual budget serves as the foundation for the City's financial planning and control.

Local Economy

From the beginning, Independence has become the most strategically located industrial, commercial and residential area in the County. It is a developing Cleveland suburb and continues to expand due primarily to the junction of major interstates (I-77 and I-480). Employees can conveniently get to work either by car or bus. Bus service is provided by the Regional Transit Authority.

Independence is centrally located 8 miles south of Cleveland. The northern part of the City of Independence, known as the Rockside Road area, has the largest road network in Northern Ohio. Interstate-77 (the route to Columbia, South Carolina from Cleveland) intersects with Interstate-480, which is the outer belt south highway, connecting the east with the west across the County. Interstate-480 connects with Interstate-271 to the east and Interstate-71 to the west. The Ohio Turnpike connection is 10 miles south by Interstate-77 and Cleveland Hopkins Airport is 12 miles west off Interstate-480.

There are also many fine restaurants (over 35 of them to choose from), motels and hotels (12 of them with 1,884 available rooms) located within the City – Comfort Inn, Courtyard by Marriott, Days Inn, Doubletree, Embassy Suites, Hampton Inn and Suites, Holiday Inn, Hyatt Place, LaQuinta, Red Roof Inns, Residence Inn by Marriott, and the Crowne Plaza, all with convenient access to the interstates.

Some of the larger prestigious businesses, of over 1,300 businesses, that have chosen to locate in Independence, are the Cleveland Clinic Foundation, Kichler Lighting, Cleveland Cavaliers NBA Basketball Team “Cleveland Clinic Courts” practice facility, Travelers Insurance, Farmers Insurance, Alcoa, CBIZ, Ferro Corp., ADP, Revol Communications, Avtron Aerospace, Independence Excavating, Novar Controls-Honeywell International, Inc., CSA International and OnSpex, Wegman, Hessler, & Vanderburg, Hylant Group, Dayton Heidelberg Distributing, Fedeli Group, Inc., Ohio College of Podiatric Medicine, All Erection Crane Rental Co., Goodrich, and Oracle.

Even though the population of home residents is relatively small (7,133 as of the 2010 Census), the commercial residents balloon to a 23,000-25,000 sit-down population during the daytime, and when you include the vendor, customer, client, patient, and flow-through activity during the daytime, the commercial population can reach 35,000-40,000.

Major Initiatives

A former Lincoln/Mercury dealership is being redeveloped into a retail site that includes a new stand-alone Key Bank branch, a Panera Bread, DiBella’s Subs, and a Melt Bar and Grilled, along with a few other stores or shops.

The current development of an addition to the Independence Technology Center will potentially increase the size of the facility by 138,000 square feet and increase the population of the facility by 800-1,000 Cleveland Clinic Patient Finance Division employees once completed in 2011. The intersection of Selig Drive / Brecksville Road is being realigned and upgraded in conjunction with this project.

The City continued its commitment to fund infrastructure projects. These projects include road resurfacing, curbs, gutters, sidewalks, landscaping, water and sanitary sewer lines. The infrastructure of the City is well maintained and this is typified by the completion of the resurfacing of Chestnut Road, the resurfacing of Pleasant Valley Road from Brecksville Road west to our terminus, and the intersection upgrade at Brecksville Road and Pleasant Valley Road.

The City, driven by the Director of Finance, has aggressively pursued the use of Tax Increment Financing (TIF Financing) as an economic development tool. The City currently has 11 areas designated as TIF Financing districts and most recently used TIF Financing to help attract the Cleveland Cavaliers practice facility, along with the expansion of the Independence Technology Center.

Long-term Planning

In 2003 the City's Administration and Council created a Planned Capital Purchase Program with the passage of Ordinance 2003-26. The purpose of the program is to allow Council to appropriate for and encumber funds over a number of years for large capital purchases; purchase orders generated for these planned capital purchases will remain open until the year of acquisition.

In 2008 the City's Administration and Council expanded this program and created the first ever Five-Year Capital Plan. The plan was discussed and debated at length throughout the year and the completed plan was presented to Council on October 31st. The Five-Year Capital Plan will be reviewed annually and the first year in the plan will be a part of the current year's appropriation.

Included in the five-year plan is a schedule of department capital improvements such as vehicle and equipment needs along with building improvements and land acquisition. Infrastructure improvements included are categorized as major street, sanitary sewer, storm sewer and sidewalk projects.

Having the Five-Year Capital Plan in place is very beneficial because it creates the need to think strategically and long-term. It also changes the vision of planning from one year at a time to looking five years into the future while considering how to pay for the improvements now and in the future.

Relevant Financial Policies

The City has been able to maintain a plan to minimize its debt. Since 2000 the City has been able to reduce its short-term debt from \$15,850,000 to \$1,100,000 while paying \$6,700,000 in cash for two large capital improvement projects.

In 2003 the City was presented with the opportunity to become a partner with Cuyahoga County in the Rockside Road widening project that had been in the works since the early 1980's. By using Tax Increment Financing for the infrastructure improvements, the Director of Finance felt the additional funds would pay for the project costs, including interest, in full over the 30 years allotted under the TIF program.

The City borrowed \$8,800,000 for Phase I of the project in 2003 and \$5,800,000 in 2005 for Phase II of the project. In 2010 the City collected \$1,058,254 in additional TIF revenue which represented 108 percent of the debt service for the TIF borrowings.

The City's total debt reached \$39,902,500 at December 31, 2005. A concentrated effort was made from that point forward to continue to reduce the City's total debt annually. By December 31, 2010 the City's total debt was \$31,458,685.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting for a Comprehensive Annual Financial Report. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government reports.

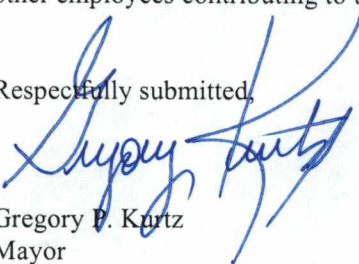
Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Independence for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2009. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized comprehensive annual financial report that satisfied both generally accepted accounting principles (GAAP) and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

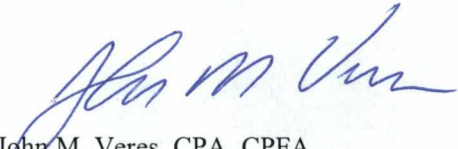
We would like to thank the Members of Council for their support in striving for excellence in financial reporting and disclosure. We also would like to thank the staff from the Local Government Services Section with the Auditor of State for their help in preparing the GASB 34 statements and our Comprehensive Annual Financial Report. They were helpful, cooperative, professional, and efficient and their assistance was extremely valuable.

This Comprehensive Annual Financial Report was prepared by the Finance Department with the efficient and dedicated service of its entire staff. I express my appreciation to each of them and too many of the City's other employees contributing to this effort.

Respectfully submitted,



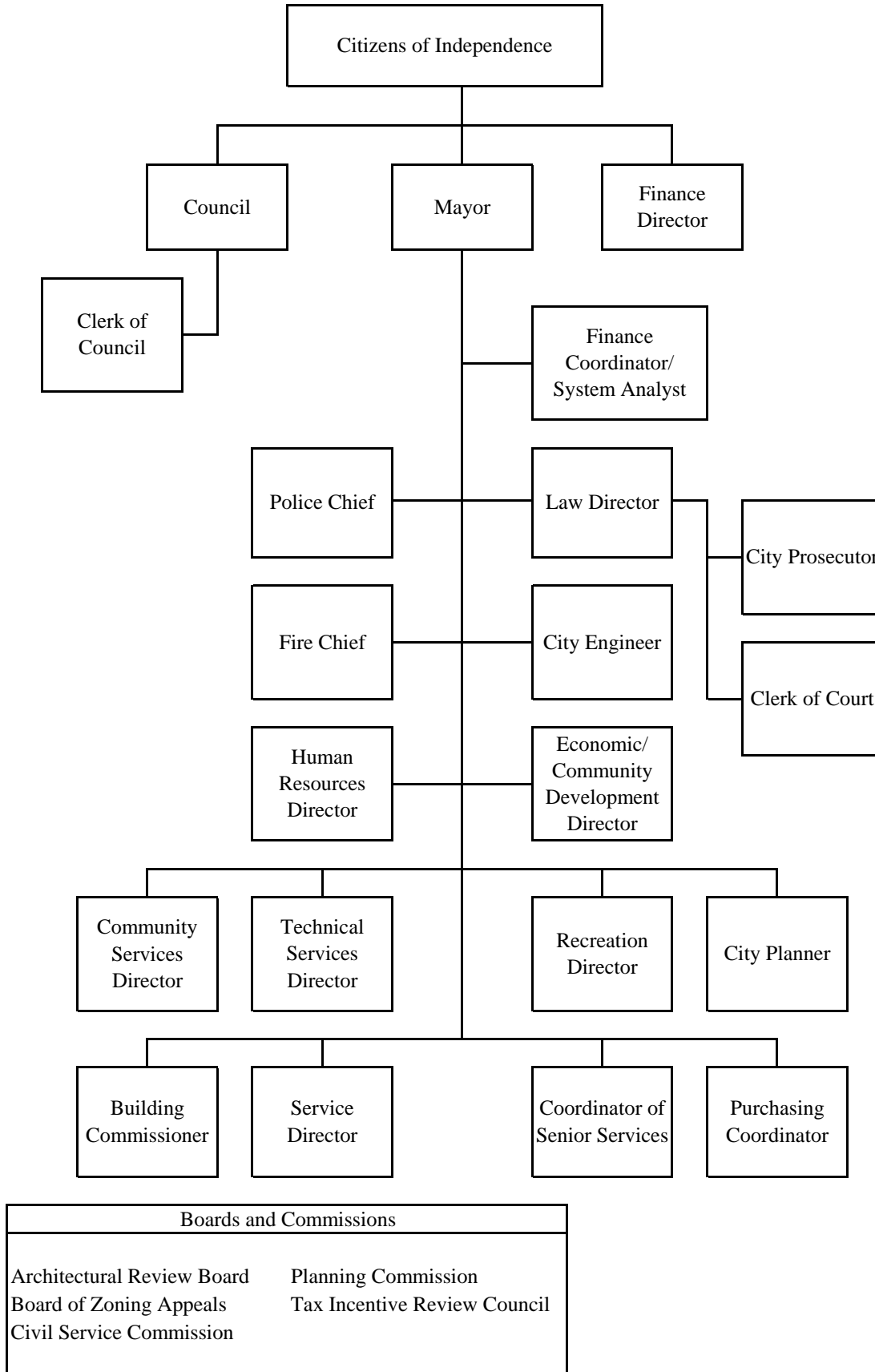
Gregory P. Kurtz
Mayor



John M. Veres, CPA, CPFA
Director of Finance

City of Independence

Organizational Chart



City of Independence, Ohio

List of Principal Officials

December 31, 2010

Elected Officials

Mayor.....Gregory P. Kurtz
Finance Director..... John M. Veres, CPA, CPFA
Vice Mayor Anthony Togliatti
Council MemberJames Riley
Council MemberJames F. Crooks
Council Member Carl Asseff
Council Member Patricia Wisnieski
Council Member James Piteo
Council Member Anthony Togliatti
Council Member Thomas Narduzzi

Appointed Officials

Clerk of Council..... Sue Kurshuk
Director of Law/Prosecutor..... Greg O'Brien
City Prosecutor..... William Doyle

Administration

Human Resources Director Joseph T. Lubin
Finance Coordinator/Systems Analyst..... Vernon Blaze
Technical Services Director..... Tom Avsec
Community Services Director..... Natalie Buc
Police Chief..... John Nicastro, Jr.
City Engineer Don Ramm
City Planner Jeffrey S. Markley
Coordinator of Senior Services Kathleen Kapusta
Recreation Director Ed Kostyack
Fire Chief Peter J. Nelson
Building Commissioner Carl Opatrny
Service Director David Snyderburn
Community/Economic Development Director Ron White
Purchasing Coordinator Robert Williams
Clerk of Court Angela T. Zeleznik

Certificate of Achievement for Excellence in Financial Reporting

Presented to

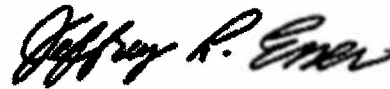
City of Independence
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2009

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



President



Executive Director

Financial Section



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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

City of Independence
Cuyahoga County
6800 Brecksville Road
Independence, Ohio 44131

To the City Council:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Independence, Cuyahoga County, Ohio (the City), as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Independence, Cuyahoga County, Ohio, as of December 31, 2010, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As more fully described in Note 3, the December 31, 2009 fund balances of the General Fund and Other Governmental funds were restated to properly account for the court program fees activity by the City.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2011, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential 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 other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the City's basic financial statements taken as a whole. The introductory section, the financial section's combining statements, individual fund statements and schedules, and the statistical section information provide additional analysis and are not a required part of the basic financial statements. The financial section's combining statements, individual fund statements and schedules are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These statements and schedules were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.



Dave Yost
Auditor of State

September 16, 2011

City of Independence, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

The discussion and analysis of the City of Independence's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2010. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers are encouraged to consider the information presented here in conjunction with the transmittal letter, the basic financial statements, and the accompanying notes to those financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2010 are as follows:

- ❖ The City remains vigilant and department heads and employees work together to find ways to create more efficiency to ensure that the City's Mission *"To provide essential services and to enhance the quality of community life in the most economic and efficient manner possible"* is carried out and implemented each and every day.
- ❖ 2010 saw the acquisition of a new automated rubbish truck and the introduction of the automated rubbish collection system. This was done at no cost to the residents for either the service or the containers. The new collection system is proving to be more efficient and safer for City workers. The City is currently researching purchasing another automated truck to pick up recyclable items. To further the City's efforts in going "green", the Service department installed a new solar roof lighting system at the service garage.
- ❖ The City has established several tax incremental financing (TIF) districts within the City under which the City has granted property tax exemptions and agreed to construct certain public infrastructure improvements. A taxpayer whose operations are located within the TIF districts continues to make payments to the jurisdiction in an amount equal to the real property tax liability that otherwise would have been due had the property not been exempted; however, the portion of the property tax on the incremental increase in value that would have went to the County comes to the City to help pay for those public infrastructure improvements. During 2010, the City saw the collection of the Chestnut Woods II TIF district as well as an increase in payments from the other TIF districts. Since the inception of these districts, the City has received over \$4 million in payments in lieu of taxes (PILOTs) on a cash basis.
- ❖ The City issued \$1,800,000 in general obligation notes for the Selig Drive intersection project. The intersection at Selig Drive and Brecksville Road and the ITC facility driveway is being upgraded and re-aligned to safely accommodate significant vehicular traffic due to the additional 800 to 1,000 new Cleveland Clinic jobs scheduled to come to the ITC facility. This note will be repaid with PILOT revenues.

Using this Annual Financial Report

This annual report consists of a series of financial statements some of which focus on the City as a whole (government-wide) and some of which focus on the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden the basis for comparison (year to year or government to government) and enhance the City's accountability.

The statement of Net Assets and Statement of Activities provides information about the activities of the City as a whole, presenting both an aggregate view of the City's finances and a longer-term view of those assets.

City of Independence, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

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 Independence as a Whole

Statement of Net Assets and the Statement of Activities

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

From the Statement of Net Assets, you can determine what the City's current financial position is by subtracting total liabilities (what the City owes) from total assets (what the City owns). Over time, increases or decreases in the City's net assets are one indicator of whether the City's financial health is improving or deteriorating. From the Statement of Activities, you can determine what the cost of governmental services are and how much of that cost is financed by taxpayers, where the City gets its money from and how it is used, whether the City is better or worse off financially and why, and will the City be able to finance services in the future. To assess the overall health of the City, other non-financial factors such as changes in the City's property tax base, income tax base, and the condition of the City's capital assets also should be considered.

Reporting on the Most Significant Funds of the City of Independence

Fund Financial Statements

The fund financial statements, which begin on page 14, provide detailed information about the City's major funds and include the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances. These statements tell how City services charged to major funds were financed in the short-term as well as what remains for future spending. For the City of Independence, the most significant governmental funds are the General fund, Quadrant Tax Increment Financing (TIF) debt service fund and Capital Improvements capital projects fund.

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

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The City of Independence as a Whole

Statement of Net Assets

As noted earlier, the Statement of Net Assets looks at the City as a whole and can prove to be a useful indicator of the City's financial position. Table 1 provides a summary of the City's net assets for 2010 and 2009.

Table 1
Net Assets

	2010	2009	Change
Assets			
Current and Other Assets	\$22,545,399	\$22,473,044	\$72,355
Capital Assets, Net	90,254,089	90,771,550	(517,461)
Total Assets	112,799,488	113,244,594	(445,106)
Liabilities			
Current and Other Liabilities	4,781,791	4,949,592	(167,801)
Long Term Liabilities			
Due Within One Year	1,911,515	1,759,414	152,101
Due in More than One Year	30,376,179	31,138,793	(762,614)
Total Liabilities	37,069,485	37,847,799	(778,314)
Net Assets			
Invested in Capital Assets,			
Net of Related Debt	60,224,288	58,812,856	1,411,432
Restricted:			
Capital Projects	5,771,584	5,682,081	89,503
State Highway	47,440	160,172	(112,732)
Street Construction, Maintenance and Repair	417,443	370,883	46,560
Other Purposes	715,595	729,207	(13,612)
Unrestricted	8,553,653	9,641,596	(1,087,943)
Total Net Assets	\$75,730,003	\$75,396,795	\$333,208

As one can see from the \$333,208 increase in overall net assets, the City continues to manage spending in these extremely challenging economic times while providing essential services and enhancing the quality of community life. Further details of the changes in net assets between 2010 and 2009 can be observed in Table 2.

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Table 2
Changes in Net Assets

	2010	2009	Change
Revenues			
Program Revenues			
Charges for Services and Sales	\$1,953,218	\$1,396,805	\$556,413
Operating Grants and Contributions	503,565	471,385	32,180
Capital Grants and Assessments	126,493	161,639	(35,146)
<i>Total Program Revenues</i>	<u>2,583,276</u>	<u>2,029,829</u>	<u>553,447</u>
General Revenues			
Taxes	2,047,748	2,678,627	(630,879)
Municipal Income Taxes	21,115,584	23,982,611	(2,867,027)
Grant and Entitlements, Not Restricted to Specific Programs	1,298,566	789,889	508,677
Payments in Lieu of Taxes	1,279,283	669,941	609,342
Investment Income	120,620	143,810	(23,190)
Miscellaneous	469,722	455,977	13,745
<i>Total General Revenues</i>	<u>26,331,523</u>	<u>28,720,855</u>	<u>(2,389,332)</u>
<i>Total Revenues</i>	<u>28,914,799</u>	<u>30,750,684</u>	<u>(1,835,885)</u>
Program Expenses			
General Government	8,438,678	7,220,679	1,217,999
Security of Persons and Property	8,589,758	8,391,597	198,161
Public Health and Welfare	92,233	86,508	5,725
Leisure Time Activities	3,290,294	3,236,299	53,995
Community Environment	2,297,512	2,193,992	103,520
Basic Utility Services	899,624	735,732	163,892
Transportation	3,748,132	4,375,394	(627,262)
Interest and Fiscal Charges	1,225,360	1,279,989	(54,629)
<i>Total Expenses</i>	<u>28,581,591</u>	<u>27,520,190</u>	<u>1,061,401</u>
<i>Increase in Net Assets</i>	333,208	3,230,494	(2,897,286)
<i>Net Assets Beginning of Year</i>	<u>75,396,795</u>	<u>72,166,301</u>	<u>3,230,494</u>
<i>Net Assets End of Year</i>	<u><u>\$75,730,003</u></u>	<u><u>\$75,396,795</u></u>	<u><u>\$333,208</u></u>

Governmental Activities

Several revenue sources fund our governmental activities with income tax revenue being the largest source. The City levies a municipal income tax of 2 percent on all income earned within the City as well as on income of residents earned outside of the City. In the latter case, the City allows a credit of 100 percent, up to 2 percent, on the income earned outside of the City and paid to another municipality.

The City's strong commercial employment tax base has provided for a consistent level of withholding tax collections. This strong base has enabled the City to enjoy increased collections during economically strong periods, while at the same time maintaining fairly level collections during economic downturns. The City's

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income tax base remains diversified in that the City is not reliant upon one taxpayer. This helps in giving the City stability in its budgeting process, knowing that the City's revenue stream will not be adversely affected by the loss of a major employer. During 2010, the process was started to redevelop a former Lincoln/Mercury dealership into a retail site (Liberty Commons) that will include a new stand-alone Key Bank branch, a Panera Bread, DiBella's Subs and a Melt Bar and Grilled along with a few of other stores or shops. Several businesses have also chosen to relocate to the City. These include SIRVA, LifeLine Screening, Novolyte and Avtron's fabrication division.

The City carefully invests its cash and cash equivalents in a variety of investment types with the primary focus being safety of principal, but with an attention to investment opportunities to increase yield. The City pays close attention to daily interest rates and long-term financial trends. 2010's interest revenue is \$23,190 less than 2009's and is a direct result of the historically low interest rates industry wide.

In an effort to curb the rising costs of healthcare, the City has established a City-wide Joint Medical/Hospitalization Committee. The Committee is comprised of one representative from each bargaining units, four non-bargaining representatives from other City departments and one representative from Council. The goal of the Committee is to promote cost containment and minimize contributions by employees. The City has also teamed up with the Cleveland Clinic in starting a wellness initiative for City employees.

Management continues to diligently plan expenses, staying carefully within the City's revenues. The City actively seeks grants in order to maintain and improve the services the City residents expect while still controlling expenses. The City is ever cognizant of needs versus wants.

The following schedule presents a summary of governmental activity expenses and the net cost of providing these services (excluding general revenues).

	Governmental Activities			
	Total Cost of Services		Net Cost of Services	
	2010	2009	2010	2009
General Government	\$8,438,678	\$7,220,679	\$7,980,187	\$6,764,333
Security of Persons and Property	8,589,758	8,391,597	7,928,811	7,937,254
Public Health and Welfare	92,233	86,508	63,142	50,893
Leisure Time Activities	3,290,294	3,236,299	2,745,875	2,768,586
Community Environment	2,297,512	2,193,992	2,132,539	2,093,849
Basic Utility Services	899,624	735,732	860,911	709,192
Transportation	3,748,132	4,375,394	3,061,490	3,886,265
Interest and Fiscal Charges	1,225,360	1,279,989	1,225,360	1,279,989
Total Expenses	\$28,581,591	\$27,520,190	\$25,998,315	\$25,490,361

City of Independence, Ohio
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The City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of expendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the City's net resources available for spending at the end of the year.

As of the end of the 2010, the City's governmental funds reported a positive combined ending fund balance. Unreserved fund balance is available for appropriation at the City's discretion within certain legal constraints and purpose restrictions. The remainder of the fund balance is reserved to indicate that it is not available for new spending.

As reflected in the increase in the general fund balance, the City was able to provide the services that the City residents expect while controlling the costs of providing those services. The City continues to put a premium on City services without reducing the City's workforce. In order to keep this premium on jobs, the City has cut back on overtime and asked employees to do more with less while not compromising services. The City has also negotiated a wage freeze with all five unions in 2011. The City's dedicated public servants strive to keep the City of Independence among the finest in Northeast Ohio.

The quadrant tax increment financing (TIF) debt service fund continues to collect service payments and make annual debt payments on the bonds. The negative balance reflected in the Quadrant TIF fund is a result of interfund borrowing to temporarily provide funding.

The capital improvements capital projects fund had a decrease in fund balance due to the issuance of general purpose bond anticipation notes.

Other governmental funds had an increase in fund balance. The City continues to seek out and utilize grant monies, though there was a reduction in intergovernmental revenues which was partially offset by a decrease in total expenditures.

General Fund Budgeting Highlights

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund. The legal level of budgetary control for the City is at the department and object level for the general fund. Any budgetary modifications at this level may only be made by ordinance of City Council. City policy permits fund transfers within control levels with the approval of the Director of Finance. During the course of 2010, the City amended its general fund budget several times. In addition to day-to-day budget monitoring, the Director of Finance closely examines the budget with the preparation of the monthly financial statements and quarterly budget analysis reports.

Actual revenues received were higher than certification primarily due to conservative estimates in property tax and intergovernmental revenues. Actual expenditures were less than appropriations due mainly to the diligence of management to keep costs low. City Council has taken a proactive stance on budgeting by requiring that permanent appropriations be submitted and approved prior to the start of the year. This enables the administration to better plan for the upcoming year.

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Capital Assets and Debt Administration

Capital Assets

Each year the Mayor, Director of Finance, Council and Service Director review the condition of the City's infrastructure and determine what work needs to be completed. The projects are then prioritized and submitted to Council. During the budget process, the Mayor, Director of Finance and Council determine which projects will be budgeted for the following year.

The City continues to work through their five year capital asset replacement plan. In 2010, the City purchased the automated rubbish truck as well as equipment for City's various departments. The City also resurfaced Chestnut Drive. See Note 11 to the basic financial statements for more information regarding the City's capital assets. Table 4 compares capital assets as of December 31, 2010 to balances at December 31, 2009.

Table 4
Capital Assets at December 31
(Net of Depreciation)

	2010	2009
Land	\$16,923,611	\$16,609,831
Construction in Progress	723,096	107,263
Buildings and Improvements	29,050,055	29,788,036
Machinery and Equipment	1,389,536	1,164,613
Furniture and Fixtures	189,217	231,098
Vehicles	2,540,543	2,281,232
Infrastructure	39,438,031	40,589,477
<i>Total</i>	\$90,254,089	\$90,771,550

Debt

Table 5 summarizes outstanding long-term debt at December 31, 2010 compared to December 31, 2009.

Table 5
Outstanding Long-Term Debt at Year End

	2010	2009
Special Assessment Bonds	\$522,222	\$554,074
Various Improvement Notes	6,614,681	5,901,889
OPWC Loan	23,685	30,452
Police and Fire Pension Liability	59,874	63,660
OPERS Liability	114,704	114,704
General Obligation Bonds	23,983,905	25,439,723
<i>Total</i>	\$31,319,071	\$32,104,502

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The City's overall legal debt limit decreased to \$50,456,875 as a direct result of a lower assessed property value from the previous year. The amount of debt subject to the debt limit was \$18,703,685, leaving an overall debt margin of \$31,753,190. The legal debt margin is determined by multiplying the total assessed value of taxable real property in the City by 10.50 percent minus current and exempted debt.

The City continues to monitor its outstanding debt and is committed to reducing its overall debt on an annual basis. Information relative to debt is identified in Notes 14 and 15 to the basic financial statements.

Current Financial Related Activities

The City has continued to maintain the highest standards of services to our residents while diligently planning expenses, to stay within the City's revenues. During 2010, City Council has decided to closely monitor revenue and expenditures to preserve the integrity of the general fund's unencumbered cash balance. As with all cities in the State of Ohio, State funding issues are constantly monitored to determine the impact on the City. The City's management team remains mindful of keeping an eye out for ways to become more efficient and better stewards of our taxpayers' money. Major entities in Northeast Ohio still regard the City of Independence as one of the top places to relocate or expand their businesses. All of the City's financial abilities will be needed to meet the challenges of the future.

In conclusion, the City of Independence is in a period posing both significant challenges and opportunities. Management is committed to working with all stakeholders to craft solutions that will most effectively use the available resources to continue to provide excellent services to the residents of the City.

Contacting the City's Finance Department

This financial report is designed to provide a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact John M. Veres, CPA, CPFA, Finance Director at the City of Independence, 6800 Brecksville Road, Independence, Ohio 44131, 216-524-4131, or email at Veresj@independenceohio.org.

Basic Financial Statements

City of Independence, Ohio

Statement of Net Assets

December 31, 2010

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$12,633,127
Cash and Cash Equivalents In Segregated Accounts	19,094
Materials and Supplies Inventory	190,935
Accounts Receivable	33,180
Hotel/Motel Taxes Receivable	59,658
Intergovernmental Receivable	717,635
Prepaid Items	59,922
Municipal Income Taxes Receivable	4,085,982
Property Taxes Receivable	1,984,395
Special Assessments Receivable	484,966
Payments in Lieu of Taxes Receivable	1,951,135
Deferred Charges	325,370
Nondepreciable Capital Assets	17,646,707
Depreciable Capital Assets, Net	<u>72,607,382</u>
<i>Total Assets</i>	<u>112,799,488</u>
Liabilities	
Accounts Payable	222,588
Accrued Wages	200,763
Contracts Payable	295,819
Intergovernmental Payable	670,658
Notes Payable	1,100,000
Accrued Interest Payable	188,801
Deferred Revenue	2,078,836
Retainage Payable	24,326
Long-Term Liabilities:	
Due Within One Year	1,911,515
Due In More Than One Year	<u>30,376,179</u>
<i>Total Liabilities</i>	<u>37,069,485</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	60,224,288
Restricted for:	
Capital Projects	5,771,584
State Highway	47,440
Street Construction, Maintenance and Repair	417,443
Other Purposes	715,595
Unrestricted	<u>8,553,653</u>
<i>Total Net Assets</i>	<u><u>\$75,730,003</u></u>

See accompanying notes to the basic financial statements

City of Independence, Ohio
Statement of Activities
For the Year Ended December 31, 2010

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Assessments	Governmental Activities
Governmental Activities:					
General Government	\$8,438,678	\$458,491	\$0	\$0	(\$7,980,187)
Security of Persons and Property	8,589,758	660,947	0	0	(7,928,811)
Public Health and Welfare	92,233	29,091	0	0	(63,142)
Leisure Time Activities	3,290,294	544,419	0	0	(2,745,875)
Community Environment	2,297,512	164,973	0	0	(2,132,539)
Basic Utility Services	899,624	38,713	0	0	(860,911)
Transportation	3,748,132	56,584	503,565	126,493	(3,061,490)
Interest and Fiscal Charges	1,225,360	0	0	0	(1,225,360)
<i>Totals</i>	<u>\$28,581,591</u>	<u>\$1,953,218</u>	<u>\$503,565</u>	<u>\$126,493</u>	<u>(25,998,315)</u>
General Revenues					
Property Taxes Levied for:					
General Purposes					719,362
Debt Service					220,812
Police Pension					111,137
Municipal Income Tax Levied For General Purposes					21,115,584
Hotel/Motel Tax Levied For General Purposes					981,164
Amusement Tax Levied For General Purposes					15,273
Grants and Entitlements not Restricted to Specific Programs					1,298,566
Investment Income					120,620
Payments in Lieu of Taxes					1,279,283
Miscellaneous					469,722
<i>Total General Revenues</i>					<u>26,331,523</u>
Increase in Net Assets					333,208
<i>Net Assets Beginning of Year</i>					<u>75,396,795</u>
<i>Net Assets End of Year</i>					<u>\$75,730,003</u>

See accompanying notes to the basic financial statements

City of Independence, Ohio

Balance Sheet

Governmental Funds

December 31, 2010

	General	Quadrant Tax Increment Financing	Capital Improvements	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$3,312,304	\$637,302	\$1,363,813	\$4,637,263	\$9,950,682
Cash and Cash Equivalents					
In Segregated Accounts	19,094	0	0	0	19,094
Materials and Supplies Inventory	190,935	0	0	0	190,935
Accounts Receivable	31,308	0	0	1,872	33,180
Hotel/Motel Taxes Receivable	59,658	0	0	0	59,658
Interfund Receivable	7,893,000	0	1,875,000	0	9,768,000
Intergovernmental Receivable	336,065	0	0	381,570	717,635
Prepaid Items	52,295	0	0	0	52,295
Special Assessments Receivable	0	0	0	484,966	484,966
Payments in Lieu of Taxes Receivable	0	1,951,135	0	0	1,951,135
Property Taxes Receivable	1,401,102	0	0	583,293	1,984,395
Municipal Income Taxes Receivable	4,085,982	0	0	0	4,085,982
<i>Total Assets</i>	<u>\$17,381,743</u>	<u>\$2,588,437</u>	<u>\$3,238,813</u>	<u>\$6,088,964</u>	<u>\$29,297,957</u>
Liabilities					
Accounts Payable	\$113,781	\$0	\$53,423	\$55,384	\$222,588
Accrued Wages	185,016	0	0	15,747	200,763
Contracts Payable	28,501	0	0	267,318	295,819
Intergovernmental Payable	498,485	0	0	172,173	670,658
Retainage Payable	0	0	0	24,326	24,326
Accrued Interest Payable	0	0	10,333	3,875	14,208
Notes Payable	0	0	800,000	300,000	1,100,000
Interfund Payable	0	9,893,000	0	25,000	9,918,000
Deferred Revenue	2,096,274	1,951,135	0	1,410,327	5,457,736
<i>Total Liabilities</i>	<u>2,922,057</u>	<u>11,844,135</u>	<u>863,756</u>	<u>2,274,150</u>	<u>17,904,098</u>
Fund Balances					
Reserved for Encumbrances	643,004	503,027	1,131,446	2,899,242	5,176,719
Reserved for Long-Term Advances	7,893,000	0	1,875,000	0	9,768,000
Unreserved, Undesignated, Reported in:					
General Fund	5,923,682	0	0	0	5,923,682
Special Revenue Funds	0	0	0	816,092	816,092
Debt Service Funds (Deficit)	0	(9,758,725)	0	194,585	(9,564,140)
Capital Projects Funds (Deficit)	0	0	(631,389)	(95,105)	(726,494)
<i>Total Fund Balances (Deficit)</i>	<u>14,459,686</u>	<u>(9,255,698)</u>	<u>2,375,057</u>	<u>3,814,814</u>	<u>11,393,859</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$17,381,743</u>	<u>\$2,588,437</u>	<u>\$3,238,813</u>	<u>\$6,088,964</u>	<u>\$29,297,957</u>

See accompanying notes to the basic financial statements

City of Independence, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 December 31, 2010*

Total Governmental Funds Balances \$11,393,859

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 90,254,089

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

Property Taxes	939,371
Municipal Income Taxes	429,804
Intergovernmental	607,436
Payments in Lieu of Taxes	917,323
Special Assessments	484,966

Total 3,378,900

Bond Issuance costs are considered deferred charges and will be amortized over the life of the bonds on the statement of net assets. 325,370

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported due. (174,593)

An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets. 2,840,072

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

General Obligation Bonds	(23,983,905)
Special Assessment Bonds	(522,222)
OPWC Loan Payable	(23,685)
Police and Fire Pension Liability	(59,874)
Notes Payable	(6,614,681)
OPERS Liability	(114,704)
Claims Payable	(181,899)
Compensated Absences	(786,724)

Total (32,287,694)

Net Assets of Governmental Activities \$75,730,003

See accompanying notes to the basic financial statements

City of Independence, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2010

	General	Quadrant Tax Increment Financing	Capital Improvements	Other Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	\$859,490	\$0	\$0	\$398,324	\$1,257,814
Municipal Income Taxes	22,251,649	0	0	0	22,251,649
Hotel/Motel Taxes	981,164	0	0	0	981,164
Amusement Taxes	15,273	0	0	0	15,273
Intergovernmental	1,253,182	25,000	0	524,798	1,802,980
Investment Income	56,709	148	459	10,108	67,424
Fees, Licenses and Permits	402,891	0	0	346,367	749,258
Fines and Forfeitures	421,062	0	0	131,540	552,602
Charges for Services	364,168	0	0	29,075	393,243
Rentals	258,115	0	0	0	258,115
Special Assessments	0	0	0	58,064	58,064
Payment in Lieu of Taxes	0	1,033,254	0	0	1,033,254
Miscellaneous	366,812	18	6,575	96,317	469,722
<i>Total Revenues</i>	<u>27,230,515</u>	<u>1,058,420</u>	<u>7,034</u>	<u>1,594,593</u>	<u>29,890,562</u>
Expenditures					
Current:					
General Government	5,565,206	0	0	266,939	5,832,145
Security of Persons and Property	7,739,210	0	0	604,556	8,343,766
Public Health and Welfare	0	0	0	92,021	92,021
Leisure Time Activities	2,696,945	0	0	540,690	3,237,635
Community Environment	2,241,800	0	0	0	2,241,800
Basic Utility Services	526,243	0	0	0	526,243
Transportation	769,039	0	0	1,765,585	2,534,624
Capital Outlay	0	1,358,143	1,525,891	809,565	3,693,599
Debt Service:					
Principal Retirement	0	420,000	670,000	355,553	1,445,553
Interest and Fiscal Charges	0	556,475	640,853	63,299	1,260,627
Issuance Costs	0	10,100	31,418	1,682	43,200
<i>Total Expenditures</i>	<u>19,538,443</u>	<u>2,344,718</u>	<u>2,868,162</u>	<u>4,499,890</u>	<u>29,251,213</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>7,692,072</u>	<u>(1,286,298)</u>	<u>(2,861,128)</u>	<u>(2,905,297)</u>	<u>639,349</u>
Other Financing Sources (Uses)					
Current Refunding	0	0	(5,600,000)	(300,000)	(5,900,000)
Refunding Notes Issued	0	1,800,000	4,800,000	0	6,600,000
Premium on Refunding Notes	0	10,296	32,032	1,716	44,044
Transfers In	0	0	2,890,000	5,486,500	8,376,500
Transfers Out	(6,024,000)	(2,351,500)	0	(1,000)	(8,376,500)
<i>Total Other Financing Sources (Uses)</i>	<u>(6,024,000)</u>	<u>(541,204)</u>	<u>2,122,032</u>	<u>5,187,216</u>	<u>744,044</u>
<i>Net Change in Fund Balances</i>	1,668,072	(1,827,502)	(739,096)	2,281,919	1,383,393
<i>Fund Balances (Deficit) Beginning of Year - Restated (See Note 3)</i>	<u>12,791,614</u>	<u>(7,428,196)</u>	<u>3,114,153</u>	<u>1,532,895</u>	<u>10,010,466</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$14,459,686</u>	<u>(\$9,255,698)</u>	<u>\$2,375,057</u>	<u>\$3,814,814</u>	<u>\$11,393,859</u>

See accompanying notes to the basic financial statements

City of Independence, 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, 2010*

Net Change in Fund Balances - Total Governmental Funds \$1,383,393

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

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

Capital Outlay	2,547,281	
Depreciation	(3,036,826)	
Total		(489,545)

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. (27,916)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Property Taxes	(206,503)	
Municipal Income Taxes	(1,136,065)	
Intergovernmental	116,632	
Payments in Lieu of Taxes	246,029	
Special Assessments	(49,052)	
Total		(1,028,959)

In the statement of activities, bond issuance costs are amortized over the term of the bonds, whereas in the governmental funds a bond issuance expenditure is reported when bonds are issued 43,200

In the statement of activities, interest is accrued on outstanding bonds, bond issuance costs and bond premium and the account loss are amortized over the term of the bonds, whereas in governmental funds, an expenditure is reported when bonds are issued:

Accrued Interest	3,905	
Amortization of Bond Issuance Costs	(52,560)	
Amortization of Accounting Loss	(5,334)	
Amortization of Bond Premium	58,004	
Amortization on Note Premium	31,252	
Total		35,267

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	(28,160)	
Claims Payable	(146,758)	
Total		(174,918)

Repayment of long term obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 7,345,553

Other financing sources in the governmental funds increase long-term liabilities in the statement of net assets.

Refunding Notes Issued	(6,600,000)	
Premium on Refunding Notes	(44,044)	
Total		(6,644,044)

The internal service fund used to charge costs of insurance to individual funds is not reported in the City-wide statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities. (108,823)

Change in Net Assets of Governmental Activities \$333,208

See accompanying notes to the basic financial statements

City of Independence, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2010

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
Revenues				
Property Taxes	\$674,700	\$674,700	\$859,490	\$184,790
Municipal Income Taxes	22,455,500	22,000,000	21,998,871	(1,129)
Hotel/Motel Taxes	1,268,608	1,268,608	975,308	(293,300)
Amusement Taxes	19,866	19,866	15,273	(4,593)
Intergovernmental	345,300	345,300	1,272,307	927,007
Investment Income	72,580	72,580	55,800	(16,780)
Fees, Licenses and Permits	525,670	525,670	404,136	(121,534)
Fines and Forfeitures	536,216	544,216	423,803	(120,413)
Charges for Services	473,682	473,682	364,168	(109,514)
Rentals	335,737	335,737	258,115	(77,622)
Miscellaneous	175,343	475,644	369,048	(106,596)
<i>Total Revenues</i>	<u>26,883,202</u>	<u>26,736,003</u>	<u>26,996,319</u>	<u>260,316</u>
Expenditures				
Current:				
General Government	6,363,899	6,404,899	5,946,955	457,944
Security of Persons and Property	7,955,746	7,916,246	7,713,859	202,387
Leisure Time Activities	2,974,493	2,935,993	2,799,599	136,394
Community Environment	2,705,704	2,717,704	2,443,527	274,177
Basic Utility Services	706,874	684,374	594,841	89,533
Transportation	764,348	811,848	793,607	18,241
<i>Total Expenditures</i>	<u>21,471,064</u>	<u>21,471,064</u>	<u>20,292,388</u>	<u>1,178,676</u>
<i>Excess of Revenues Over Expenditures</i>	<u>5,412,138</u>	<u>5,264,939</u>	<u>6,703,931</u>	<u>1,438,992</u>
Other Financing Sources (Uses)				
Advances In	175,000	175,500	175,000	(500)
Advances Out	(1,822,000)	(1,822,000)	(1,821,500)	500
Transfers Out	(5,487,000)	(6,024,000)	(6,024,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(7,134,000)</u>	<u>(7,670,500)</u>	<u>(7,670,500)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(1,721,862)</u>	<u>(2,405,561)</u>	<u>(966,569)</u>	<u>1,438,992</u>
<i>Fund Balance Beginning of Year</i>	2,513,238	2,513,238	2,513,238	0
Prior Year Encumbrances Appropriated	990,664	990,664	990,664	0
<i>Fund Balance End of Year</i>	<u>\$1,782,040</u>	<u>\$1,098,341</u>	<u>\$2,537,333</u>	<u>\$1,438,992</u>

See accompanying notes to the basic financial statements

City of Independence, Ohio

Statement of Fund Net Assets

Internal Service Fund

December 31, 2010

	<u>Insurance</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$2,682,445
Interfund Receivable	150,000
Prepaid Items	<u>7,627</u>
<i>Total Assets</i>	<u><u>\$2,840,072</u></u>
Net Assets	
Unrestricted	<u><u>\$2,840,072</u></u>

See accompanying notes to the basic financial statements

City of Independence, Ohio
*Statement of Revenues,
Expenses and Changes in Fund Net Assets
Internal Service Fund
For the Year Ended December 31, 2010*

	Insurance
Operating Revenues	\$0
Operating Expenses	
Contractual Services	\$3,907
Claims	158,112
<i>Total Operating Expenses</i>	162,019
<i>Operating Loss</i>	(162,019)
Non-Operating Revenues	
Investment Income	53,196
<i>Change in Net Assets</i>	(108,823)
<i>Net Assets Beginning of Year</i>	2,948,895
<i>Net Assets End of Year</i>	\$2,840,072

See accompanying notes to the basic financial statements

City of Independence, Ohio
Statement of Cash Flows
Internal Service Fund
For the Year Ended December 31, 2010

	Insurance
<i>Increase (Decrease) in Cash and Cash Equivalents</i>	
Cash Flows from Operating Activities	
Cash Payments for Services	(\$8,932)
Cash Payments for Claims	(158,112)
	(167,044)
<i>Net Cash Used in Operating Activities</i>	(167,044)
Cash Flows from Noncapital Financing Activities	
Advances Out	(150,000)
Cash Flows from Investing Activities	
Interest on Investments	53,196
	53,196
<i>Net Decrease in Cash and Cash Equivalents</i>	(263,848)
<i>Cash and Cash Equivalents Beginning of Year</i>	2,946,293
	2,946,293
<i>Cash and Cash Equivalents End of Year</i>	\$2,682,445
 Reconciliation of Operating Loss to Net Cash Used in Operating Activities	
<i>Operating Loss</i>	(\$162,019)
Adjustments:	
Decrease in Contracts Payable	(5,025)
	(5,025)
<i>Net Cash Used In Operating Activities</i>	(\$167,044)

See accompanying notes to the basic financial statements

City of Independence, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Fund
December 31, 2010

Assets	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$247,165</u></u>
Liabilities	
Deposits Held and Due to Others	<u><u>\$247,165</u></u>

See accompanying notes to the basic financial statements

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Note 1 - Reporting Entity

The City of Independence is a home rule municipal corporation formed under the laws of the State of Ohio. The City operates under its own Charter made effective November 4, 1958. The Charter, as amended, provides for a Council-Mayor form of government.

The Mayor, elected by the voters for a four-year term, is the head of the municipal government for ceremonial, administrative, and executive purposes, performs the judicial functions of the City and presides at Council meetings. As the chief conservator of the peace, he oversees the enforcement of all laws and ordinances. He also appoints all department heads and executes all contracts, conveyances and evidences of indebtedness of the City.

Legislative authority is vested in a seven member council with all seven members elected at large for a term of two years. Council enacts ordinances and resolutions relating to tax levies, appropriates and borrows money, and accepts bids for materials and services and other municipal purposes.

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure the financial statements are not misleading. The primary government of the City consists of all funds, agencies, departments and offices that are not legally separate from the City. For the City of Independence this includes the departments and agencies that provide the following services: police and fire protection, emergency medical, parks, recreation, a cemetery, street maintenance and Mayor's court.

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 the 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 that are fiscally dependent on the City in that the City approves the budget, the issuance of debt or the levying of taxes. The City has no component units.

The City participates in two jointly governed organizations, the Southwest Council of Governments and the Northeast Ohio Public Energy Council. These organizations are presented in Note 17 of the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities and to its internal service fund unless those pronouncements conflict with or contradict GASB pronouncements. The more significant of the City's accounting policies are described below.

Basis of Presentation

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

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Government-wide Financial Statements The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid “doubling up” revenues and expenses. The statements usually distinguish between those activities of the City that are governmental and those that are considered business-type. The City, however, has no business-type activities.

The statement of net assets presents the financial condition of the governmental 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. 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 function is self-financing or draws from the general revenues of the City.

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

Fund Accounting

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

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

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

Quadrant Tax Increment Financing Fund The quadrant tax increment financing debt service fund accounts for all tax increment financing activities approved by Council. Each tax increment financing activity is created to provide additional revenue for the City to help pay for qualified infrastructure improvements in or near each tax increment financing (TIF) district. The additional revenue represents payments in lieu of taxes that would have gone to the County or School District, but because of the TIF, it now goes to the City to help pay for the infrastructure improvements in whole or in part.

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Capital Improvements Fund The capital improvements fund accounts for general obligation bond proceeds for departmental capital improvements such as machinery and equipment, furniture, fixtures and equipment and vehicles.

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

Proprietary Funds Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service. The City has no enterprise funds. The following is a description of the City's internal service fund.

Internal Service Fund The internal service fund accounts 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 internal service fund reports on the activity of the self-insured general liability program of the City.

Fiduciary Funds Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City only utilizes the agency fund type. The agency fund accounts for deposits from various contractors, developers or individuals to insure compliance with various City ordinances.

Measurement Focus

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

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

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

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

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 and the statements presented for the proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

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

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 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 nonexchange transactions must also be available before it can be recognized.

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

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

Property taxes for which there is an enforceable legal claim as of December 31, 2010, but which were levied to finance year 2011 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriations ordinance is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of control has been established by Council at the department and object level within the general fund and the street construction, maintenance and repair special revenue fund and at the fund level for all other funds. Any budgetary modifications at this level may only be made by ordinance of Council. Authority to further allocate Council appropriations within departments has been given to the Finance Director for all funds except for the general fund and the street construction, maintenance and repair special revenue fund.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Finance Director. The amounts reported as the original and final budgeted amounts on the budgetary statements reflect the amounts in the original and final amended certificate of estimated resources in effect at the time original and 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 amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Council during the year.

Cash and Cash Equivalents

To improve cash management, cash received by the City is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the City's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

The City has segregated bank accounts for monies held separate from the City's central bank account. These depository accounts are presented on the balance sheet as "Cash and Cash Equivalents in Segregated Accounts" and represents deposits.

During 2010, investments were limited to STAR Ohio, federal national mortgage association bonds, freddie mac bonds, fannie mae bonds and federal home loan bank bonds.

Investments are reported at fair value which is based on quoted market prices.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. 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, 2010.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2010 amounted to \$56,709, which includes \$34,179 assigned from other City funds.

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

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.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2010, 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 the services are consumed.

Inventory

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

Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The City was able to estimate the historical cost for the initial reporting of infrastructure by backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of one thousand dollars with the exception of land as land was listed regardless of cost. 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.

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	50 Years
Machinery and Equipment	10 Years
Furniture and Fixtures	20 Years
Vehicles	8-20 Years
Infrastructure	20-100 Years

The City's infrastructure consists of roadways, water lines, sanitary sewers and storm sewers and includes infrastructure acquired prior to December 31, 1980.

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Interfund Balances

On fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as “interfund receivables/payables”. Interfund loans which do not represent available expendable resources are offset by a fund balance reserve account. Interfund balance amounts are eliminated in the statement of net assets.

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The City records a liability for all accumulated unused vacation time when earned for all employees with more than one year 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 the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year end, taking into consideration any limits specified in the City's termination policy. The City records a liability for accumulated unused sick leave for employees after ten years of service with the City.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, 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.

Fund Balance Reserves

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

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes include law enforcement, FEMA grants, drug enforcement and education, police pension and recreation activities.

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

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

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 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. Any revenues and expenses not meeting the definition of operating are reported as nonoperating.

Bond Issuance Costs

Bond issuance costs for underwriting fees and insurance are being amortized using the straight-line method over the life of the bonds on the government-wide statements. The straight-line method of amortization is not materially different from the effective-interest method. Bond issuance costs are generally paid from the bond proceeds. On the fund financial statements, issuance costs are expended in the year in which the bonds are issued. Bond issuance costs are generally paid from the bond proceeds.

As permitted by State statute, the City paid bond issuance costs from the bond proceeds and therefore does not consider that portion of the debt to be capital-related debt. That portion of the debt was offset against the unamortized bond issuance costs, which were included in the determination of unrestricted net assets. Reporting both within the same element of net assets prevents one classification from being overstated while another is understated by the same amount.

Deferred Loss on Refunding

The difference between the reacquisition price (funds required to refund the old debt) of refunding bonds and the net carrying amount of the old debt is being amortized as a component of interest expense. This amount is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented net of the general obligation bonds payable on the statement of net assets.

Bond Premiums

On the government-wide financial statements, bond premiums are deferred and amortized over the term of the bonds using the straight line method. The straight-line method of amortization is not materially different from the effective-interest method. Bond premiums are presented as an increase of the face amount of the general obligation bonds payable. On fund financial statements, bond premiums are received in the year the bonds are issued.

Interfund Activity

Transfers between governmental activities are eliminated on the government-wide financial statements. Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Interfund payments for services provided and used are not eliminated.

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

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Extraordinary and Special Items

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

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.

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

Change in Accounting Principles

For fiscal year 2010, the City has implemented Governmental Accounting Standard Board (GASB) Statement No. 51 “Accounting and Reporting of Intangible Assets”. GASB Statement No. 51 establishes accounting and financial reporting of intangible assets to reduce inconsistencies, thereby enhancing the comparability of accounting and financial reporting of such assets among state and local governments. The implementation of this statement did not result in any change to the City’s financial statements.

Restatement of Prior Year Balances

During 2010, it was determined that the Court Program Fees fund was reclassified from the special revenue funds to the general fund. The fund reclassification had the following effect on fund balances as they were previously reported.

	<u>General</u>	<u>Quadrant Tax Increment Financing</u>	<u>Capital Improvements</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balances (Deficit) December 31, 2009	\$12,777,999	(\$7,428,196)	\$3,114,153	\$1,546,510	\$10,010,466
Fund Reclassification	<u>13,615</u>	<u>0</u>	<u>0</u>	<u>(13,615)</u>	<u>0</u>
Adjusted Fund Balances (Deficit), December 31, 2009	<u><u>\$12,791,614</u></u>	<u><u>(\$7,428,196)</u></u>	<u><u>\$3,114,153</u></u>	<u><u>\$1,532,895</u></u>	<u><u>\$10,010,466</u></u>

Note 4 - Budgetary Basis of Accounting

While reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP basis), the budgetary basis as provided by law is based upon accounting for transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual for the general fund 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:

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

- a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- b) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
- c) Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).
- d) Unrecorded cash represents amounts received but not included as revenue on the budget basis statements. These amounts are included as revenue on the GAAP basis operating statements.
- e) Investments are reported at cost (budget basis) rather than at fair value (GAAP basis).
- f) Advances In and Advances Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

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

Net Change in Fund Balance	
	General
GAAP Basis	\$1,668,072
Net Adjustment for Revenue Accruals	(233,287)
Beginning Fair Value Adjustment for Investments	621
Ending Fair Value Adjustment for Investments	(1,530)
Advances In	175,000
Advances Out	(1,821,500)
Net Adjustment for Expenditure Accruals	20,268
Beginning Unrecorded Cash	(772)
Ending Unrecorded Cash	10,429
Encumbrances	(783,870)
Budget Basis	(\$966,569)

Note 5 – Fund Deficits

Fund deficits in the Quadrant Tax Increment Financing bond retirement fund, the Drain Water, Rockside Woods and Route 21 and Pleasant Valley capital projects funds of \$9,255,698, \$132,707, \$12,156 and \$92,185, respectively, are due to adjustments for accrued liabilities. The general fund is liable for any deficit in these funds and provides transfers when cash is required, rather than when accruals occur.

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Note 6 - Deposits and Investments

The City is a charter City and has adopted an investment policy through City Ordinance. The City has elected to follow the provisions of State statute. State statutes classify monies held by the City into three categories.

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies held by the City can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAR Ohio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

The City may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest or coupons; and
3. Obligations of the City.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

Deposits

Custodial Credit Risk Custodial credit risk for deposits is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in possession of an outside party. At year end, \$7,397,352 of the City's bank balance of \$9,414,617 was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the Federal Deposit Insurance Corporation.

The City has no deposit policy for custodial risk beyond the requirements of the State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the City or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of December 31, 2010, the City had the following investments:

	Fair Value	Average Maturity
STAR Ohio	\$27,854	61.2 days
Federal National Mortgage Association Bonds	100,011	7 days
Freddie Mac Bonds	915,987	916 days
Fannie Mae Bonds	717,691	850 days
Federal Home Loan Bank Bonds	654,498	292 days
Total	\$2,416,041	

Interest Rate Risk As a means of limiting its exposure to fair value losses caused by rising interest rates, the City's investment policy requires that operating funds be invested primarily in short-term investments maturing within one year from the date of purchase and that the City's investment portfolio be structured so that the securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Federal National Mortgage Association Bonds, Freddie Mac Bonds, Fannie Mae Bonds and Federal Home Loan Bank Bonds are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty. The City has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the finance director or qualified trustee.

Credit Risk STAR Ohio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The Federal National Mortgage Association Bonds, Freddie Mac Bonds, Fannie Mae Bonds and Federal Home Loan Bank Bonds carry a rating of AAA by Standard and Poor's. The City has no investment policy that addresses credit risk.

Concentration of Credit Risk The City places no limit on the amount it may invest in any one issuer. The following is the City's allocation as of December 31, 2010:

Investment Issuer	Percentage of Investments
Freddie Mac Bonds	37.91 %
Fannie Mae Bonds	29.71
Federal Home Loan Bank Bonds	27.09

Note 7 – Receivables

Receivables at December 31, 2010, consisted primarily of payments in lieu of taxes, property taxes, municipal income taxes, accounts (billings for user charged services), special assessments, hotel/motel taxes and intergovernmental receivables arising from grants, entitlements and shared revenues.

No allowance for doubtful accounts has been recorded because uncollectible amounts are expected to be insignificant. All receivables except property taxes and special assessments are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

Special assessments expected to be collected in more than one year amount to \$470,000. At December 31, 2010, there was \$75,813 in delinquent special assessments.

Property Taxes

Property taxes include amounts levied against all real, public utility and tangible personal property located in the City. Property tax revenue received during 2010 for real and public utility property taxes represents collections of 2009 taxes. Property tax payments received during 2010 for tangible personal property (other than public utility property) are for 2010 taxes.

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

2010 real property taxes are levied after October 1, 2010 on the assessed value as of January 1, 2010, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2010 real property taxes are collected in and intended to finance 2011.

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

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. 2010 public utility property taxes which became a lien December 31, 2009, are levied after October 1, 2010, and are collected in 2011 with real property taxes.

Tangible personal property tax revenue received during 2010 (other than public utility property tax) represents the collection of 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, furniture and fixtures is no longer levied and collected. 2010 is the last year for the collection of tangible personal property taxes from telephone companies; however, the City received no tangible personal property tax revenue from telephone company property. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all City operations for the year ended December 31, 2010 was \$2.60 per \$1,000 of assessed value. The assessed values of real property, public utility tangible property, and tangible personal property upon which 2010 property tax receipts were based are as follows:

Real Property:	
Residential/Agricultural	\$246,724,180
Other Real Estate	219,933,400
Public Utility Personal Property	<u>13,884,090</u>
Total	<u><u>\$480,541,670</u></u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City of Independence. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and tangible personal property taxes and public utility taxes which are measurable as of December 31, 2010 and for which there is an enforceable legal claim. In the governmental funds, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2010 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 revenue while the remainder of the receivable is deferred.

Income Tax

The City levies a municipal income tax of two percent on all wages, salaries, commissions and other compensation and net profits earned within the City as well as on incomes of residents earned outside the City. In the latter case, the City allows a credit of 100 percent of the tax paid to another municipality, not to exceed the amount owed. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the Regional Income Tax Agency (RITA) at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually. Taxes collected by RITA in one month are remitted to the City on the first and tenth business days of the following month. In 2010, the proceeds were allocated entirely to the general fund.

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Intergovernmental Receivable

A summary of the governmental activities principal items of intergovernmental receivables follows:

	Amount
Local Government	\$243,127
Gasoline Excise Tax	162,636
Competitive Municipal Grant Program	117,481
Auto Registration	72,440
Homestead and Rollback	50,730
Estate Tax	39,789
Personal Property Reimbursement	14,519
Permissive Tax	10,441
Public Utility Reimbursement	5,775
Liquor Fees	412
Drug Fines	200
Law Enforcement Fines	85
Total Intergovernmental Receivables	\$717,635

Payments in Lieu of Taxes

According to State law, the City has established several tax incremental financing districts within the City under which the City has granted property tax exemptions and agreed to construct certain infrastructure improvements. The property owners have agreed to make payments to the City to help pay the costs of the infrastructure improvements. The amount of those payments generally reflects all or a portion of the property taxes which the property owners would have paid if the property had not been declared exempt. The property owners' contractual promise to make these payments in lieu of taxes generally continues until the costs of the improvement have been paid or the agreement expires, whichever occurs first. Future development by these owners or others may result in subsequent agreements to make payments in lieu of taxes and may therefore spread the costs of the improvements to a larger number of property owners.

Note 8 - Risk Management

Property and Liability

The City is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2010, the City contracted with St. Paul Travelers Insurance Agency for various types of insurance as follows:

Type	Coverage	Deductible
Inland Marine		
Contractor's Equipment	\$6,055,068	\$2,500
Property	47,370,858	10,000
Crime	25,000	1,000
Automobile	1,000,000	1,000

City of Independence, Ohio
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Settled claims have not exceeded this coverage in any of the last three years. There has not been significant reduction in coverage from the prior year.

The City accounts for activity of the self-insured general liability program for all lawsuits within the internal service fund. There were no outstanding claims at December 31, 2010. Changes in the fund's claims liability amount for 2009 and 2010 were:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2009	\$0	\$271,674	\$271,674	\$0
2010	0	158,112	158,112	0

Workers' Compensation

The City participates in the State Workers' Compensation retrospective rating and payment system. This plan involves the payment of a minimum premium for administrative services and stop-loss coverage plus the actual claims cost for injured employees in 2010. The maintenance of these benefits is accounted for in the general fund as general government expenditures. Incurred but not reported claims of \$181,899 have been accrued as a liability at December 31, 2010, based on an estimate by the City's third party administrator.

The claims liability of \$181,899, reported at December 31, 2010 for workers' compensation is based on the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenditures and does not include other allocated or unallocated claims adjustment expenditures. Changes in claims activity for 2009 and 2010 are as follows:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Change in Workers' Compensation Estimate	Balance at End of Year
2009	\$76,319	\$2,015	\$74,572	\$31,379	\$35,141
2010	35,141	172,771	48,735	22,722	181,899

Note 9 - Contingencies

Grants

The City receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or any other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City.

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Litigation

The City is a party to legal proceedings. The City management is of the opinion that ultimate disposition of these claims and legal proceedings will not have a material effect, if any, on the financial condition of the City and that the City has adequate liability insurance coverage to protect itself against any material loss.

Note 10 - Capital Assets

Capital asset activity for the year ended December 31, 2010, was as follows:

	Balance 12/31/09	Additions	Reductions	Balance 12/31/10
Governmental Activities:				
Capital Assets, Not Being Depreciated				
Land	\$16,609,831	\$313,780	\$0	\$16,923,611
Construction in progress	107,263	615,833	0	723,096
<i>Total Capital Assets, Not Being Depreciated</i>	<u>16,717,094</u>	<u>929,613</u>	<u>0</u>	<u>17,646,707</u>
Capital Assets, Being Depreciated				
Buildings and Improvements	39,236,777	67,320	0	39,304,097
Machinery and Equipment	4,011,331	454,411	(18,484)	4,447,258
Furniture and Fixtures	1,734,299	3,756	0	1,738,055
Vehicles	6,298,517	684,698	(378,573)	6,604,642
Infrastructure				
Roads	41,815,105	288,000	0	42,103,105
Water Lines	5,432,820	0	0	5,432,820
Sanitary Sewers	2,670,596	0	0	2,670,596
Storm Sewers	9,432,196	119,483	0	9,551,679
<i>Total Capital Assets, Being Depreciated</i>	<u>110,631,641</u>	<u>1,617,668</u>	<u>(397,057)</u>	<u>111,852,252</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(9,448,741)	(805,301)	0	(10,254,042)
Machinery and Equipment	(2,846,718)	(228,605)	17,601	(3,057,722)
Furniture and Fixtures	(1,503,201)	(45,637)	0	(1,548,838)
Vehicles	(4,017,285)	(398,354)	351,540	(4,064,099)
Infrastructure				
Roads	(14,235,984)	(1,268,181)	0	(15,504,165)
Water Lines	(990,105)	(54,328)	0	(1,044,433)
Sanitary Sewers	(598,883)	(35,608)	0	(634,491)
Storm Sewers	(2,936,268)	(200,812)	0	(3,137,080)
<i>Total Accumulated Depreciation</i>	<u>(36,577,185)</u>	<u>(3,036,826) *</u>	<u>369,141</u>	<u>(39,244,870)</u>
Total Capital Assets, Being Depreciated, Net	<u>74,054,456</u>	<u>(1,419,158)</u>	<u>(27,916)</u>	<u>72,607,382</u>
Governmental Activities Capital Assets, Net	<u>\$90,771,550</u>	<u>(\$489,545)</u>	<u>(\$27,916)</u>	<u>\$90,254,089</u>

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

*Depreciation expense was charged to governmental activities as follows:

General Government	\$2,455,197
Security of Persons and Property	241,960
Leisure Time Activities	50,762
Community Environment	49,433
Basic Utility Services	10,247
Transportation	<u>229,227</u>
Total	<u><u>\$3,036,826</u></u>

Note 11 – Compensated Absences

Non-union employees earn five to twenty-five days of vacation per year, depending upon length of service. Employees, who are part of a bargaining unit, earn vacation as outlined in the bargaining union contract. Upon termination, employees are paid for accrued unused vacation and holidays. Employees earn sick leave at different rates depending upon length of service and type of employment. Sick leave accrual is continuous, without limit. Upon retirement, a non-union employee can be paid a maximum of one fourth of 960 hours of accumulated, unused sick leave. Retiring employees, who are part of a bargaining unit, are paid unused sick leave as outlined in the bargaining unit contract.

Note 12 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Plan Description - The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension 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. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension 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 Pension 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. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

City of Independence, Ohio
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For the Year Ended December 31, 2010

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law enforcement and public safety employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll. For the year ended December 31, 2010, members in state and local classifications contributed 10 percent of covered payroll while public safety and law enforcement members contributed 10.5 percent and 11.1 percent, respectively. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. For 2010, member and employer contribution rates were consistent across all three plans.

The City's contribution rate for 2010 was 14.00 percent, except for those plan members in law enforcement or public safety, for whom the City's contribution was 17.87 percent of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010. Employer contribution rates are actuarially determined.

The City's required contributions for pension obligations to the Traditional and Combined Plans for the years ended December 31, 2010, 2009, and 2008 was \$634,368, \$573,939, and \$496,492, respectively. For 2010, 91.08 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2009 and 2008. Contributions to the Member-Directed Plan for 2010 were \$19,435 made by the City and \$13,882 made by the plan members.

Ohio Police and Fire Pension Fund

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

Funding Policy – The Ohio Revised Code requires plan members to contribute 10.0 percent of their annual covered salary, while employers are required to contribute 19.5 percent for police officers and 24.0 percent for firefighters.

The OP&F Pension Fund is authorized by the Ohio Revised Code to allocate a portion of the employer contributions to retiree health care benefits. The portion of employer contributions used to fund pension benefits was 12.75 percent of covered payroll for police officers and 17.25 percent of covered payroll for firefighters. The City's contributions to OP&F for police and firefighters were \$352,878 and \$305,180 for the year ended December 31, 2010, \$351,117 and \$303,689 for the year ended December 31, 2009, and \$355,338 and \$311,060 for the year ended December 31, 2008, respectively. For 2010, 70.58 percent for police and 71.25 percent for firefighters has been contributed with the balance for both police and firefighters being reported as an intergovernmental payable. The full amount has been contributed for 2009 and 2008.

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

In addition to current contributions, the City pays installments on the accrued liability incurred when the State of Ohio established the statewide pension system for police and fire fighters in 1967. As of December 31, 2010, the unfunded liability of the City was \$59,874 payable in semi-annual payments through the year 2022. This is an accounting liability of the City which will not vary.

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the Public Employees Retirement System or the Police and Fire Pension Fund are covered by Social Security. The City's liability is 6.2 of wages paid. The City has two firefighters contributing to social security.

Note 13 - Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost sharing, multiple employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for 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. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through 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 2010, state and local employers contributed at a rate of 14.0 percent of covered payroll, and public safety and law enforcement employers contributed at 17.87 percent. 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 and 18.1 percent of covered payroll for law and public safety employer units.

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010.

The OPERS Retirement Board 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. Active members do not make contributions to the post-employment health care plan.

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2010, 2009 and 2008 were \$361,649, \$415,002, and \$496,492, respectively. For 2010, 91.08 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2009 and 2008.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

Ohio Police and Fire Pension Fund

Plan Description – 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 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 No. 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 OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required by Ohio Revised Code to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5 percent and 24.0 percent of covered payroll for police and fire employers, respectively. Active members do not make contributions to the OPEB Plan.

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

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 administrated 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, 2010, the employer contribution allocated to the 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 115 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 contributions to OP&F which were allocated to fund post-employment health care benefits for police and firefighters were \$186,818 and \$119,418 for the year ended December 31, 2010, \$185,886 and \$118,835 for the year ended December 31, 2009, and \$188,120 and \$121,719 for the year ended December 31, 2008. For 2010, 70.58 percent has been contributed for police and 71.25 percent has been contributed for firefighters with the balance for both police and firefighters being report as an intergovernmental payable. The full amount has been contributed for 2009 and 2008.

Note 14 – Short-Term Obligations

A summary of note transactions for the year ended December 31, 2010 follows:

Types / Issues	Balance 12/31/09	Additions	Deletions	Balance 12/31/10
2009 - 2.125% General Pupose Bond Anticipation Notes	\$1,200,000	\$0	\$1,200,000	\$0
2010 - 1.875% General Purpose Bond Anticipation Notes	0	1,100,000	0	1,100,000
Total	\$1,200,000	\$1,100,000	\$1,200,000	\$1,100,000

On April 26, 2011, the City paid \$1,100,000 against the \$5,900,000 in notes that were issued on April 27, 2010, and reissued \$4,800,000 with a maturity date of April 26, 2012.

All the notes are backed by the full faith and credit of the City of Independence and mature within one year. The maturity date for all outstanding notes is April 26, 2011. The note liability is reflected in the funds which received the proceeds. All note proceeds have been fully expended. The notes will be paid out of the capital improvements and drain water capital projects funds.

By Ohio law, notes can be issued in anticipation of bond proceeds, special assessment bond proceeds and levies, or for up to 50 percent of anticipated revenue collections. There are limitations on the number of times a note can be renewed. All notes outstanding at year-end are bond anticipation notes. The notes will be refinanced until the projects are complete and the City determines it to be advantageous to issue bonds.

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Note 15 - Long-Term Obligations

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

Debt Issue	Interest Rate	Original Issue Amount	Date of Maturity
General Obligation Bonds			
2003 Civic Center Refunding	2.00-3.00 %	\$2,520,000	December 1, 2011
2003 Shared Facilities Serial	2.00-5.00	15,000,000	December 1, 2022
2003 Northwest Quadrant TIF Serial	2.00-5.00	7,125,000	December 1, 2028
2003 Southwest Quadrant TIF Serial	2.00-5.00	1,675,000	December 1, 2028
2005 Northeast Quadrant TIF Serial	2.00-5.00	5,800,000	December 1, 2030
Special Assessment Bonds			
2003 Oaktree Serial	2.00-5.00	700,000	December 1, 2022
Ohio Public Works Commission Loan			
1994 Quarry Road Bridge Project	0.00	335,095	December 1, 2014
Long-Term Notes Payable			
2010 General Purpose	1.875	6,600,000	April 26, 2011
Police and Fire Pension			
	2.12	129,053	November 1, 2022

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

	Balance 12/31/09	Additions	Reductions	Balance 12/31/10	Amounts Due in One Year
Governmental Activities					
General Obligation Bonds					
2003 Civic Center Refunding					
Refunding Bonds	\$635,000	\$0	(\$315,000)	\$320,000	\$320,000
Unamortized Premium	3,639	0	(1,820)	1,819	0
Unamortized Accounting Loss	(10,667)	0	5,334	(5,333)	0
Total 2003 Civic Center Refunding	<u>627,972</u>	<u>0</u>	<u>(311,486)</u>	<u>316,486</u>	<u>320,000</u>
2003 Shared Facilities Serial					
Serial Bonds	11,330,000	0	(670,000)	10,660,000	685,000
Unamortized Premium	513,310	0	(39,486)	473,824	0
Total 2003 Shared Facilities Serial	<u>11,843,310</u>	<u>0</u>	<u>(709,486)</u>	<u>11,133,824</u>	<u>685,000</u>
2003 Northwest Quadrant TIF					
Serial Bonds	5,980,000	0	(210,000)	5,770,000	215,000
Unamortized Premium	141,309	0	(7,437)	133,872	0
Total 2003 Northwest Quadrant TIF	<u>\$6,121,309</u>	<u>\$0</u>	<u>(\$217,437)</u>	<u>\$5,903,872</u>	<u>\$215,000</u>

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

	Balance 12/31/09	Additions	Reductions	Balance 12/31/10	Amounts Due in One Year
Governmental Activities (continued)					
General Obligation Bonds (continued)					
2003 Southwest Quadrant TIF					
Serial Bonds	\$1,405,000	\$0	(\$50,000)	\$1,355,000	\$50,000
Unamortized Premium	32,916	0	(1,732)	31,184	0
Total 2003 Southwest Quadrant TIF	1,437,916	0	(51,732)	1,386,184	50,000
2005 Northeast Quadrant TIF					
Serial Bonds	5,290,000	0	(160,000)	5,130,000	170,000
Unamortized Premium	119,216	0	(5,677)	113,539	0
Total 2005 Northeast Quadrant TIF	5,409,216	0	(165,677)	5,243,539	170,000
<i>Total General Obligation Bonds</i>	25,439,723	0	(1,455,818)	23,983,905	1,440,000
Special Assessment Bonds					
2003 Oaktree					
Serial Bonds	530,000	0	(30,000)	500,000	30,000
Unamortized Premium	24,074	0	(1,852)	22,222	0
<i>Total Special Assessment Bonds</i>	554,074	0	(31,852)	522,222	30,000
Notes Payable					
2010 General Purpose	5,900,000	4,800,000	(5,900,000)	4,800,000	0
Premium on Notes	1,889	33,748	(24,388)	11,249	0
2010 Selig Drive Improvements	0	1,800,000	0	1,800,000	0
Premium on Notes	0	10,296	(6,864)	3,432	0
<i>Total Notes Payable</i>	5,901,889	6,644,044	(5,931,252)	6,614,681	0
Other Long-term Obligations					
1994 OPWC Loan - Quarry Road Bridge	30,452	0	(6,767)	23,685	6,767
Police and Fire Pension	63,660	0	(3,786)	59,874	3,950
Claim Payable	35,141	195,493	(48,735)	181,899	167,875
OPERS Liability	114,704	0	0	114,704	114,704
Compensated Absences	758,564	176,379	(148,219)	786,724	148,219
<i>Total Other Long-term Obligations</i>	1,002,521	371,872	(207,507)	1,166,886	441,515
<i>Total General Long-term Obligations</i>	\$32,898,207	\$7,015,916	(\$7,626,429)	\$32,287,694	\$1,911,515

On May 15, 2003, the City of Independence issued \$2,520,000 in general obligation refunding bonds and \$700,000 in special assessment serial bonds at various interest rates varying from 2.00 percent to 5.00 percent. A portion of the general obligation bond proceeds were used to refund \$2,700,000 of the 1991 Civic Center general obligation bonds which were fully paid in 2003.

The Civic Center Refunding general obligation bonds will be paid from the general bond retirement debt service fund from property taxes. The Shared Facilities Serial general obligation bonds will be paid from the capital improvement capital projects fund from property taxes. The various quadrant tax increment financing (TIF) bonds will be paid from the quadrant tax increment financing debt service fund with payments in lieu of taxes. The Oaktree special assessment bonds will be paid from the Issue II capital projects fund. Special assessment bonds were paid from the proceeds of special assessments levied against benefited property owners. In the event that a property owner would fail to pay the assessment, payment would be made by the City. Bond anticipation notes that were rolled over prior to the issuance of the financial statements and have

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

a new maturity beyond the end of the year in which the report is issued have been reported in the government-wide statements as long-term liabilities. The notes are backed by the full faith of the City of Independence. The long-term notes will be paid from the capital improvement and drain water capital projects funds. The OPWC loans will be paid from the street resurfacing capital projects fund.

The claims liability will be paid from the general fund.

During 2007, the Ohio Public Employees Retirement System (OPERS) required the City to pay the employer's portion of the retirement obligation monthly as opposed to quarterly. OPERS allowed the City to make the final quarterly payment over three years in order to comply with the new requirement. The OPERS liability will be paid from the general fund, the street construction, maintenance and repair and recreation special revenue funds.

The police pension loan will be paid from the police pension special revenue fund.

Compensated absences will be paid from the general fund and the street construction, maintenance and repair special revenue fund.

The City's overall legal debt margin was \$31,753,190 at December 31, 2010. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2010 are as follows:

	General Obligation Bonds		Special Assessment Bonds		OPWC Loan
	Principal	Interest	Principal	Interest	Principal
2011	\$1,440,000	\$1,044,950	\$30,000	\$23,075	\$6,767
2012	1,150,000	787,050	35,000	22,175	6,767
2013	1,210,000	944,351	35,000	20,725	6,767
2014	1,265,000	886,550	35,000	18,675	3,384
2015	1,335,000	826,076	40,000	16,925	0
2016-2020	7,610,000	3,147,700	220,000	55,413	0
2021-2025	5,875,000	1,366,701	105,000	6,775	0
2026-2030	3,350,000	366,774	0	0	0
Total	\$23,235,000	\$9,370,152	\$500,000	\$163,763	\$23,685

	Police and Fire Pension Loan		OPERS
	Principal	Interest	
2011	\$3,950	\$2,503	\$114,704
2012	4,119	2,333	0
2013	4,296	2,157	0
2014	4,481	1,972	0
2015	4,673	1,779	0
2016-2020	26,556	5,709	0
2021-2022	11,799	619	0
Total	\$59,874	\$17,072	\$114,704

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Note 16 – Interfund Transactions

Interfund Balances

Interfund Payable	Interfund Receivable			Totals
	General	Capital Improvements	Internal Service	
Quadrant Tax Increment Financing	\$7,868,000	\$1,875,000	\$150,000	\$9,893,000
Other Governmental Funds	25,000	0	0	25,000
Total	\$7,893,000	\$1,875,000	\$150,000	\$9,918,000

The interfund receivables and payables are advances for grant monies and payment in lieu of tax revenue that were not repaid by year end. The City advances grant monies in the event that the award was not received when expected. The City advances money to fund the various TIF projects. The advance from the internal service fund was for emergency repairs to the Oaktree North Storm Sewer. All interfund balances, except those associated TIF related balances, are expected to be repaid within one year.

Interfund Transfers

Transfer To	Transfer From			Total
	General	Quadrant Tax Increment Financing	Law Enforcement	
Major Funds:				
Capital Improvements	\$2,890,000	\$0	\$0	\$2,890,000
Other Governmental Funds:				
Street Construction, Maintenance and Repair	1,100,000	0	0	1,100,000
Federal Forfeiture	0	0	1,000	1,000
Twenty-Five and Alive	2,000	0	0	2,000
I Can	2,000	0	0	2,000
Cemetery	25,000	0	0	25,000
Recreation	205,000	0	0	205,000
Police Pension	450,000	0	0	450,000
Street Resurfacing	0	2,251,500	0	2,251,500
Drain Water	1,100,000	0	0	1,100,000
Route 21 and Pleasant Valley	0	100,000	0	100,000
Public Safety Equipment	250,000	0	0	250,000
Total Other Governmental Funds	3,134,000	2,351,500	1,000	5,486,500
Total	\$6,024,000	\$2,351,500	\$1,000	\$8,376,500

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

The general fund transfers to the Capital Improvement capital project fund and nonmajor governmental funds were made to provide additional resources for capital improvements and current operations. The transfer from the quadrant tax increment financing capital projects fund to the street resurfacing and Route 21 and Pleasant Valley capital projects fund was to provide additional resources for capital improvements. The transfer from the law enforcement special revenue to the federal forfeiture special revenue fund was made to provide additional resources for current operations.

Note 17 – Jointly Governed Organizations

Southwest Council of Governments

The Southwest Council of Governments helps foster cooperation between municipalities in areas affecting health, safety, welfare, education, economic conditions and regional development. The board is comprised of one member from each of the nineteen participating entities. The board exercises total control over the operation of the Council including budgeting, appropriating, contracting and designating management. Budgets are adopted by the Board. Each City's degree of control is limited to its representation on the board. In 2010, the City contributed \$13,000 which represents 5.2 percent of total contributions.

The Council has established two subsidiary organizations, the Hazardous Material Response Team ("HAZ MAT") which provides hazardous material protection and assistance and the Southwest Enforcement Bureau which provides extra assistance to cities in the form of a SWAT Team. The Council's financial statements may be obtained by contacting the Southwest Council of Governments, Berea, Ohio 44017.

Northeast Ohio Public Energy Council (NOPEC)

The City is a member of The Northeast Ohio Public Energy Council (NOPEC). NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity. NOPEC is currently comprised of 126 communities who have been authorized by ballot to purchase electricity on behalf of their citizens. The intent of NOPEC is to provide electricity at the lowest possible rates while at the same time ensuring stability in prices by entering into long-term contracts with suppliers to provide electricity to the citizens of its member communities.

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives on the governing board from each county then elect one person to serve on the nine-member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. The City did not contribute to NOPEC during 2010. Financial information can be obtained by contacting Joseph Migliorini, Board Chairman, 31320 Solon Road, Suite 20, Solon, Ohio 44139 or at the website www.nopecinfo.org.

Note 18 – Shared Facilities Joint Operating Agreement

On July 30, 2002, the City entered into a contribution agreement for constructing, equipping and furnishing a new high school facility, community auditorium, community center and a community field house (shared facility) on property owned by the City and to be partially leased to the School District.

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Under the terms of the contribution agreement, the City contributed \$13,000,000 to the School District, which is 38 percent of the cost of the shared facility project and includes the costs of constructing, equipping and furnishing the shared facility; the cost of constructing, equipping and furnishing related joint use areas; and the costs of related design and other professional services. The City also purchased some unused School District property for \$2,000,000. In 2003, the City issued \$15,000,000 in general obligation bonds to meet its obligations. The land, community center and community field house are owned by the City; the high school facility and community auditorium are owned by the School District.

The City's contributions were payable based on the percent of project completion as determined by the School District. By the end of 2005, the total principal borrowed had been used for construction. The shared facility was completed in September of 2005.

The School District is responsible for maintaining liability insurance for activities in the shared facility with coverage limits not less than \$2,000,000 for bodily injury and property damage and \$1,000,000 for each occurrence. The City and School District are responsible for personal property insurance on the shared facility owned by them. The City and School District also have additional annual obligations for housekeeping, custodial, equipment, supply and utility costs.

Note 19 – Subsequent Event

On April 26, 2011, the City retired \$4,800,000 in general obligation bond anticipation notes and issued \$6,600,000 in new notes. The new notes have a maturity date of April 26, 2012 and an interest rate of 1.875 percent.

On April 26, 2011, the City issued \$2,300,000 in new general obligation bond anticipation notes for the Selig Drive project. The new notes have a maturity date of April 26, 2012 and an interest rate of 1.875 percent.

**COMBINING AND INDIVIDUAL
FUND STATEMENTS AND SCHEDULES**

Combining Statements – Non-major Governmental Funds

Non-major Special Revenue Funds

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

State Highway Fund – This fund accounts for the portion of the State gasoline tax and motor vehicle registration fees restricted for maintenance of State highways within the City.

Motor Vehicle License Tax Fund – This fund accounts for the City’s share of additional motor vehicle registration fees. Expenditures are restricted by State law for the maintenance and repair of streets and the purchase of road salt.

Street Construction, Maintenance and Repair Fund - This fund accounts for the portion of the State gasoline tax and motor vehicle registration fees restricted for street maintenance and repair.

Enforcement and Education Fund – This fund accounts for revenues received from fines levied when arrests are made for driving under the influence of alcohol. This money is then spent on the education of officers and members of the community.

Indigent Drivers Fund – This fund accounts for the additional fees levied by the Independence Municipal Court under State law. Such funds are to be used in the rehabilitation of DUI indigent citizens.

Drug Offense Fund – This fund accounts for revenues received from fines levied when arrests are made that involve a drug offense. This money is then spent on the education of officers and members of the community.

Law Enforcement Fund – This fund accounts for money collected from forfeitures that are to be used for specific law enforcement purposes.

Federal Forfeiture Fund – This fund accounts for money collected from federal forfeitures that are to be used for specific law enforcement purposes.

Mayor’s Court Computer Fund – This fund accounts for court fines used to maintain and support the mayor’s court computer system.

FEMA Grant Fund – This fund accounts for federal and State monies used for restoration of areas hit by natural disasters.

Handicap Parking Fund – This fund accounts for fine monies collected from handicap parking violations to pay for costs associated with signage and notice requirements, educational and assistive technology programs and public improvements that assist persons with disabilities.

Friends for Life Fund – This fund accounts for money collected to assist former residents who wish to attend City sponsored events.

Twenty-Five and Alive Fund – This fund accounts for money collected to assist in educating our youth with regards to the dangers that drugs pose to them.

Home Days Fund – This fund accounts for donations, raffle and ride tickets associated with the annual Home Days Celebration that are to be used to pay for the cost of parade entertainment, vendor booths and rides contracts.

I Can Fund – This fund accounts for donations, fundraiser profits and participation fees to provide individuals 10 years old and up with physical, cognitive, and sensory disabilities with recreational, social and fitness opportunities.

Tree Fund – This fund accounts for money collected for trees to be planted in the City.

(continued)

Combining Statements – Non-major Governmental Funds (continued)

Non-major Special Revenue Funds (continued)

Cemetery Fund – This fund accounts for revenues received from grave sales and other fees to pay expenses related to the City’s Cemetery.

Recreation Fund – This fund accounts for the receipts of recreation activity fees to pay for the cost of operating the City’s recreation programs.

Police Pension Fund – This fund accounts for accumulated property taxes levied for the payment of current employer contributions for police disability and pension benefits and accrued liability.

Non-major Debt Service Fund

To account for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs.

Bond Retirement Fund – This fund accounts for tax levies that are utilized for the repayment of general obligation bonds and notes of the City.

Non-major Capital Projects Funds

To account for financial resources to be used for the construction or acquisition of major capital facilities other than those financed by proprietary funds.

Street Resurfacing Fund – This fund accounts for general obligation bond proceeds and grant monies for infrastructure improvements made within the City including roads, water lines, storm sewers and sanitary sewers. The City purchases its water from the Cleveland Division of Water; however, it maintains the waterlines within the City. The Northeast Ohio Regional Sewer Division (NEORS) maintains the trunk lines of sanitary and storm sewers. The City maintains the non-trunk lines of sanitary and storm sewers.

Drain Water Fund – This fund accounts for monies to be used for storm water drainage problems along with drain water improvement projects.

Rockside Woods Fund – This fund accounts for special assessments restricted for street lighting improvements made to Rockside Woods Boulevard North.

Issue II Fund – This fund accounts for grant and loan monies received from the Ohio Public Works Commission plus matching funds from the City. Expenditures are restricted to specific projects within the City.

Public Safety Equipment Fund – This fund accounts for monies used to improve public safety.

Route 21 and Pleasant Valley – This fund accounts for monies to be used on maintenance and improvement projects for the intersection of Route 21 and Pleasant Valley.

City of Independence, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2010

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,186,572	\$194,585	\$3,256,106	\$4,637,263
Accounts Receivable	1,872	0	0	1,872
Intergovernmental Receivable	253,218	10,871	117,481	381,570
Special Assessments Receivable	0	0	484,966	484,966
Property Taxes Receivable	221,226	362,067	0	583,293
<i>Total Assets</i>	<u>\$1,662,888</u>	<u>\$567,523</u>	<u>\$3,858,553</u>	<u>\$6,088,964</u>
Liabilities				
Accounts Payable	\$37,664	\$0	\$17,720	\$55,384
Accrued Wages	15,747	0	0	15,747
Contracts Payable	31,350	0	235,968	267,318
Intergovernmental Payable	172,173	0	0	172,173
Retainage Payable	0	0	24,326	24,326
Accrued Interest Payable	0	0	3,875	3,875
Notes Payable	0	0	300,000	300,000
Interfund Payable	0	0	25,000	25,000
Deferred Revenue	434,942	372,938	602,447	1,410,327
<i>Total Liabilities</i>	<u>691,876</u>	<u>372,938</u>	<u>1,209,336</u>	<u>2,274,150</u>
Fund Balances				
Reserved for Encumbrances	154,920	0	2,744,322	2,899,242
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	816,092	0	0	816,092
Debt Service Fund	0	194,585	0	194,585
Capital Projects Funds (Deficit)	0	0	(95,105)	(95,105)
<i>Total Fund Balances</i>	<u>971,012</u>	<u>194,585</u>	<u>2,649,217</u>	<u>3,814,814</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$1,662,888</u>	<u>\$567,523</u>	<u>\$3,858,553</u>	<u>\$6,088,964</u>

City of Independence, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2010

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Property Taxes	\$133,262	\$265,062	\$0	\$398,324
Intergovernmental	501,809	22,989	0	524,798
Investment Income	0	0	10,108	10,108
Fees, Licenses and Permits	346,367	0	0	346,367
Fines and Forfeitures	131,540	0	0	131,540
Charges for Services	29,075	0	0	29,075
Special Assessments	0	0	58,064	58,064
Miscellaneous	96,317	0	0	96,317
<i>Total Revenues</i>	<u>1,238,370</u>	<u>288,051</u>	<u>68,172</u>	<u>1,594,593</u>
Expenditures				
Current:				
General Government	74,754	0	192,185	266,939
Security of Persons and Property	604,556	0	0	604,556
Public Health and Welfare	92,021	0	0	92,021
Leisure Time Activities	540,690	0	0	540,690
Transportation	1,765,585	0	0	1,765,585
Capital Outlay	0	0	809,565	809,565
Debt Service:				
Principal Retirement	3,786	315,000	36,767	355,553
Interest and Fiscal Charges	2,666	20,496	40,137	63,299
Issuance Costs	0	0	1,682	1,682
<i>Total Expenditures</i>	<u>3,084,058</u>	<u>335,496</u>	<u>1,080,336</u>	<u>4,499,890</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(1,845,688)</u>	<u>(47,445)</u>	<u>(1,012,164)</u>	<u>(2,905,297)</u>
Other Financing Sources (Uses)				
Current Refunding	0	0	(300,000)	(300,000)
Premium on Refunding Notes	0	0	1,716	1,716
Transfers In	1,785,000	0	3,701,500	5,486,500
Transfers Out	(1,000)	0	0	(1,000)
<i>Total Other Financing Sources (Uses)</i>	<u>1,784,000</u>	<u>0</u>	<u>3,403,216</u>	<u>5,187,216</u>
<i>Net Change in Fund Balances</i>	(61,688)	(47,445)	2,391,052	2,281,919
<i>Fund Balances Beginning of Year</i>	<u>1,032,700</u>	<u>242,030</u>	<u>258,165</u>	<u>1,532,895</u>
<i>Fund Balances End of Year</i>	<u><u>\$971,012</u></u>	<u><u>\$194,585</u></u>	<u><u>\$2,649,217</u></u>	<u><u>\$3,814,814</u></u>

City of Independence, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2010

	State Highway	Motor Vehicle License Tax	Street Construction, Maintenance and Repair	Enforcement and Education	Indigent Drivers
Assets					
Equity in Pooled Cash and					
Cash Equivalents	\$60,629	\$65,326	\$302,763	\$5,498	\$9,966
Accounts Receivable	0	0	0	200	369
Intergovernmental Receivable	18,161	10,441	216,915	85	0
Property Taxes Receivable	0	0	0	0	0
<i>Total Assets</i>	<u>\$78,790</u>	<u>\$75,767</u>	<u>\$519,678</u>	<u>\$5,783</u>	<u>\$10,335</u>
Liabilities					
Accounts Payable	\$0	\$0	\$33,710	\$0	\$0
Accrued Wages	0	0	14,649	0	0
Contracts Payable	31,350	0	0	0	0
Intergovernmental Payable	0	0	10,839	0	0
Deferred Revenue	15,342	8,799	182,159	0	0
<i>Total Liabilities</i>	<u>46,692</u>	<u>8,799</u>	<u>241,357</u>	<u>0</u>	<u>0</u>
Fund Balances					
Reserved for Encumbrances	0	25,000	80,263	0	0
Unreserved, Undesignated	32,098	41,968	198,058	5,783	10,335
<i>Total Fund Balances</i>	<u>32,098</u>	<u>66,968</u>	<u>278,321</u>	<u>5,783</u>	<u>10,335</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$78,790</u>	<u>\$75,767</u>	<u>\$519,678</u>	<u>\$5,783</u>	<u>\$10,335</u>

<u>Drug Offense</u>	<u>Law Enforcement</u>	<u>Federal Forfeiture</u>	<u>Mayor's Court Computer</u>	<u>FEMA Grant</u>	<u>Handicap Parking</u>
\$33,217	\$5,860	\$139,086	\$105,629	\$555	\$21,287
0	0	0	753	0	550
200	0	0	0	0	0
0	0	0	0	0	0
<u>\$33,417</u>	<u>\$5,860</u>	<u>\$139,086</u>	<u>\$106,382</u>	<u>\$555</u>	<u>\$21,837</u>
\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	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>0</u>
0	0	7,975	4,755	0	0
<u>33,417</u>	<u>5,860</u>	<u>131,111</u>	<u>101,627</u>	<u>555</u>	<u>21,837</u>
<u>33,417</u>	<u>5,860</u>	<u>139,086</u>	<u>106,382</u>	<u>555</u>	<u>21,837</u>
<u>\$33,417</u>	<u>\$5,860</u>	<u>\$139,086</u>	<u>\$106,382</u>	<u>\$555</u>	<u>\$21,837</u>

(continued)

City of Independence, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2010

	Friends for Life	Twenty- Five and Alive	Home Days	I Can	Tree
Assets					
Equity in Pooled Cash and					
Cash Equivalents	\$2,085	\$9,793	\$5,589	\$5,300	\$12,133
Accounts Receivable	0	0	0	0	0
Intergovernmental Receivable	0	0	0	0	0
Property Taxes Receivable	0	0	0	0	0
<i>Total Assets</i>	<u>\$2,085</u>	<u>\$9,793</u>	<u>\$5,589</u>	<u>\$5,300</u>	<u>\$12,133</u>
Liabilities					
Accounts Payable	\$0	\$0	\$0	\$0	\$0
Accrued Wages	0	0	0	0	0
Contracts Payable	0	0	0	0	0
Intergovernmental Payable	0	0	0	0	0
Deferred Revenue	0	0	0	0	0
<i>Total Liabilities</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances					
Reserved for Encumbrances	0	0	0	1,144	10,756
Unreserved, Undesignated	2,085	9,793	5,589	4,156	1,377
<i>Total Fund Balances</i>	<u>2,085</u>	<u>9,793</u>	<u>5,589</u>	<u>5,300</u>	<u>12,133</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$2,085</u>	<u>\$9,793</u>	<u>\$5,589</u>	<u>\$5,300</u>	<u>\$12,133</u>

<u>Cemetery</u>	<u>Recreation</u>	<u>Police Pension</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$21,004	\$91,773	\$289,079	\$1,186,572
0	0	0	1,872
0	0	7,416	253,218
0	0	221,226	221,226
<u>\$21,004</u>	<u>\$91,773</u>	<u>\$517,721</u>	<u>\$1,662,888</u>
\$0	\$3,954	\$0	\$37,664
1,098	0	0	15,747
0	0	0	31,350
788	1,767	158,779	172,173
0	0	228,642	434,942
<u>1,886</u>	<u>5,721</u>	<u>387,421</u>	<u>691,876</u>
1,612	23,415	0	154,920
17,506	62,637	130,300	816,092
<u>19,118</u>	<u>86,052</u>	<u>130,300</u>	<u>971,012</u>
<u>\$21,004</u>	<u>\$91,773</u>	<u>\$517,721</u>	<u>\$1,662,888</u>

City of Independence, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2010

	State Highway	Motor Vehicle License Tax	Street Construction, Maintenance and Repair	Enforcement and Education	Indigent Drivers
Revenues					
Property Taxes	\$0	\$0	\$0	\$0	\$0
Intergovernmental	34,618	22,400	426,931	0	0
Fees, Licenses and Permits	0	0	0	0	0
Fines and Forfeitures	0	0	0	1,698	5,938
Charges for Services	0	0	0	0	0
Miscellaneous	0	0	22,670	0	0
<i>Total Revenues</i>	<u>34,618</u>	<u>22,400</u>	<u>449,601</u>	<u>1,698</u>	<u>5,938</u>
Expenditures					
Current:					
General Government	0	0	0	0	0
Security of Persons and Property	0	0	0	500	0
Public Health and Welfare	0	0	0	0	0
Leisure Time Activities	0	0	0	0	0
Transportation	149,437	100,000	1,516,148	0	0
Debt Service:					
Principal Retirement	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0
<i>Total Expenditures</i>	<u>149,437</u>	<u>100,000</u>	<u>1,516,148</u>	<u>500</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(114,819)</u>	<u>(77,600)</u>	<u>(1,066,547)</u>	<u>1,198</u>	<u>5,938</u>
Other Financing Sources (Uses)					
Transfers In	0	0	1,100,000	0	0
Transfers Out	0	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>1,100,000</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	<u>(114,819)</u>	<u>(77,600)</u>	<u>33,453</u>	<u>1,198</u>	<u>5,938</u>
<i>Fund Balances Beginning of Year</i>	<u>146,917</u>	<u>144,568</u>	<u>244,868</u>	<u>4,585</u>	<u>4,397</u>
<i>Fund Balances End of Year</i>	<u><u>\$32,098</u></u>	<u><u>\$66,968</u></u>	<u><u>\$278,321</u></u>	<u><u>\$5,783</u></u>	<u><u>\$10,335</u></u>

Drug Offense	Law Enforcement	Federal Forfeiture	Mayor's Court Computer	FEMA Grant	Handicap Parking
\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0
0	0	0	0	0	0
5,998	2,091	76,992	31,373	0	7,450
0	0	0	0	0	0
0	16,579	0	0	0	0
5,998	18,670	76,992	31,373	0	7,450
0	0	0	15,479	0	0
0	17,971	43,461	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	17,971	43,461	15,479	0	0
5,998	699	33,531	15,894	0	7,450
0	0	1,000	0	0	0
0	(1,000)	0	0	0	0
0	(1,000)	1,000	0	0	0
5,998	(301)	34,531	15,894	0	7,450
27,419	6,161	104,555	90,488	555	14,387
\$33,417	\$5,860	\$139,086	\$106,382	\$555	\$21,837

(continued)

City of Independence, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds (continued)
For the Year Ended December 31, 2010

	Friends for Life	Twenty- Five and Alive	Home Days	I Can	Tree
Revenues					
Property Taxes	\$0	\$0	\$0	\$0	\$0
Intergovernmental	0	0	0	0	0
Fees, Licenses and Permits	0	0	0	0	0
Fines and Forfeitures	0	0	0	0	0
Charges for Services	0	0	0	0	0
Miscellaneous	0	2,124	47,658	2,704	0
<i>Total Revenues</i>	<u>0</u>	<u>2,124</u>	<u>47,658</u>	<u>2,704</u>	<u>0</u>
Expenditures					
Current:					
General Government	0	3,032	52,370	3,873	0
Security of Persons and Property	0	0	0	0	0
Public Health and Welfare	0	0	0	0	0
Leisure Time Activities	0	0	0	0	0
Transportation	0	0	0	0	0
Debt Service:					
Principal Retirement	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0
<i>Total Expenditures</i>	<u>0</u>	<u>3,032</u>	<u>52,370</u>	<u>3,873</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>0</u>	<u>(908)</u>	<u>(4,712)</u>	<u>(1,169)</u>	<u>0</u>
Other Financing Sources (Uses)					
Transfers In	0	2,000	0	2,000	0
Transfers Out	0	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>2,000</u>	<u>0</u>	<u>2,000</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	0	1,092	(4,712)	831	0
<i>Fund Balances Beginning of Year</i>	<u>2,085</u>	<u>8,701</u>	<u>10,301</u>	<u>4,469</u>	<u>12,133</u>
<i>Fund Balances End of Year</i>	<u><u>\$2,085</u></u>	<u><u>\$9,793</u></u>	<u><u>\$5,589</u></u>	<u><u>\$5,300</u></u>	<u><u>\$12,133</u></u>

Cemetery	Recreation	Police Pension	Total Nonmajor Special Revenue Funds
\$0	\$0	\$133,262	\$133,262
0	0	17,860	501,809
0	346,367	0	346,367
0	0	0	131,540
29,075	0	0	29,075
0	4,582	0	96,317
29,075	350,949	151,122	1,238,370
0	0	0	74,754
0	0	542,624	604,556
92,021	0	0	92,021
0	540,690	0	540,690
0	0	0	1,765,585
0	0	3,786	3,786
0	0	2,666	2,666
92,021	540,690	549,076	3,084,058
(62,946)	(189,741)	(397,954)	(1,845,688)
25,000	205,000	450,000	1,785,000
0	0	0	(1,000)
25,000	205,000	450,000	1,784,000
(37,946)	15,259	52,046	(61,688)
57,064	70,793	78,254	1,032,700
\$19,118	\$86,052	\$130,300	\$971,012

City of Independence, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2010

	Street Resurfacing	Drain Water	Rockside Woods	Issue II
Assets				
Equity in Pooled Cash and Cash Equivalents	\$2,721,855	\$198,301	\$12,844	\$8,707
Intergovernmental Receivable	0	0	0	0
Special Assessments Receivable	0	0	0	484,966
<i>Total Assets</i>	<u>\$2,721,855</u>	<u>\$198,301</u>	<u>\$12,844</u>	<u>\$493,673</u>
Liabilities				
Accounts Payable	\$9,470	\$3,807	\$0	\$0
Contracts Payable	79,327	0	0	0
Retainage Payable	1,000	23,326	0	0
Accrued Interest Payable	0	3,875	0	0
Notes Payable	0	300,000	0	0
Interfund Payable	0	0	25,000	0
Deferred Revenue	0	0	0	484,966
<i>Total Liabilities</i>	<u>89,797</u>	<u>331,008</u>	<u>25,000</u>	<u>484,966</u>
Fund Balances				
Reserved for Encumbrances	2,400,403	96,326	0	8,707
Unreserved, Undesignated (Deficit)	231,655	(229,033)	(12,156)	0
<i>Total Fund Balances (Deficit)</i>	<u>2,632,058</u>	<u>(132,707)</u>	<u>(12,156)</u>	<u>8,707</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$2,721,855</u>	<u>\$198,301</u>	<u>\$12,844</u>	<u>\$493,673</u>

<u>Public Safety Equipment</u>	<u>Route 21 and Pleasant Valley</u>	<u>Total Nonmajor Capital Projects Funds</u>
\$245,500	\$68,899	\$3,256,106
0	117,481	117,481
0	0	484,966
<u>\$245,500</u>	<u>\$186,380</u>	<u>\$3,858,553</u>
\$0	\$4,443	\$17,720
0	156,641	235,968
0	0	24,326
0	0	3,875
0	0	300,000
0	0	25,000
0	117,481	602,447
0	278,565	1,209,336
180,000	58,886	2,744,322
65,500	(151,071)	(95,105)
245,500	(92,185)	2,649,217
<u>\$245,500</u>	<u>\$186,380</u>	<u>\$3,858,553</u>

City of Independence, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2010

	Street Resurfacing	Drain Water	Rockside Woods	Issue II
Revenues				
Investment Income	\$10,083	\$25	\$0	\$0
Special Assessments	0	0	9,012	49,052
<i>Total Revenues</i>	<u>10,083</u>	<u>25</u>	<u>9,012</u>	<u>49,052</u>
Expenditures				
Current:				
General Government	0	0	0	0
Capital Outlay	442,627	361,844	108	486
Debt Service:				
Principal Retirement	6,767	0	0	30,000
Interest and Fiscal Charges	0	16,237	0	23,900
Issuance Costs	0	1,682	0	0
<i>Total Expenditures</i>	<u>449,394</u>	<u>379,763</u>	<u>108</u>	<u>54,386</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(439,311)</u>	<u>(379,738)</u>	<u>8,904</u>	<u>(5,334)</u>
Other Financing Sources (Uses)				
Current Refunding	0	(300,000)	0	0
Premium on Refunding Notes	0	1,716	0	0
Transfers In	2,251,500	1,100,000	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>2,251,500</u>	<u>801,716</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	1,812,189	421,978	8,904	(5,334)
<i>Fund Balances (Deficit)</i>				
<i>Beginning of Year</i>	<u>819,869</u>	<u>(554,685)</u>	<u>(21,060)</u>	<u>14,041</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$2,632,058</u>	<u>(\$132,707)</u>	<u>(\$12,156)</u>	<u>\$8,707</u>

Public Safety Equipment	Route 21 and Pleasant Valley	Total Nonmajor Capital Projects Funds
\$0	\$0	\$10,108
<u>0</u>	<u>0</u>	<u>58,064</u>
<u>0</u>	<u>0</u>	<u>68,172</u>
0	192,185	192,185
4,500	0	809,565
0	0	36,767
0	0	40,137
<u>0</u>	<u>0</u>	<u>1,682</u>
<u>4,500</u>	<u>192,185</u>	<u>1,080,336</u>
<u>(4,500)</u>	<u>(192,185)</u>	<u>(1,012,164)</u>
0	0	(300,000)
0	0	1,716
<u>250,000</u>	<u>100,000</u>	<u>3,701,500</u>
<u>250,000</u>	<u>100,000</u>	<u>3,403,216</u>
245,500	(92,185)	2,391,052
<u>0</u>	<u>0</u>	<u>258,165</u>
<u>\$245,500</u>	<u>(\$92,185)</u>	<u>\$2,649,217</u>

Fiduciary Fund

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

Agency Fund

Deposits and Fees Fund – This fund accounts for monies put on deposit with the City in accordance with various City ordinances.

City of Independence, Ohio
Statement of Changes in Assets and Liabilities
Agency Fund
For the Year Ended December 31, 2010

	Beginning Balance <u>12/31/09</u>	<u>Additions</u>	<u>Deductions</u>	Ending Balance <u>12/31/10</u>
<i>Deposits and Fees</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	<u>\$140,021</u>	<u>\$307,272</u>	<u>\$200,128</u>	<u>\$247,165</u>
Liabilities				
Deposits Held and Due to Others	<u>\$140,021</u>	<u>\$307,272</u>	<u>\$200,128</u>	<u>\$247,165</u>

**Individual Fund Schedules of Revenues,
Expenditures/Expenses and Changes in
Fund Balances/Fund Equity**

Budget (Non-GAAP Basis) and Actual

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$674,700	\$674,700	\$859,490	\$184,790
Municipal Income Taxes	22,455,500	22,000,000	21,998,871	(1,129)
Hotel/Motel Taxes	1,268,608	1,268,608	975,308	(293,300)
Amusement Taxes	19,866	19,866	15,273	(4,593)
Intergovernmental	345,300	345,300	1,272,307	927,007
Investment Income	72,580	72,580	55,800	(16,780)
Fees, Licenses and Permits	525,670	525,670	404,136	(121,534)
Fines and Forfeitures	536,216	544,216	423,803	(120,413)
Charges for Services	473,682	473,682	364,168	(109,514)
Rentals	335,737	335,737	258,115	(77,622)
Miscellaneous	175,343	475,644	369,048	(106,596)
<i>Total Revenues</i>	26,883,202	26,736,003	26,996,319	260,316
Expenditures				
Current:				
General Government:				
Legislative and Executive:				
Mayor:				
Salaries and Wages	392,100	392,100	389,546	2,554
Benefits	148,100	148,100	141,721	6,379
Other	30,737	30,737	18,160	12,577
Total Mayor	570,937	570,937	549,427	21,510
Finance Department:				
Salaries and Wages	283,700	276,700	254,469	22,231
Benefits	115,800	115,800	104,667	11,133
Other	15,143	15,143	12,373	2,770
Total Finance Department	414,643	407,643	371,509	36,134
Council:				
Salaries and Wages	132,500	137,500	134,280	3,220
Benefits	151,700	151,700	105,956	45,744
Other	13,160	13,160	4,984	8,176
Total Council	297,360	302,360	245,220	57,140
Law Director:				
Benefits	700	700	550	150
Other	283,200	283,200	242,860	40,340
Total Law Director	\$283,900	\$283,900	\$243,410	\$40,490

(continued)

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Other:				
Salaries and Wages	\$111,000	\$111,000	\$105,384	\$5,616
Benefits	186,800	186,800	183,118	3,682
Insurance	1,740,150	392,050	389,919	2,131
Professional Fees	404,527	404,527	374,064	30,463
Other	785,125	2,183,725	2,013,836	169,889
Total Other	3,227,602	3,278,102	3,066,321	211,781
Court:				
Salaries and Wages	169,100	169,100	162,525	6,575
Benefits	70,000	70,000	60,949	9,051
Other	51,372	51,372	43,274	8,098
Total Court	290,472	290,472	266,748	23,724
Service Administration:				
Salaries and Wages	398,900	398,900	393,286	5,614
Benefits	168,779	161,279	149,979	11,300
Other	11,306	11,306	6,801	4,505
Total Service Administration	578,985	571,485	550,066	21,419
Income Tax Collection:				
Other	700,000	700,000	654,254	45,746
Total General Government	6,363,899	6,404,899	5,946,955	457,944
Security of Persons and Property:				
Police:				
Salaries and Wages	3,790,900	3,795,900	3,693,975	101,925
Benefits	918,300	868,800	847,055	21,745
Other	251,958	256,958	247,295	9,663
Total Police	4,961,158	4,921,658	4,788,325	133,333
Fire:				
Salaries and Wages	1,907,700	1,937,700	1,893,715	43,985
Benefits	876,800	846,800	843,707	3,093
Other	210,088	210,088	188,112	21,976
Total Fire	2,994,588	2,994,588	2,925,534	69,054
Total Security of Persons and Property	\$7,955,746	\$7,916,246	\$7,713,859	\$202,387

(continued)

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Leisure Time Activities:				
Parks and Playgrounds:				
Salaries and Wages	\$184,400	\$184,400	\$179,239	\$5,161
Benefits	54,600	54,600	49,270	5,330
Other	153,419	142,919	139,986	2,933
Total Parks and Playgrounds	392,419	381,919	368,495	13,424
Pools:				
Salaries and Wages	286,300	306,300	299,970	6,330
Benefits	46,500	48,500	47,976	524
Other	48,267	44,267	41,137	3,130
Total Pools	381,067	399,067	389,083	9,984
Concession Stand:				
Salaries and Wages	24,900	29,900	27,215	2,685
Other	38,400	42,400	39,931	2,469
Total Concession Stand	63,300	72,300	67,146	5,154
Field House:				
Salaries and Wages	63,000	63,000	58,914	4,086
Benefits	26,800	26,800	24,871	1,929
Other	30,305	30,305	27,011	3,294
Total Field House	120,105	120,105	110,796	9,309
Administration:				
Salaries and Wages	787,200	775,700	765,760	9,940
Benefits	266,600	279,100	279,013	87
Other	5,300	5,300	4,253	1,047
Total Administration	1,059,100	1,060,100	1,049,026	11,074
Civic Center:				
Salaries and Wages	548,700	528,700	491,793	36,907
Benefits	245,970	219,970	206,378	13,592
Other	163,832	153,832	116,882	36,950
Total Civic Center	958,502	902,502	815,053	87,449
Total Leisure Time Activities	\$2,974,493	\$2,935,993	\$2,799,599	\$136,394

(continued)

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Community Environment:				
Building and Lands:				
Salaries and Wages	\$354,300	\$371,000	\$344,614	\$26,386
Benefits	114,500	117,800	117,210	590
Other	547,737	527,737	414,236	113,501
Total Building and Lands	1,016,537	1,016,537	876,060	140,477
Technical Services:				
Salaries and Wages	524,100	510,100	488,027	22,073
Benefits	199,085	200,585	191,373	9,212
Other	375,854	375,854	301,651	74,203
Total Technical Services	1,099,039	1,086,539	981,051	105,488
Building Department:				
Salaries and Wages	321,200	333,700	322,668	11,032
Benefits	135,000	135,000	130,893	4,107
Other	77,997	87,997	78,030	9,967
Total Building Department	534,197	556,697	531,591	25,106
Boards and Commissions:				
Salaries and Wages	48,300	50,300	47,483	2,817
Benefits	7,000	7,300	7,230	70
Other	631	331	112	219
Total Boards and Commissions	55,931	57,931	54,825	3,106
Total Community Environment	2,705,704	2,717,704	2,443,527	274,177
Basic Utility Services				
Rubbish:				
Salaries and Wages	90,900	90,900	66,279	24,621
Benefits	12,800	12,800	10,998	1,802
Other	285,662	285,662	258,123	27,539
Total Rubbish	\$389,362	\$389,362	\$335,400	\$53,962

(continued)

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Sewer/Water Control:				
Salaries and Wages	\$177,300	\$183,200	\$172,451	\$10,749
Benefits	80,000	81,600	75,483	6,117
Other	60,212	30,212	11,507	18,705
Total Sewer/Water Control	317,512	295,012	259,441	35,571
Total Basic Utility Services	706,874	684,374	594,841	89,533
Transportation:				
Equipment and Motor Pool:				
Salaries and Wages	362,800	389,800	389,339	461
Benefits	117,300	125,300	124,627	673
Other	284,248	296,748	279,641	17,107
Total Transportation	764,348	811,848	793,607	18,241
<i>Total Expenditures</i>	21,471,064	21,471,064	20,292,388	1,178,676
<i>Excess of Revenues Over Expenditures</i>	5,412,138	5,264,939	6,703,931	1,438,992
Other Financing Sources (Uses)				
Advances In	175,000	175,500	175,000	(500)
Advances Out	(1,822,000)	(1,822,000)	(1,821,500)	500
Transfers Out	(5,487,000)	(6,024,000)	(6,024,000)	0
<i>Total Other Financing Sources (Uses)</i>	(7,134,000)	(7,670,500)	(7,670,500)	0
<i>Net Change in Fund Balance</i>	(1,721,862)	(2,405,561)	(966,569)	1,438,992
<i>Fund Balance Beginning of Year</i>	2,513,238	2,513,238	2,513,238	0
Prior Year Encumbrances Appropriated	990,664	990,664	990,664	0
<i>Fund Balance End of Year</i>	\$1,782,040	\$1,098,341	\$2,537,333	\$1,438,992

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Quadrant Tax Increment Financing Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Investment Income	\$0	\$0	\$148	\$148
Payments in Lieu of Taxes	1,064,000	1,064,000	1,058,254	(5,746)
Miscellaneous	0	0	18	18
<i>Total Revenues</i>	<u>1,064,000</u>	<u>1,064,000</u>	<u>1,058,420</u>	<u>(5,580)</u>
Expenditures				
Capital Outlay:				
Capital Outlay	1,123,648	1,944,473	1,865,970	78,503
Debt Service:				
Principal Retirement	420,000	420,000	420,000	0
Interest and Fiscal Charges	551,825	557,000	556,475	525
Debt Issuance Cost	12,900	12,900	10,100	2,800
<i>Total Debt Service</i>	<u>984,725</u>	<u>989,900</u>	<u>986,575</u>	<u>3,325</u>
<i>Total Expenditures</i>	<u>2,108,373</u>	<u>2,934,373</u>	<u>2,852,545</u>	<u>81,828</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(1,044,373)</u>	<u>(1,870,373)</u>	<u>(1,794,125)</u>	<u>76,248</u>
Other Financing Sources (Uses)				
Refunding Notes Issued	931,800	1,800,000	1,800,000	0
Premium on Refunding Notes	0	0	10,296	10,296
Advances In	1,900,000	1,971,500	1,971,500	0
Advances Out	(175,000)	(175,000)	(175,000)	0
Transfers Out	(2,130,000)	(2,351,500)	(2,351,500)	0
<i>Total Other Financing Sources (Uses)</i>	<u>526,800</u>	<u>1,245,000</u>	<u>1,255,296</u>	<u>10,296</u>
<i>Net Change in Fund Balance</i>	<u>(517,573)</u>	<u>(625,373)</u>	<u>(538,829)</u>	<u>86,544</u>
<i>Fund Balance Beginning of Year</i>	<u>207,131</u>	<u>207,131</u>	<u>207,131</u>	<u>0</u>
Prior Year Encumbrances Appropriated	<u>465,973</u>	<u>465,973</u>	<u>465,973</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$155,531</u>	<u>\$47,731</u>	<u>\$134,275</u>	<u>\$86,544</u>

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Capital Improvements Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Investment Income	\$0	\$0	\$459	\$459
Miscellaneous	40,000	40,000	6,575	(33,425)
<i>Total Revenues</i>	40,000	40,000	7,034	(32,966)
Expenditures				
Capital Outlay:				
Capital Outlay	2,776,797	2,841,797	2,704,318	137,479
Debt Service:				
Principal Retirement	6,570,000	6,570,000	6,570,000	0
Interest and Fiscal Charges	634,900	634,900	634,876	24
Debt Issuance Cost	40,000	40,000	31,418	8,582
<i>Total Debt Service</i>	7,244,900	7,244,900	7,236,294	8,606
<i>Total Expenditures</i>	10,021,697	10,086,697	9,940,612	146,085
<i>Excess of Revenues</i> <i>Under Expenditures</i>	(9,981,697)	(10,046,697)	(9,933,578)	113,119
Other Financing Sources				
Refunding Notes Issued	5,600,000	5,600,000	5,600,000	0
Premium on Refunding Notes	0	0	32,032	32,032
Transfers In	2,805,000	2,890,000	2,890,000	0
<i>Total Other Financing Sources</i>	8,405,000	8,490,000	8,522,032	32,032
<i>Net Change in Fund Balance</i>	(1,576,697)	(1,556,697)	(1,411,546)	145,151
<i>Fund Balance Beginning of Year</i>	63,693	63,693	63,693	0
Prior Year Encumbrances Appropriated	1,526,797	1,526,797	1,526,797	0
<i>Fund Balance End of Year</i>	<u>\$13,793</u>	<u>\$33,793</u>	<u>\$178,944</u>	<u>\$145,151</u>

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
State Highway Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$32,500	\$32,500	\$34,304	\$1,804
Expenditures				
Current:				
Transportation:				
Streets, Sidewalks, and Maintenance:				
Other	125,000	125,000	125,000	0
<i>Net Change in Fund Balance</i>	(92,500)	(92,500)	(90,696)	1,804
<i>Fund Balance Beginning of Year</i>	144,412	144,412	144,412	0
<i>Fund Balance End of Year</i>	<u>\$51,912</u>	<u>\$51,912</u>	<u>\$53,716</u>	<u>\$1,804</u>

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Motor Vehicle License Tax Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$25,000	\$25,000	\$22,483	(\$2,517)
Expenditures				
Current:				
Transportation:				
Streets, Sidewalks, and Maintenance:				
Other	125,000	125,000	125,000	0
<i>Net Change in Fund Balance</i>	(100,000)	(100,000)	(102,517)	(2,517)
<i>Fund Balance Beginning of Year</i>	142,842	142,842	142,842	0
<i>Fund Balance End of Year</i>	<u>\$42,842</u>	<u>\$42,842</u>	<u>\$40,325</u>	<u>(\$2,517)</u>

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Construction, Maintenance and Repair Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$400,000	\$400,000	\$423,080	\$23,080
Miscellaneous	0	0	22,670	22,670
<i>Total Revenues</i>	400,000	400,000	445,750	45,750
Expenditures				
Current:				
Transportation:				
Streets, Sidewalks, and Maintenance:				
Salaries and Wages	825,162	825,162	800,582	24,580
Benefits	286,713	286,713	264,234	22,479
Other	591,241	591,241	578,239	13,002
<i>Total Expenditures</i>	1,703,116	1,703,116	1,643,055	60,061
<i>Excess of Revenues Under Expenditures</i>	(1,303,116)	(1,303,116)	(1,197,305)	105,811
Other Financing Sources				
Transfers In	1,100,000	1,100,000	1,100,000	0
<i>Net Change in Fund Balance</i>	(203,116)	(203,116)	(97,305)	105,811
<i>Fund Balance Beginning of Year</i>	204,280	204,280	204,280	0
Prior Year Encumbrances Appropriated	81,816	81,816	81,816	0
<i>Fund Balance End of Year</i>	\$82,980	\$82,980	\$188,791	\$105,811

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Enforcement and Education Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeitures	\$2,500	\$2,500	\$1,648	(\$852)
Expenditures				
Current:				
Security of Persons and Property:				
Police Department:				
Other	2,500	2,500	500	2,000
<i>Net Change in Fund Balance</i>	0	0	1,148	1,148
<i>Fund Balance Beginning of Year</i>	4,350	4,350	4,350	0
<i>Fund Balance End of Year</i>	<u>\$4,350</u>	<u>\$4,350</u>	<u>\$5,498</u>	<u>\$1,148</u>

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Indigent Drivers Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeitures	\$5,000	\$5,000	\$6,129	\$1,129
Expenditures				
Current:				
Security of Persons and Property:				
Police Department:				
Other	5,000	5,000	0	5,000
<i>Net Change in Fund Balance</i>	0	0	6,129	6,129
<i>Fund Balance Beginning of Year</i>	3,837	3,837	3,837	0
<i>Fund Balance End of Year</i>	<u>\$3,837</u>	<u>\$3,837</u>	<u>\$9,966</u>	<u>\$6,129</u>

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Drug Offense Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeitures	\$2,500	\$5,000	\$5,998	\$998
Expenditures				
Current:				
Security of Persons and Property:				
Police Department:				
Other	2,500	2,500	0	2,500
<i>Net Change in Fund Balance</i>	0	2,500	5,998	3,498
<i>Fund Balance Beginning of Year</i>	27,419	27,419	27,419	0
<i>Fund Balance End of Year</i>	<u>\$27,419</u>	<u>\$29,919</u>	<u>\$33,417</u>	<u>\$3,498</u>

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Law Enforcement Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeitures	\$45,000	\$20,000	\$2,091	(\$17,909)
Miscellaneous	0	0	16,579	16,579
<i>Total Revenues</i>	45,000	20,000	18,670	(1,330)
Expenditures				
Current:				
Security of Persons and Property:				
Police Department:				
Other	45,500	20,000	17,971	2,029
<i>Excess of Revenues Over (Under) Expenditures</i>	(500)	0	699	699
Other Financing Uses				
Transfers Out	0	(1,000)	(1,000)	0
<i>Net Change in Fund Balance</i>	(500)	(1,000)	(301)	699
<i>Fund Balance Beginning of Year</i>	6,161	6,161	6,161	0
<i>Fund Balance End of Year</i>	<u>\$5,661</u>	<u>\$5,161</u>	<u>\$5,860</u>	<u>\$699</u>

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Federal Forfeiture Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeitures	\$50,000	\$65,000	\$76,992	\$11,992
Expenditures				
Current:				
Security of Persons and Property:				
Police Department:				
Other	26,000	56,000	52,855	3,145
<i>Excess of Revenues Over Expenditures</i>	24,000	9,000	24,137	15,137
Other Financing Sources				
Transfers In	0	1,000	1,000	0
<i>Net Change in Fund Balance</i>	24,000	10,000	25,137	15,137
<i>Fund Balance Beginning of Year</i>	98,555	98,555	98,555	0
Prior Year Encumbrances Appropriated	6,000	6,000	6,000	0
<i>Fund Balance End of Year</i>	<u>\$128,555</u>	<u>\$114,555</u>	<u>\$129,692</u>	<u>\$15,137</u>

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Mayor's Court Computer Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeitures	\$15,000	\$12,000	\$12,681	\$681
Expenditures				
Current:				
General Government:				
Mayor's Court Computer:				
Other	25,248	25,248	25,214	34
<i>Net Change in Fund Balance</i>	(10,248)	(13,248)	(12,533)	715
<i>Fund Balance Beginning of Year</i>	89,065	89,065	89,065	0
Prior Year Encumbrances Appropriated	5,248	5,248	5,248	0
<i>Fund Balance End of Year</i>	<u>\$84,065</u>	<u>\$81,065</u>	<u>\$81,780</u>	<u>\$715</u>

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
FEMA Grant Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Miscellaneous	\$500	\$500	\$0	(\$500)
Expenditures				
Current:				
Security of Persons and Property:				
Fire Department:				
Other	500	500	0	500
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	555	555	555	0
<i>Fund Balance End of Year</i>	<u>\$555</u>	<u>\$555</u>	<u>\$555</u>	<u>\$0</u>

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Handicap Parking Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeitures	\$12,000	\$7,000	\$7,325	\$325
Expenditures				
Current:				
General Government:				
Other General Government:				
Other	1,000	1,000	0	1,000
<i>Net Change in Fund Balance</i>	11,000	6,000	7,325	1,325
<i>Fund Balance Beginning of Year</i>	13,962	13,962	13,962	0
<i>Fund Balance End of Year</i>	<u>\$24,962</u>	<u>\$19,962</u>	<u>\$21,287</u>	<u>\$1,325</u>

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Friends for Life Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Current:				
General Government:				
Other General Government:				
Other	500	500	0	500
<i>Net Change in Fund Balance</i>	(500)	(500)	0	500
<i>Fund Balance Beginning of Year</i>	2,085	2,085	2,085	0
<i>Fund Balance End of Year</i>	<u>\$1,585</u>	<u>\$1,585</u>	<u>\$2,085</u>	<u>\$500</u>

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Twenty-Five and Alive Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Miscellaneous	\$5,100	\$2,100	\$2,124	\$24
Expenditures				
Current:				
General Government:				
Other General Government:				
Other	6,277	6,277	3,032	3,245
<i>Excess of Revenues Under Expenditures</i>	(1,177)	(4,177)	(908)	3,269
Other Financing Sources				
Transfers In	0	2,000	2,000	0
<i>Net Change in Fund Balance</i>	(1,177)	(2,177)	1,092	3,269
<i>Fund Balance Beginning of Year</i>	7,924	7,924	7,924	0
Prior Year Encumbrances Appropriated	777	777	777	0
<i>Fund Balance End of Year</i>	<u>\$7,524</u>	<u>\$6,524</u>	<u>\$9,793</u>	<u>\$3,269</u>

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Home Days Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Miscellaneous	\$45,000	\$47,500	\$47,658	\$158
Expenditures				
Current:				
General Government:				
Other General Government:				
Other	50,000	53,000	52,370	630
<i>Net Change in Fund Balance</i>	(5,000)	(5,500)	(4,712)	788
<i>Fund Balance Beginning of Year</i>	10,301	10,301	10,301	0
<i>Fund Balance End of Year</i>	<u>\$5,301</u>	<u>\$4,801</u>	<u>\$5,589</u>	<u>\$788</u>

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
I Can Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Miscellaneous	\$4,000	\$2,000	\$2,704	\$704
Expenditures				
Current:				
General Government:				
Other General Government:				
Other	5,378	5,378	5,017	361
<i>Excess of Revenues Under Expenditures</i>	(1,378)	(3,378)	(2,313)	1,065
Other Financing Sources				
Transfers In	0	2,000	2,000	0
<i>Net Change in Fund Balance</i>	(1,378)	(1,378)	(313)	1,065
<i>Fund Balance Beginning of Year</i>	3,191	3,191	3,191	0
Prior Year Encumbrances Appropriated	1,278	1,278	1,278	0
<i>Fund Balance End of Year</i>	<u>\$3,091</u>	<u>\$3,091</u>	<u>\$4,156</u>	<u>\$1,065</u>

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Tree Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Current:				
General Government:				
Other General Government:				
Other	11,056	11,056	10,756	300
<i>Net Change in Fund Balance</i>	(11,056)	(11,056)	(10,756)	300
<i>Fund Balance Beginning of Year</i>	1,377	1,377	1,377	0
Prior Year Encumbrances Appropriated	10,756	10,756	10,756	0
<i>Fund Balance End of Year</i>	<u>\$1,077</u>	<u>\$1,077</u>	<u>\$1,377</u>	<u>\$300</u>

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Cemetery Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$0	\$0	\$29,075	\$29,075
Expenditures				
Current:				
Public Health and Welfare:				
Cemetery:				
Other	75,868	98,368	93,534	4,834
<i>Excess of Revenues Under Expenditures</i>	(75,868)	(98,368)	(64,459)	33,909
Other Financing Sources				
Transfers In	50,000	50,000	25,000	(25,000)
<i>Net Change in Fund Balance</i>	(25,868)	(48,368)	(39,459)	8,909
<i>Fund Balance Beginning of Year</i>	57,983	57,983	57,983	0
Prior Year Encumbrances Appropriated	868	868	868	0
<i>Fund Balance End of Year</i>	<u>\$32,983</u>	<u>\$10,483</u>	<u>\$19,392</u>	<u>\$8,909</u>

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Recreation Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fees, Licenses and Permits	\$325,000	\$350,000	\$346,367	(\$3,633)
Miscellaneous	0	0	4,582	4,582
<i>Total Revenues</i>	325,000	350,000	350,949	949
Expenditures				
Current:				
Leisure Time Activities				
Recreation:				
Other	574,696	604,696	570,068	34,628
<i>Excess of Revenues Under Expenditures</i>	(249,696)	(254,696)	(219,119)	35,577
Other Financing Sources				
Transfers In	205,000	205,000	205,000	0
<i>Net Change in Fund Balance</i>	(44,696)	(49,696)	(14,119)	35,577
<i>Fund Balance Beginning of Year</i>	53,826	53,826	53,826	0
Prior Year Encumbrances Appropriated	24,696	24,696	24,696	0
<i>Fund Balance End of Year</i>	<u>\$33,826</u>	<u>\$28,826</u>	<u>\$64,403</u>	<u>\$35,577</u>

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Police Pension Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$117,210	\$117,210	\$133,262	\$16,052
Intergovernmental	17,860	17,860	17,860	0
<i>Total Revenues</i>	135,070	135,070	151,122	16,052
Expenditures				
Current:				
Security of Persons and Property:				
Police Department:				
Other	550,000	550,000	549,331	669
<i>Excess of Revenues Under Expenditures</i>	(414,930)	(414,930)	(398,209)	16,721
Other Financing Sources				
Transfers In	450,000	450,000	450,000	0
<i>Net Change in Fund Balance</i>	35,070	35,070	51,791	16,721
<i>Fund Balance Beginning of Year</i>	237,288	237,288	237,288	0
<i>Fund Balance End of Year</i>	<u>\$272,358</u>	<u>\$272,358</u>	<u>\$289,079</u>	<u>\$16,721</u>

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Bond Retirement Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$247,152	\$247,152	\$265,062	\$17,910
Intergovernmental	22,989	22,989	22,989	0
<i>Total Revenues</i>	270,141	270,141	288,051	17,910
Expenditures				
Debt Service:				
Principal Retirement	315,000	315,000	315,000	0
Interest and Fiscal Charges	23,300	23,300	20,496	2,804
<i>Total Expenditures</i>	338,300	338,300	335,496	2,804
<i>Net Change in Fund Balance</i>	(68,159)	(68,159)	(47,445)	20,714
<i>Fund Balance Beginning of Year</i>	242,030	242,030	242,030	0
<i>Fund Balance End of Year</i>	\$173,871	\$173,871	\$194,585	\$20,714

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Resurfacing Fund
For the Year Ended December 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment Income	\$0	\$0	\$10,083	\$10,083
Expenditures				
Capital Outlay:				
Capital Outlay	3,546,816	2,981,816	2,938,272	43,544
Debt Service:				
Principal Retirement	6,800	6,800	6,767	33
<i>Total Expenditures</i>	<u>3,553,616</u>	<u>2,988,616</u>	<u>2,945,039</u>	<u>43,577</u>
<i>Excess of Revenues Under Expenditures</i>	(3,553,616)	(2,988,616)	(2,934,956)	53,660
Other Financing Sources				
Transfers In	<u>2,750,000</u>	<u>2,251,500</u>	<u>2,251,500</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(803,616)	(737,116)	(683,456)	53,660
<i>Fund Balance Beginning of Year</i>	569,296	569,296	569,296	0
Prior Year Encumbrances Appropriated	<u>346,816</u>	<u>346,816</u>	<u>346,816</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$112,496</u>	<u>\$178,996</u>	<u>\$232,656</u>	<u>\$53,660</u>

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Drain Water Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Investment Income	\$0	\$0	\$25	\$25
Other	150,000	150,000	150,000	0
<i>Total Revenues</i>	150,000	150,000	150,025	25
Expenditures				
Capital Outlay:				
Capital Outlay	447,500	447,500	437,333	10,167
Debt Service:				
Principal Retirement	900,000	900,000	900,000	0
Interest and Fiscal Charges	25,431	25,431	25,431	0
Debt Issuance Cost	2,069	2,069	1,682	387
<i>Total Debt Service</i>	927,500	927,500	927,113	387
<i>Total Expenditures</i>	1,375,000	1,375,000	1,364,446	10,554
<i>Excess of Revenues Under Expenditures</i>	(1,225,000)	(1,225,000)	(1,214,421)	10,579
Other Financing Sources (Uses)				
Current Refunding	(300,000)	(300,000)	(300,000)	0
General Obligation Notes Issued	300,000	300,000	300,000	0
Premium on General Obligation Notes	0	0	1,716	1,716
Transfers In	1,100,000	1,100,000	1,100,000	0
<i>Total Other Financing Sources (Uses)</i>	1,100,000	1,100,000	1,101,716	1,716
<i>Net Change in Fund Balance</i>	(125,000)	(125,000)	(112,705)	12,295
<i>Fund Balance Beginning of Year</i>	63,373	63,373	63,373	0
Prior Year Encumbrances Appropriated	147,500	147,500	147,500	0
<i>Fund Balance End of Year</i>	\$85,873	\$85,873	\$98,168	\$12,295

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Rockside Woods Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Special Assessments	\$11,000	\$4,000	\$9,012	\$5,012
Expenditures				
Capital Outlay:				
Capital Outlay	1,000	1,000	108	892
<i>Net Change in Fund Balance</i>	10,000	3,000	8,904	5,904
<i>Fund Balance Beginning of Year</i>	3,940	3,940	3,940	0
<i>Fund Balance End of Year</i>	<u>\$13,940</u>	<u>\$6,940</u>	<u>\$12,844</u>	<u>\$5,904</u>

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Issue II Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Special Assessments	\$70,000	\$46,000	\$49,052	\$3,052
Expenditures				
Capital Outlay:				
Capital Outlay	500	500	486	14
Debt Service:				
Principal Retirement	30,000	30,000	30,000	0
Interest and Fiscal Charges	24,400	24,400	23,900	500
Total Debt Service	54,400	54,400	53,900	500
<i>Total Expenditures</i>	54,900	54,900	54,386	514
<i>Net Change in Fund Balance</i>	15,100	(8,900)	(5,334)	3,566
<i>Fund Balance Beginning of Year</i>	14,041	14,041	14,041	0
<i>Fund Balance End of Year</i>	\$29,141	\$5,141	\$8,707	\$3,566

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Public Safety Equipment Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay:				
Capital Outlay	200,000	200,000	184,500	15,500
<i>Excess of Revenues Under Expenditures</i>	(200,000)	(200,000)	(184,500)	15,500
Other Financing Sources				
Transfers In	250,000	250,000	250,000	0
<i>Net Change in Fund Balance</i>	50,000	50,000	65,500	15,500
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	<u>\$50,000</u>	<u>\$50,000</u>	<u>\$65,500</u>	<u>\$15,500</u>

City of Independence, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Route 21 and Pleasant Valley Fund
For the Year Ended December 31, 2010*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay:				
Capital Outlay	900,000	900,000	94,430	805,570
<i>Excess of Revenues Under Expenditures</i>	(900,000)	(900,000)	(94,430)	805,570
Other Financing Sources				
General Obligation Notes Issued	800,000	800,000	0	(800,000)
Transfers In	100,000	100,000	100,000	0
<i>Total Other Financing Sources</i>	900,000	900,000	100,000	(800,000)
<i>Net Change in Fund Balance</i>	0	0	5,570	5,570
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$5,570	\$5,570

City of Independence, Ohio
Schedule of Revenues, Expenses and Changes
in Fund Equity - Budget (Non-GAAP Basis) and Actual
Insurance Fund
For the Year Ended December 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment Income	\$100,000	\$50,000	\$50,832	\$832
Expenses				
Contractual Services	8,932	8,932	8,932	0
Claims	83,884	283,884	170,567	113,317
<i>Total Expenses</i>	<u>92,816</u>	<u>292,816</u>	<u>179,499</u>	<u>113,317</u>
<i>Excess of Revenues Over (Under) Expenses Before Advances</i>	7,184	(242,816)	(128,667)	114,149
Advances Out	<u>(150,000)</u>	<u>(150,000)</u>	<u>(150,000)</u>	<u>0</u>
<i>Net Change in Fund Equity</i>	(142,816)	(392,816)	(278,667)	114,149
<i>Fund Equity Beginning of Year</i>	2,900,351	2,900,351	2,900,351	0
Prior Year Encumbrances Appropriated	<u>42,816</u>	<u>42,816</u>	<u>42,816</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u><u>\$2,800,351</u></u>	<u><u>\$2,550,351</u></u>	<u><u>\$2,664,500</u></u>	<u><u>\$114,149</u></u>

Statistical Section



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Statistical Section

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

Contents	Pages(s)
<i>Financial Trends</i>	<i>S2 – S9</i>
These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	
<i>Revenue Capacity</i>	<i>S10 – S18</i>
These schedules contain information to help the reader assess the City’s most significant local revenue sources, the property tax and the municipal income tax.	
<i>Debt Capacity</i>	<i>S19 – S24</i>
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.	
<i>Economic and Demographic Information</i>	<i>S25 – S26</i>
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City’s financial activities take place.	
<i>Operating Information</i>	<i>S28 – S35</i>
These schedules contain service and infrastructure 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.	

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Financial Reports for the relevant year. The City implemented GASB Statement No. 34 in 2003; schedules presenting government-wide information include information beginning in that year.

City of Independence, Ohio

Net Assets By Component

Last Eight Years

(Accrual Basis of Accounting)

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Governmental Activities				
Invested in Capital Assets, Net of Related Debt	\$60,224,288	\$58,812,856	\$58,712,220	\$55,982,088
Restricted:				
Capital Projects	5,771,584	5,682,081	5,045,601	4,749,445
State Highway	47,440	160,172	128,179	252,401
Federal Forefeiture	0	0	0	0
Street Construction, Maintenance and Repair	417,443	370,883	229,877	349,348
Other Purposes	715,595	729,207	479,632	235,472
Unrestricted (Deficit)	<u>8,553,653</u>	<u>9,641,596</u>	<u>7,570,792</u>	<u>7,132,575</u>
<i>Total Governmental Activities Net Assets</i>	<u>\$75,730,003</u>	<u>\$75,396,795</u>	<u>\$72,166,301</u>	<u>\$68,701,329</u>

<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$51,169,988	\$44,444,252	\$53,026,762	\$56,892,794
4,666,275	8,822,024	4,847,751	9,747,148
102,812	68,799	183,949	147,633
0	0	0	100,677
319,972	335,249	263,556	204,126
313,121	31,478	306,066	76,757
<u>10,334,270</u>	<u>11,502,487</u>	<u>10,617,441</u>	<u>(108,221)</u>
<u>\$66,906,438</u>	<u>\$65,204,289</u>	<u>\$69,245,525</u>	<u>\$67,060,914</u>

City of Independence, Ohio

Changes in Net Assets

Last Eight Years

(Accrual Basis of Accounting)

	2010	2009	2008	2007
Program Revenues				
Governmental Activities:				
Charges for Services and Sales:				
General Government	\$458,491	\$306,346	\$228,665	\$163,975
Security of Persons and Property	660,947	427,036	426,786	285,474
Public Health and Welfare	29,091	35,615	80,519	1,605
Leisure Time Activities	544,419	467,713	497,839	449,308
Community Environment	164,973	100,143	110,965	73,080
Basic Utility Services	38,713	26,540	24,477	19,201
Transportation	56,584	33,412	38,807	28,045
Operating Grants	503,565	471,385	509,418	594,026
Capital Grants and Assessments	126,493	161,639	32,489	6,871,738
<i>Total Government Activities Program Revenues</i>	<u>2,583,276</u>	<u>2,029,829</u>	<u>1,949,965</u>	<u>8,486,452</u>
Expenses				
Governmental Activities:				
General Government	8,438,678	7,220,679	6,550,823	6,994,963
Security of Persons and Property	8,589,758	8,391,597	8,812,839	8,396,575
Public Health and Welfare	92,233	86,508	146,451	51,713
Leisure Time Activities	3,290,294	3,236,299	3,350,070	3,178,450
Community Environment	2,297,512	2,193,992	2,514,940	2,375,832
Basic Utility Services	899,624	735,732	705,039	699,018
Transportation:	3,748,132	4,375,394	4,669,006	6,222,871
Intergovernmental	0	0	0	6,777,393
Interest and Fiscal Charges	1,225,360	1,279,989	1,418,440	1,578,292
<i>Total Governmental Activities Expenses</i>	<u>28,581,591</u>	<u>27,520,190</u>	<u>28,167,608</u>	<u>36,275,107</u>
Net (Expense)/Revenue				
Governmental Activities	<u>(25,998,315)</u>	<u>(25,490,361)</u>	<u>(26,217,643)</u>	<u>(27,788,655)</u>
General Revenues and Other Changes in Net Assets				
Governmental Activities				
Property and Other Local Taxes Levied For (1):				
General Purposes	719,362	1,167,611	1,016,192	1,151,317
Debt Service	220,812	368,719	318,699	326,369
Other Purposes	111,137	184,358	170,232	203,220
Municipal Income Tax levied for General Purposes	21,115,584	23,982,611	22,488,246	23,387,075
Hotel/Motel Tax Levied for General Purposes	981,164	939,861	1,150,342	1,088,235
Amusement Tax Levied for General Purposes	15,273	18,078	18,027	19,796
Grants and Entitlements not Restricted to Specific Programs	1,298,566	789,889	1,548,168	796,657
Investment Income	120,620	143,810	368,767	770,803
Payments in Lieu of Taxes	1,279,283	669,941	1,880,535	876,043
Miscellaneous	469,722	455,977	723,407	964,031
<i>Total Governmental Activities General Revenues</i>	<u>26,331,523</u>	<u>28,720,855</u>	<u>29,682,615</u>	<u>29,583,546</u>
Change in Governmental Activities Net Assets	<u>\$333,208</u>	<u>\$3,230,494</u>	<u>\$3,464,972</u>	<u>\$1,794,891</u>

(1) Prior to 2007, hotel/motel and amusement taxes were included in property and other local taxes.

2006	2005	2004	2003
\$186,680	\$165,776	\$192,538	\$178,670
380,208	322,733	479,047	463,883
5,601	4,084	3,963	6,111
388,899	428,089	442,750	425,365
74,654	98,546	109,565	115,533
19,305	21,415	21,994	23,580
28,936	35,394	37,771	43,852
474,954	506,166	511,867	265,923
425,251	254,184	2,730,500	5,262,736
<u>1,984,488</u>	<u>1,836,387</u>	<u>4,529,995</u>	<u>6,785,653</u>
8,191,861	9,116,223	4,985,297	4,326,525
7,642,209	8,103,488	8,054,485	7,590,926
150,106	99,259	86,338	124,341
2,780,531	3,224,755	2,979,761	2,823,516
2,020,142	2,412,397	2,413,794	2,399,740
938,050	1,031,008	992,297	967,790
3,459,425	5,101,022	5,340,467	3,607,364
0	0	0	0
1,618,688	1,489,443	1,244,926	885,485
<u>26,801,012</u>	<u>30,577,595</u>	<u>26,097,365</u>	<u>22,725,687</u>
<u>(24,816,524)</u>	<u>(28,741,208)</u>	<u>(21,567,370)</u>	<u>(15,940,034)</u>
2,024,599	1,685,417	1,846,133	1,872,814
313,916	271,231	288,416	522,549
160,227	103,473	142,208	141,826
21,378,552	19,588,902	19,452,865	18,142,284
0	0	0	0
0	0	0	0
859,930	939,083	892,046	1,140,063
604,679	992,603	516,584	361,782
226,583	0	0	0
950,187	1,119,263	613,729	362,688
<u>26,518,673</u>	<u>24,699,972</u>	<u>23,751,981</u>	<u>22,544,006</u>
<u>\$1,702,149</u>	<u>(\$4,041,236)</u>	<u>\$2,184,611</u>	<u>\$6,603,972</u>

City of Independence, Ohio
Fund Balances, Governmental Funds
Last Ten Years
(Modified Accrual Basis of Accounting)

	2010	2009	2008	2007
General Fund				
Reserved	\$8,536,004	\$6,970,514	\$6,469,398	\$5,685,909
Unreserved	5,923,682	5,821,100	4,810,920	5,234,359
Total General Fund	<u>14,459,686</u>	<u>12,791,614</u>	<u>11,280,318</u>	<u>10,920,268</u>
All Other Governmental Funds				
Reserved	6,408,715	4,302,965	4,004,877	6,058,850
Unreserved, Undesignated (Deficit), Reported in:				
Special Revenue funds	816,092	956,246	573,411	364,175
Debt Service funds	(9,564,140)	(7,647,339)	(7,267,284)	(6,531,435)
Capital Projects funds	(726,494)	(393,020)	(32,682)	(2,108,901)
Total All Other Governmental Funds	<u>(3,065,827)</u>	<u>(2,781,148)</u>	<u>(2,721,678)</u>	<u>(2,217,311)</u>
Total Governmental Funds	<u><u>\$11,393,859</u></u>	<u><u>\$10,010,466</u></u>	<u><u>\$8,558,640</u></u>	<u><u>\$8,702,957</u></u>

2006	2005	2004	2003	2002	2001
\$2,319,792	\$2,155,243	\$422,535	\$355,631	\$290,755	\$351,645
8,859,983	7,156,832	7,382,659	6,924,808	6,164,224	6,867,235
11,179,775	9,312,075	7,805,194	7,280,439	6,454,979	7,218,880
3,077,867	3,851,968	9,977,491	12,013,645	1,636,665	1,359,853
457,896	251,256	311,525	591,485	534,274	832,949
364,832	278,323	285,846	996,507	458,503	423,804
(2,719,260)	3,913,934	1,688,663	12,233,503	(89,375)	(199,577)
1,181,335	8,295,481	12,263,525	25,835,140	2,540,067	2,417,029
\$12,361,110	\$17,607,556	\$20,068,719	\$33,115,579	\$8,995,046	\$9,635,909

City of Independence, Ohio
Changes in Fund Balances, Governmental Funds
Last Ten Years
(Modified Accrual Basis of Accounting)

	2010	2009	2008	2007	2006
Revenues					
Taxes (1)	\$24,505,900	\$24,760,639	\$25,645,624	\$25,700,104	\$23,702,165
Intergovernmental	1,802,980	1,463,683	2,028,911	8,039,065	1,819,536
Investment Income	67,424	75,323	245,344	590,439	466,309
Fees, Licenses and Permits	749,258	639,937	691,127	709,936	681,069
Fines and Forfeitures	552,602	462,930	378,855	298,541	394,785
Charges for Services	393,243	50,765	83,205	12,211	18,021
Rentals	258,115	243,173	254,871	0	1,808
Special Assessments	58,064	89,812	54,539	88,289	54,674
Payment in Lieu of Taxes	1,033,254	1,272,801	770,376	712,048	226,583
Miscellaneous	469,722	446,465	723,407	873,393	950,187
<i>Total Revenues</i>	<u>29,890,562</u>	<u>29,505,528</u>	<u>30,876,259</u>	<u>37,024,026</u>	<u>28,315,137</u>
Expenditures					
Current:					
General Government	5,832,145	5,785,603	5,356,297	5,534,996	5,233,963
Security of Persons and Property	8,343,766	8,100,541	8,450,592	8,024,379	7,684,493
Public Health and Welfare	92,021	86,508	96,797	49,480	156,935
Leisure Time Activities	3,237,635	3,187,729	3,313,837	3,065,576	2,843,285
Community Environment	2,241,800	2,136,723	2,472,765	2,315,832	2,098,700
Basic Utility Services	526,243	565,095	552,082	592,856	540,928
Transportation:					
Intergovernmental	0	0	0	6,777,393	0
Other	2,534,624	2,390,799	2,725,884	2,450,069	2,118,211
Capital Outlay	3,693,599	1,905,592	4,511,425	8,292,293	9,286,939
Debt Service:					
Principal Retirement	1,445,553	1,390,398	1,365,248	1,359,148	1,247,070
Principal Retirement - Current Refunding	0	1,200,000	600,000	600,000	600,000
Interest and Fiscal Charges	1,260,627	1,330,508	1,579,585	1,620,157	1,751,059
Bond Issuance Costs	43,200	0	0	0	0
<i>Total Expenditures</i>	<u>29,251,213</u>	<u>28,079,496</u>	<u>31,024,512</u>	<u>40,682,179</u>	<u>33,561,583</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>639,349</u>	<u>1,426,032</u>	<u>(148,253)</u>	<u>(3,658,153)</u>	<u>(5,246,446)</u>
Other Financing Sources (Uses)					
Sale of Capital Assets	0	20,125	3,936	0	0
Bond Anticipation Notes Issued	0	0	0	0	0
Current Refunding	(5,900,000)	(5,900,000)	(7,100,000)	(7,700,000)	(8,300,000)
Refunding Notes Issued	6,600,000	5,900,000	7,100,000	7,700,000	8,300,000
General Obligation Bonds Issued	0	0	0	0	0
Special Assessment Bonds Issued	0	0	0	0	0
Premium on Issuance of Debt	44,044	5,669	0	0	0
Payment to Refunded Bond Escrow Agent	0	0	0	0	0
Inception of Capital Lease	0	0	0	0	0
Transfers In	8,376,500	5,576,485	7,669,000	11,268,134	5,557,000
Transfers Out	(8,376,500)	(5,576,485)	(7,669,000)	(11,268,134)	(5,557,000)
<i>Total Other Financing Sources (Uses)</i>	<u>744,044</u>	<u>25,794</u>	<u>3,936</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	<u>\$1,383,393</u>	<u>\$1,451,826</u>	<u>(\$144,317)</u>	<u>(\$3,658,153)</u>	<u>(\$5,246,446)</u>
Debt Service as a Percentage of Noncapital Expenditures	10.8%	14.6%	13.4%	10.4%	14.3%

(1) Includes All Taxes

2005	2004	2003	2002	2001
\$22,112,467	\$21,450,696	\$20,752,589	\$20,026,548	\$22,090,195
1,656,582	4,096,896	5,693,128	1,955,153	850,390
913,835	472,951	361,782	241,041	545,895
662,272	735,203	718,605	693,295	691,704
363,501	515,736	496,741	300,889	309,045
38,864	36,689	41,648	168,400	496,034
0	0	0	109,222	90,019
38,970	25,000	362,736	93,877	44,580
0	0	0	0	0
1,119,263	613,729	362,688	412,160	0
<u>26,905,754</u>	<u>27,946,900</u>	<u>28,789,917</u>	<u>24,000,585</u>	<u>25,117,862</u>
4,048,540	4,833,510	5,062,317	4,327,195	4,360,115
7,773,464	7,676,970	7,228,353	7,205,207	6,580,235
99,105	86,338	94,848	84,143	115,192
3,165,517	2,946,376	2,758,908	2,830,344	1,679,081
2,394,982	2,391,832	2,378,175	2,263,419	3,389,729
519,660	475,860	473,105	479,706	457,337
0	0	0	0	0
2,514,550	2,129,507	2,047,996	1,703,730	1,720,366
11,188,741	17,660,524	8,702,345	3,820,532	10,359,863
1,172,783	11,529,050	10,550,091	23,120,839	13,668,884
500,000	0	0	0	0
1,301,228	1,224,777	795,370	633,605	700,617
157,525	0	331,409	0	0
<u>34,836,095</u>	<u>50,954,744</u>	<u>40,422,917</u>	<u>46,468,720</u>	<u>43,031,419</u>
<u>(7,930,341)</u>	<u>(23,007,844)</u>	<u>(11,633,000)</u>	<u>(22,468,135)</u>	<u>(17,913,557)</u>
0	0	0	9,634	15,328
8,400,000	9,900,000	10,400,000	21,800,000	11,400,000
(8,900,000)	0	0	0	0
0	0	0	0	0
5,800,000	0	26,320,000	0	0
0	0	700,000	0	0
147,601	0	1,081,533	0	0
0	0	(2,748,000)	0	0
21,577	60,984	0	17,638	0
10,543,376	5,006,541	10,800,000	4,794,659	10,425,500
<u>(10,543,376)</u>	<u>(5,006,541)</u>	<u>(10,800,000)</u>	<u>(4,794,659)</u>	<u>(10,525,500)</u>
<u>5,469,178</u>	<u>9,960,984</u>	<u>35,753,533</u>	<u>21,827,272</u>	<u>11,315,328</u>
<u>(\$2,461,163)</u>	<u>(\$13,046,860)</u>	<u>\$24,120,533</u>	<u>(\$640,863)</u>	<u>(\$6,598,229)</u>
12.5%	36.0%	36.2%	55.7%	44.0%

City of Independence, Ohio
Assessed Valuation and Estimated Actual Values of Taxable Property
Last Ten Years

Collection Year	Real Property			Tangible Personal Property	
	Assessed Value		Estimated Actual Value	Public Utility	
	Residential/ Agricultural	Commercial Industrial/PU		Assessed Value	Estimated Actual Value
2010	\$246,724,180	\$219,933,400	\$1,333,307,371	\$13,884,090	\$15,777,375
2009	247,400,130	233,371,680	1,373,633,743	11,424,750	12,982,670
2008	246,146,200	249,354,240	1,415,715,543	11,074,010	12,584,102
2007	243,061,090	242,628,230	1,387,683,771	19,920,220	22,636,614
2006	219,661,670	244,877,290	1,327,254,171	20,241,990	23,002,261
2005	217,259,750	255,391,400	1,350,431,857	25,368,400	28,827,727
2004	212,846,750	253,773,710	1,333,201,314	22,120,190	25,136,580
2003	264,140,960	192,864,210	1,305,729,057	16,012,173	18,195,651
2002	189,810,990	240,430,230	1,229,260,629	18,026,050	20,484,148
2001	186,531,910	227,004,330	1,181,532,114	24,252,740	27,559,932

Real property is reappraised every six years with a State mandated update of the current market value in the third year following each reappraisal.

The assessed value of real property (including public utility real property) is 35 percent of estimated true value. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property was assessed in previous years at 25 percent for machinery and equipment and 23 percent for inventories. General business tangible personal property tax was phased out beginning in 2006. Both types of general business tangible personal property were assessed at 12.5 percent for 2007, 6.25 percent for 2008 and zero for 2009. Beginning in 2007, House Bill 66 switched telephone companies from being public utilities to general business taxpayers and began a four year phase out of the tangible personal property tax on local and inter-exchange telephone companies. No tangible personal property taxes were levied or collected in 2009 from general business taxpayers (except telephone companies whose last year to pay tangible personal property is 2010). The City, however, received no tangible personal property taxes from telephone companies.

The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue billed in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by the 10 percent, 2 1/2 percent and homestead exemptions before being billed. Beginning in the 2006 collection year, the 10 percent rollback for commercial/industrial property has been eliminated.

Source: Cuyahoga County, Ohio; County Auditor

<u>Tangible Personal Property</u>					
<u>General Business</u>		<u>Total</u>			
<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Ratio</u>	<u>Tax Rate</u>
\$0	\$0	\$480,541,670	\$1,349,084,746	35.62%	\$2.60
8,866,450	141,863,200	501,063,010	1,528,479,613	32.78	2.80
32,265,242	258,121,936	538,839,692	1,686,421,581	31.95	2.80
31,350,145	167,200,773	536,959,685	1,577,521,158	34.04	2.80
40,970,389	163,881,556	525,751,339	1,514,137,989	34.72	2.80
42,971,606	171,886,424	540,991,156	1,551,146,008	34.88	2.80
49,910,985	199,643,940	538,651,635	1,557,981,834	34.57	2.80
42,820,707	171,282,828	515,838,050	1,495,207,536	34.50	3.20
63,851,343	255,405,372	512,118,613	1,505,150,149	34.02	3.20
57,941,478	231,765,912	495,730,458	1,440,857,958	34.41	3.30

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

	2010	2009	2008	2007
Unvoted Millage				
Operating	\$1.9000	\$1.9000	\$1.9000	\$1.9000
Police Pension	0.3000	0.3000	0.3000	0.3000
<i>Total Unvoted Millage</i>	2.2000	2.2000	2.2000	2.2000
Charter Millage				
1990 Civic Center	0.4000	0.6000	0.6000	0.6000
Total Millage	\$2.6000	\$2.8000	\$2.8000	\$2.8000
Overlapping Rates by Taxing District				
Independence Local School District				
Residential/Agricultural Real	\$29.8969	\$30.0066	\$29.2736	\$29.3470
Commerical/Industrial and Public Utility Real	30.9096	30.8481	29.7397	29.8339
General Business and Public Utility Personal	31.9000	32.0000	31.4000	31.5000
Cuyahoga Valley Career Center				
Residential/Agricultural Real	2.0000	2.0000	2.0000	2.0000
Commerical/Industrial and Public Utility Real	2.0000	2.0000	2.0000	2.0000
General Business and Public Utility Personal	2.0000	2.0000	2.0000	2.0000
Cuyahoga County				
Residential/Agricultural Real	13.1866	13.1789	12.6607	11.8688
Commerical/Industrial and Public Utility Real	12.8413	12.8457	12.8153	12.4535
General Business and Public Utility Personal	13.3200	13.3200	13.3200	13.4200
Special Taxing Districts (1)				
Residential/Agricultural Real	7.4900	7.0068	6.6597	5.9676
Commerical/Industrial and Public Utility Real	7.3450	6.9119	6.8911	6.2519
General Business and Public Utility Personal	7.5800	7.2800	7.2800	6.7800

Source: Cuyahoga County Auditor

Note: The rates presented for a particular calendar year are the rates that, when applied to the assessed values presented in the Assessed Value Table, generated the property tax revenue billed in that year.

The City's basic property tax rate may be increased only by a majority vote of the City residents.

Charter millage is consistently applied to all types of property as opposed to the voted levies of the overlapping taxing districts.

Overlapping rates are those of local and county governments that apply to property owners within the City.

(1) Metro Parks, Port Authority, County Library, Community College

2006	2005	2004	2003	2002	2001
\$1.9000	\$1.9000	\$1.9000	\$1.9000	\$1.9000	\$1.9000
0.3000	0.3000	0.3000	0.3000	0.3000	0.3000
2.2000	2.2000	2.2000	2.2000	2.2000	2.2000
0.6000	0.6000	0.6000	1.0000	1.0000	1.1000
\$2.8000	\$2.8000	\$2.8000	\$3.2000	\$3.2000	\$3.3000

\$28.5895	\$28.7260	\$23.1340	\$22.8398	\$22.8802	\$20.5804
29.9017	29.3792	23.3597	23.0598	23.1101	20.7785
31.5000	31.5000	26.0000	25.7000	25.7000	23.4000

2.0000	2.0000	2.0000	2.0000	2.0000	2.0000
2.0000	2.0000	2.0000	2.0000	2.0000	2.0000
2.0000	2.0000	2.0000	2.0000	2.0000	2.0000

11.7227	11.7227	10.9754	10.9899	12.4609	11.3815
12.5880	12.5762	11.9846	12.0433	12.8764	12.0023
13.5200	13.5200	13.5200	13.5200	14.6500	14.6500

6.2900	6.2900	6.2880	4.7783	2.5323	2.5354
6.5596	6.5552	6.5067	5.1811	2.5497	2.5320
6.7800	6.7800	6.7800	5.8800	2.9500	2.9500

City of Independence, Ohio
Property Tax Levy And Collections
Last Ten Years

Year	Total Tax Levy	Current Tax Collections	Percent of Current Tax Collections To Tax Levy	Delinquent Tax Collections
2010	\$3,266,698	\$2,180,929	66.76%	\$193,620
2009	2,522,246	2,352,209	93.26	235,807
2008	2,734,423	2,076,969	75.96	32,721
2007	2,561,471	2,091,154	81.64	86,313
2006	1,588,927	1,514,941	95.34	66,720
2005	1,760,464	1,601,235	90.96	36,810
2004	1,670,293	1,432,500	85.76	64,124
2003	1,779,784	1,563,809	87.87	65,300
2002	1,720,734	1,537,752	89.37	60,752
2001	1,772,482	1,619,184	91.35	54,766

Source: Cuyahoga County, Ohio; County Auditor

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

- (1) State reimbursement of rollback and homestead exemptions are included.
- (2) Penalties and interest are included, since by Ohio law they become part of the tax obligation as assessment occurs.

<u>Total Tax Collections (1)</u>	<u>Percent of Total Tax Collections To Tax Levy</u>	<u>Accumulated Outstanding Delinquent Taxes</u>	<u>Percentage of Delinquent Taxes to Total Tax Levy</u>
\$2,374,549	72.69%	\$939,371	28.76%
2,588,016	102.61	1,145,874	45.43
2,109,690	77.15	668,816	24.46
2,177,467	85.01	420,910	16.43
1,581,661	99.54	237,114	14.92
1,638,045	93.05	223,009	12.67
1,496,624	89.60	173,430	10.38
1,629,109	91.53	159,400	8.96
1,598,504	92.90	113,714	6.61
1,673,950	94.44	94,783	5.35

City of Independence, Ohio
Principal Real Property Taxpayers
 2010 and 2007 (1)

Taxpayer	2010	
	Real Property Assessed Valuation	Percentage of Total Assessed Valuation
Duke Realty Ohio	\$24,919,250	5.34 %
Investors Warranty of America Inc.	14,975,510	3.21
Cleveland Clinic	12,940,730	2.77
Rockside-77 Properties LTD	12,181,550	2.61
Cleveland Electric Illuminating Company	9,090,070	1.95
JDI Oak Tree Holdings LLC	7,390,290	1.58
City of Independence	7,321,870	1.57
AP/AM Independence Suites	6,661,410	1.43
Jagi Cleveland	6,524,860	1.40
Independence Research	6,151,260	1.32
Total	\$108,156,800	23.18 %
Total Real Property Assessed Valuation	\$466,657,580	

Taxpayer	2007	
	Real Property Assessed Valuation	Percentage of Total Assessed Valuation
Duke Realty Ohio	\$27,306,600	5.62 %
Cleveland Clinic	12,940,730	2.66
Rockside-77 Properties LTD	12,822,680	2.64
Cleveland Electric Illuminating Company	7,810,650	1.61
Summit Office Park LTD	7,750,160	1.60
JDI Oak Tree Holdings LLC	7,390,290	1.52
AP/AM Independence Suites	7,012,010	1.45
Jagi Cleveland	6,865,090	1.41
Independence Research	6,475,010	1.33
6055 Properties LTD	5,754,740	1.19
Total	\$102,127,960	21.03 %
Total Real Property Assessed Valuation	\$485,689,320	

Source: Cuyahoga County Auditor

(1) Information prior to 2007 is not available.

City of Independence, Ohio
Income Tax Revenue Base and Collections
Last Ten Years

<u>Tax Year</u>	<u>Tax Rate (1)</u>	<u>Total Tax Collected (2)</u>	<u>Taxes from Withholding</u>	<u>Percentage of Taxes from Withholding</u>	<u>Taxes From Net Profits</u>	<u>Percentage of Taxes from Net Profits</u>	<u>Taxes From Individuals</u>	<u>Percentage of Taxes from Individuals</u>
2010	2.00	\$21,115,584	\$18,809,365	89.08%	\$1,987,395	9.41%	\$798,685	3.78%
2009	2.00	23,982,611	20,306,077	84.67	2,724,424	11.36	952,110	3.97
2008	2.00	22,488,246	19,307,516	85.86	2,228,793	9.91	951,937	4.23
2007	2.00	23,387,075	20,393,529	87.20	2,128,224	9.10	865,322	3.70
2006	2.00	21,378,552	18,218,802	85.22	2,261,851	10.58	897,899	4.20
2005	2.00	19,588,902	16,901,304	86.28	1,951,055	9.96	736,543	3.76
2004	2.00	19,452,865	16,674,996	85.72	2,089,238	10.74	688,631	3.54
2003	2.00	18,142,284	15,807,372	87.13	1,542,094	8.50	792,818	4.37
2002	2.00	17,641,640	15,490,153	87.80	896,500	5.08	762,717	4.32
2001	2.00	18,714,234	16,364,299	87.44	1,233,402	6.59	766,577	4.10

(1) The City's basic income tax rate may only be increased by a majority vote of the City's residents.

(2) 2003 through 2010 are on an accrual basis.
2001 and 2002 are on a modified accrual basis.

City of Independence, Ohio
Income Tax Filers by Income Level
Tax Years 2009 and 2000

Tax Year 2009 (1)				
Income Range	Number of Filers	Percent of Filers	Taxable Income	Percent of Taxable Income
Over \$100,000	621	23.14 %	\$113,064,898	59.36 %
75,001-100,000	306	11.41	26,592,907	13.96
50,001-75,000	393	14.65	24,285,034	12.75
25,000-50,000	500	18.64	18,473,683	9.70
Under 25,000	863	32.16	8,050,070	4.23
Total	<u>2,683</u>	<u>100.00 %</u>	<u>\$190,466,592</u>	<u>100.00 %</u>

Tax Year 2000 (2)				
Income Range	Number of Filers	Percent of Filers	Taxable Income	Percent of Taxable Income
Over \$100,000	397	15.45 %	\$72,249,648	47.69 %
75,001-100,000	265	10.31	22,721,995	15.00
50,001-75,000	455	17.70	28,072,901	18.53
25,000-50,000	534	20.78	19,696,805	13.00
Under 25,000	919	35.76	8,749,654	5.78
Total	<u>2,570</u>	<u>100.00 %</u>	<u>\$151,491,003</u>	<u>100.00 %</u>

Sources: Regional Income Tax data - certain amounts may be estimates

(1) As of December 31, 2010, 2010 information has not been compiled.

(2) Information prior to 2000 is not available.

Note: Number of filers does not equal total taxpayers due to taxpayers paying City taxes through employer withholding only without having a filing requirement.

City of Independence, Ohio

*Ratio of General Obligation Bonded Debt to Estimated Actual
Values of Taxable Property and Bonded Debt Per Capita
Last Ten Years*

<u>Year</u>	<u>Gross Bonded Debt</u>	<u>Estimated Actual Values of Taxable Property</u>	<u>Ratio of Bonded Debt to Estimated Actual Value of Taxable Property</u>	<u>Bonded Debt per Capita</u>
2010	\$23,983,905	\$1,349,084,746	1.78%	\$3,362
2009	25,439,723	1,528,479,613	1.66	3,579
2008	26,840,541	1,686,421,581	1.59	3,776
2007	28,216,359	1,577,521,158	1.79	3,969
2006	29,567,177	1,514,137,989	1.95	4,159
2005	30,797,995	1,551,146,008	1.99	4,332
2004	26,011,213	1,557,981,834	1.67	3,659
2003	27,136,353	1,495,207,536	1.81	3,817
2002	2,700,000	1,505,150,149	0.18	380
2001	3,000,000	1,440,857,958	0.21	422

Note: Estimated Actual Values of Taxable Property data is presented on pages S10 and S11.
Population is presented on page S25.

City of Independence, Ohio
*Ratios of Outstanding Debt to
Total Personal Income and Debt Per Capita
Last Ten Years*

Fiscal Year	General Obligation Bonds	Special Assessment Bonds	OPWC Loans	Notes Payable	Capital Leases
2010	\$23,983,905	\$522,222	\$23,685	\$7,714,681	\$0
2009	25,439,723	554,074	30,452	5,901,889	0
2008	26,840,541	585,926	37,219	7,100,000	0
2007	28,216,359	617,778	43,986	7,700,000	0
2006	29,567,177	649,630	50,753	8,300,000	19,042
2005	30,797,995	681,482	57,520	8,900,000	46,144
2004	26,011,213	708,334	64,287	9,400,000	52,514
2003	27,136,353	735,186	71,054	10,400,000	5,871
2002	2,700,000	0	77,821	10,400,000	11,374
2001	3,000,000	0	84,588	11,400,000	5,124

Note: Population and Personal Income data are presented on page S25.

<u>Total</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
\$32,244,493	14.43 %	\$4,520
31,926,138	11.20	4,491
34,563,686	12.13	4,862
36,578,123	12.83	5,145
38,586,602	13.54	5,428
40,483,141	14.34	5,695
36,236,348	12.91	5,097
38,348,464	13.66	5,394
13,189,195	4.76	1,855
14,489,712	5.24	2,038

City of Independence, Ohio

Legal Debt Margin

Last Ten Years

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Total Assessed Property Value	<u>\$480,541,670</u>	<u>\$501,063,010</u>	<u>\$538,839,692</u>	<u>\$536,959,685</u>
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	<u>\$50,456,875</u>	<u>\$52,611,616</u>	<u>\$56,578,168</u>	<u>\$56,380,767</u>
Debt Outstanding:				
General Obligation Bonds	23,235,000	24,640,000	25,990,000	27,315,000
Special Assessment Bonds	500,000	530,000	560,000	590,000
OPWC Loans	23,685	30,452	37,219	43,986
Notes	<u>7,700,000</u>	<u>7,100,000</u>	<u>7,700,000</u>	<u>8,300,000</u>
Total Gross Indebtedness	31,458,685	32,300,452	34,287,219	36,248,986
Less:				
General Obligation Bonds	(12,255,000)	(12,675,000)	(13,075,000)	(13,470,000)
Special Assessment Bonds	<u>(500,000)</u>	<u>(530,000)</u>	<u>(560,000)</u>	<u>(590,000)</u>
Total Net Debt Applicable to Debt Limit	<u>18,703,685</u>	<u>19,095,452</u>	<u>20,652,219</u>	<u>22,188,986</u>
Legal Debt Margin Within 10 ½ % Limitations	<u>\$31,753,190</u>	<u>\$33,516,164</u>	<u>\$35,925,949</u>	<u>\$34,191,781</u>
Legal Debt Margin as a Percentage of the Debt Limit	62.93%	63.70%	63.50%	60.64%
Unvoted Debt Limitation (5 ½ % of Assessed Valuation)	<u>\$26,429,792</u>	<u>\$27,558,466</u>	<u>\$29,636,183</u>	<u>\$29,532,783</u>
Gross Indebtedness	31,458,685	32,300,452	34,287,219	36,248,986
Less:				
General Obligation Bonds	(12,255,000)	(12,675,000)	(13,075,000)	(13,470,000)
Special Assessment Bonds	<u>(500,000)</u>	<u>(530,000)</u>	<u>(560,000)</u>	<u>(590,000)</u>
Net Debt Within 5 ½ % Limitations	<u>18,703,685</u>	<u>19,095,452</u>	<u>20,652,219</u>	<u>22,188,986</u>
Unvoted Legal Debt Margin Within 5 ½ % Limitations	<u>\$7,726,107</u>	<u>\$8,463,014</u>	<u>\$8,983,964</u>	<u>\$7,343,797</u>
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	29.23%	30.71%	30.31%	24.87%

Source: City Financial Records

2006	2005	2004	2003	2002	2001
<u>\$525,751,339</u>	<u>\$540,991,156</u>	<u>\$538,651,635</u>	<u>\$515,838,050</u>	<u>\$512,118,613</u>	<u>\$495,730,458</u>
<u>\$55,203,891</u>	<u>\$56,804,071</u>	<u>\$56,558,422</u>	<u>\$54,162,995</u>	<u>\$53,772,454</u>	<u>\$52,051,698</u>
28,615,000	29,795,000	25,105,000	26,185,000	2,700,000	3,000,000
620,000	650,000	675,000	700,000	0	0
50,753	57,520	64,287	71,054	77,821	84,588
8,900,000	9,400,000	9,900,000	10,400,000	10,400,000	11,400,000
38,185,753	39,902,520	35,744,287	37,356,054	13,177,821	14,484,588
(13,860,000)	(14,145,000)	(8,575,000)	(23,800,000)	0	0
(620,000)	(650,000)	(675,000)	(700,000)	0	0
<u>23,705,753</u>	<u>25,107,520</u>	<u>26,494,287</u>	<u>12,856,054</u>	<u>13,177,821</u>	<u>14,484,588</u>
<u>\$31,498,138</u>	<u>\$31,696,551</u>	<u>\$30,064,135</u>	<u>\$41,306,941</u>	<u>\$40,594,633</u>	<u>\$37,567,110</u>
57.06%	55.80%	53.16%	76.26%	75.49%	72.17%
<u>\$28,916,324</u>	<u>\$29,754,514</u>	<u>\$29,625,840</u>	<u>\$28,371,093</u>	<u>\$28,166,524</u>	<u>\$27,265,175</u>
38,185,753	39,902,520	35,744,287	37,356,054	13,177,821	14,484,588
(13,860,000)	(14,145,000)	(8,575,000)	(23,800,000)	0	0
(620,000)	(650,000)	(675,000)	(700,000)	0	0
<u>23,705,753</u>	<u>25,107,520</u>	<u>26,494,287</u>	<u>12,856,054</u>	<u>13,177,821</u>	<u>14,484,588</u>
<u>\$5,210,571</u>	<u>\$4,646,994</u>	<u>\$3,131,553</u>	<u>\$15,515,039</u>	<u>\$14,988,703</u>	<u>\$12,780,587</u>
18.02%	15.62%	10.57%	54.69%	53.21%	46.88%

City of Independence, Ohio
*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
December 31, 2010*

	Debt Attributable to Governmental Activities	Percentage Applicable to City (1)	Amount of Direct and Overlapping Debt
Direct Debt:			
City of Independence			
General Obligation Bonds	\$23,983,905	100.00 %	\$23,983,905
Special Assessment Bonds	522,222	100.00	522,222
OPWC Loans	23,685	100.00	23,685
Notes Payable	7,714,681	100.00	7,714,681
<i>Total Direct Debt</i>	<u>32,244,493</u>		<u>32,244,493</u>
Overlapping Debt:			
Payable from Property Taxes			
Cuyahoga County Bonds	141,947,000	1.61	2,285,347
Regional Transit Authority Bonds	157,545,585	1.61	2,536,484
Independence Local School District Bonds	14,756,986	100.00	14,756,986
Payable from Other Sources:			
Cuyahoga County Bonds	88,220,000	1.61	1,420,342
Cuyahoga County Loans	4,103,000	1.61	66,058
Cuyahoga County Capital Leases	20,783,000	1.61	334,606
Regional Transit Authority Loans	2,459,509	1.61	39,598
Regional Transit Authority Capital Lease	20,869,675	1.61	336,002
<i>Total Overlapping Debt</i>	<u>450,684,755</u>		<u>21,775,423</u>
<i>Total Direct and Overlapping Debt</i>	<u>\$482,929,248</u>		<u>\$54,019,916</u>

Source: Office of the Auditor, Cuyahoga County, Ohio

(1) Percentages were determined by dividing the assessed valuation of the overlapping government located within the boundaries of the City by the total assessed valuation of the government. The valuations used were for the 2010 collection year.

City of Independence, Ohio
Demographic and Economic Statistics
Last Ten Years

Year	Population (1)	Total Personal Income (2)	Personal Income Per Capita (2)	Median Family Income (1)	Unemployment Rate (3)		City Square Miles (4)
					Cuyahoga County	State of Ohio	
2010	7,133	\$223,448,358	\$31,326	\$69,727	8.6%	10.1%	9.73
2009	7,109	285,000,000	40,090	65,059	9.0	10.2	9.73
2008	7,109	285,000,000	40,090	65,059	7.1	6.5	9.73
2007	7,109	285,000,000	40,090	65,059	6.1	5.6	9.73
2006	7,109	285,000,000	40,090	65,059	5.5	5.6	9.73
2005	7,109	282,239,200	39,702	65,059	5.9	5.9	9.73
2004	7,109	280,698,500	39,485	65,059	6.3	5.9	9.73
2003	7,109	280,812,100	39,501	65,059	6.2	6.1	9.73
2002	7,109	277,184,000	38,991	65,059	5.7	5.7	9.73
2001	7,109	276,601,800	38,909	65,059	4.5	4.2	9.73

(1) Years 2000-2009 - U.S. Census Bureau 2000; 2010 - U.S. Census Bureau 2010

(2) City estimates

(3) Ohio Bureau of Employment Services; U.S. Department of Labor, Bureau of Labor Statistics

(4) City Records

City of Independence, Ohio

Principal Employers

2010 and 2007 (1)

2010			
Employer	Nature of Activity	Employees	Percentage of Total City Employment
Cleveland Clinic Foundation	Health Care	2,058	12.30%
City of Independence	Municipality	473	2.83
L D Kichler Co	Lighting Products	410	2.45
Travelers Indemnity Company	Insurance Company	256	1.53
ADP Incorporated	Payroll Processing	240	1.43
Cellco Partnership	Communication	205	1.23
Ferro Corporation & Subsidiary	Manufacturing	181	1.08
Farmers Group Incorporated	Insurance Company	170	1.02
Honeywell International	Manufacturing	148	0.88
Cavaliers Holdings LLC	Professional Basketball Team	77	0.46
Total		4,218	25.21%
Total Employment within the City		16,734	

2007			
Employer	Nature of Activity	Employees	Percentage of Total City Employment
Cleveland Clinic Foundation	Health Care	1,667	8.32%
L D Kichler Co	Lighting Products	472	2.36
Bristol West Insurance Service	Insurance	307	1.53
Avtron Manufacturing Incorporated	Manufacturing	302	1.51
Farmers Underwriters Association	Insurance	268	1.34
ADP Incorporated	Payroll Processing	258	1.29
City of Independence	Municipality	228	1.14
Novastar	Mortgage Company	146	0.73
Ferro Corporation & Subsidiary	Manufacturing	133	0.66
Oracle USA	Sales and Servicing	125	0.62
Total		3,906	19.50%
Total Employment within the City		20,028	

Source: Regional Income Tax Agency and a survey conducted by the City.

(1) Information prior to 2007 is not available

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City of Independence, Ohio
Full-Time Equivalent City Government Employees by Function/Program
Last Ten Years

Function/Program	2010	2009	2008	2007
General Government				
Council	5.00	5.00	5.50	5.50
Mayor	2.50	2.50	2.50	2.50
Finance	4.00	4.00	4.00	3.50
Purchasing	1.00	1.00	1.00	1.50
Mayor's Court	3.00	3.00	3.00	3.50
Technology	1.00	1.00	1.00	1.00
Engineering	3.00	3.00	1.50	0.50
Administrative Support	4.00	4.00	4.00	3.50
Security of Persons and Property				
Police	51.00	51.00	53.50	56.50
Fire	28.00	28.00	27.00	28.00
Leisure Time Activities				
Community Center	42.50	42.50	47.00	43.00
Senior/Community Services	23.50	23.50	22.00	22.50
Community Environment				
Building Inspection	3.00	3.00	5.00	6.00
Transportation				
Service	51.00	51.00	47.00	50.00
Totals:	<u>222.50</u>	<u>222.50</u>	<u>224.00</u>	<u>227.50</u>

Method: Using 1.0 for each full-time employee and 0.50 for each part-time and seasonal employee as of December 31.

2006	2005	2004	2003	2002	2001
5.50	5.50	5.50	5.00	5.00	4.50
2.50	2.50	3.00	3.00	3.00	3.50
3.50	3.50	4.50	5.00	3.00	4.50
1.50	1.50	1.50	1.50	1.50	1.50
3.50	3.50	3.00	3.00	4.50	4.50
1.00	1.00	1.00	1.00	1.00	1.00
0.50	0.50	0.50	0.50	0.50	0.50
3.50	3.50	3.50	3.50	3.50	3.50
54.00	53.00	57.00	53.50	54.50	54.50
28.00	27.50	27.50	29.00	26.50	28.00
40.50	35.00	34.50	35.00	32.00	35.00
21.00	20.50	17.50	17.50	19.50	19.00
6.00	6.00	5.50	5.50	7.00	7.00
50.00	51.00	49.00	52.50	48.50	53.00
221.00	214.50	213.50	215.50	210.00	220.00

City of Independence, Ohio
Capital Assets Statistics by Function/Program
Last Ten Years

Function/Program	2010	2009	2008	2007
General Government				
Square Footage of Building (1)	35,200	35,200	35,200	35,200
Building Department Vehicles	3	3	3	3
Other Department Vehicles	0	0	0	0
Police				
Stations	1	1	1	1
Square Footage of Building (1)	35,200	35,200	35,200	35,200
Vehicles	37	44	45	44
Fire				
Stations	1	1	1	1
Square Footage of Building	19,350	19,350	19,350	19,350
Vehicles	11	12	12	12
Service Department				
Streets (miles)	52	52	52	52
Vehicles	55	60	62	59
Recreation				
Recreation Centers	2	2	2	2
New Recreation Center Square Footage (2)	82,000	82,000	82,000	82,000
Old Recreation Facility Square Footage	7,570	7,570	7,570	7,570
Number of Parks	1	1	1	1
Number of Baseball Diamonds	6	6	6	6
Number of Playgrounds	2	2	2	2
Number of Tennis Courts	5	5	5	5
Number of Full Sized Soccer Fields	3	3	3	3
Vehicles	3	4	4	3
Community Services				
Community Services Center Square Footage (2)	82,000	82,000	82,000	82,000
Vehicles	6	9	9	6

(1) The City Hall and Police Station reside in the same building

(2) The Recreation Center and the Community Services Center reside in the same building

Sources: City Records

2006	2005	2004	2003	2002	2001
35,200	35,200	35,200	35,200	35,200	35,200
3	3	3	3	3	3
0	1	1	1	1	1
1	1	1	1	1	1
35,200	35,200	35,200	35,200	35,200	35,200
44	40	40	40	40	40
1	1	1	1	1	1
19,350	19,350	19,350	19,350	19,350	19,350
12	13	13	13	13	13
52	52	52	52	52	52
59	66	66	66	66	66
2	2	2	2	2	2
82,000	82,000	82,000	82,000	82,000	82,000
7,570	7,570	7,570	7,570	7,570	7,570
1	1	1	1	1	1
6	6	6	6	6	6
2	2	2	2	2	2
5	5	5	5	5	5
3	3	3	3	3	3
3	1	1	1	1	1
82,000	82,000	82,000	82,000	82,000	82,000
6	7	7	7	7	7

City of Independence, Ohio
Operating Indicators by Function/Program
Last Nine Years (1)

Function/Program	2010	2009	2008
General Government			
Law Expenditures (in thousands)	\$243	\$248	\$217
Engineering Expenditures (in thousands)	\$52	\$52	\$212
Finance Expenditures (in thousands)	\$366	\$445	\$425
Mayor's Office Expenditures (in thousands)	\$544	\$530	\$460
Council Expenditures (in thousands)	\$242	\$263	\$312
Security of Persons and Property			
Police Expenditures (in thousands)	\$4,749	\$4,839	\$4,782
Total Arrests	5,337	4,811	4,326
Part One Offenses	166	197	248
OVI Arrests	83	102	108
Prisoners	543	572	681
Motor Vehicle Accidents	407	490	572
Calls for Service	28,220	30,022	31,104
Incidents per Citizen	3.9600	4.2900	4.3753
Cost per Citizen	\$665.78	\$691.33	\$672.67
Fire Expenditures (in thousands)	\$2,878	\$2,978	\$2,916
Emergency Responses	1,607	1,607	1,637
Fire Safety Inspections	502	502	575
Fire Protection Systems Inspected	187	187	239
Building Fire Protection Plans Reviewed	22	22	11
Percentage of Business Inspected	87%	87%	94%
Number of Community Programs	12	12	13
Emergency Responses per Citizen	0.2300	0.2300	0.2303
Cost per Citizen	\$409.00	\$409.00	\$410.18
Fire Safety Education - Business	29	29	46
Street Lights Expenditures (in thousands)	\$158	\$190	\$190

2007	2006	2005	2004	2003	2002
\$282	\$274	\$264	\$184	\$193	\$302
\$287	\$294	\$227	\$364	\$295	\$397
\$405	\$397	\$386	\$394	\$406	\$431
\$454	\$431	\$414	\$412	\$429	\$441
\$306	\$287	\$285	\$281	\$267	\$261
\$4,618	\$4,411	\$4,583	\$4,381	\$4,378	\$3,930
3,453	4,377	4,895	4,605	4,374	3,680
248	275	287	335	310	252
103	94	112	146	116	143
813	780	897	851	692	623
558	544	634	646	555	607
26,491	29,001	32,889	36,811	38,024	31,678
3.7264	4.0795	4.6264	5.1781	5.3487	4.4560
\$649.60	\$620.48	\$644.68	\$616.26	\$615.84	\$552.82
\$2,800	\$2,702	\$2,592	\$2,458	\$2,386	\$2,385
1,530	1,482	1,433	1,258	1,104	1,099
590	604	576	619	612	584
258	251	242	268	232	254
10	18	16	14	21	12
100%	100%	100%	100%	92%	90%
13	12	11	10	10	8
0.2152	0.2085	0.2016	0.1770	0.1553	0.1546
\$393.87	\$380.08	\$364.61	\$345.76	\$335.63	\$335.49
48	44	48	59	42	39
\$183	\$203	\$193	\$178	\$168	\$214

(continued)

City of Independence, Ohio
Operating Indicators by Function/Program (continued)
Last Nine Years (1)

Function/Program	2010	2009	2008
Leisure Time Activities			
Recreational Expenditures (in thousands)	\$1,911	\$1,874	\$1,584
Civic Center Expenditures (in thousands)	788	859	1,076
Totals	\$2,699	\$2,733	\$2,660
Cost per Citizen	\$0.38	\$0.38	\$0.37
Civic Center Square Feet	82,000	82,000	82,000
Square Feet per Citizen	11.50	12.00	11.53
Total Recreational Revenue (in thousands)	\$695	\$645	\$99
Civic Center Members	1,676	2,445	3,798
Total Participations	98,362	2,454	83,636
Participations of Members Over Age 60	467	678	18,790
Community Environment			
Building Department Expenditures (in thousands)	\$523	\$487	\$497
Cost per Citizen	\$0.07	\$0.07	\$0.07
Building Permits - Residential	86	58	68
Dollar Value of Permits (in thousands)	\$55	\$31	\$20
Building Permits - Commercial	53	45	91
Dollar Value of Permits (in thousands)	\$121	\$38	\$33
Transportation			
Service Department Expenditures (in thousands)	\$3,617	\$947	\$3,975
Street Construction Maintenance and Repair Expenditures (in thousands)	\$1,088	\$2,652	\$1,835
Snow and Ice Removal Expenditures (in thousands)	\$431	\$362	\$376
Leaves, grass, chipped material (in cubic yards)	11,600	11,000	10,000

(1) Information prior to 2002 is not available

2007	2006	2005	2004	2003	2002
\$1,585	\$1,553	\$1,580	\$1,398	\$1,358	\$1,383
1,098	944	1,099	1,070	1,024	1,047
\$2,683	\$2,497	\$2,679	\$2,468	\$2,382	\$2,430
\$0.38	\$0.35	\$0.38	\$0.35	\$0.34	\$0.34
82,000	82,000	82,000	82,000	82,000	82,000
11.53	11.53	11.53	11.53	11.53	11.53
\$93	\$95	\$101	\$106	\$117	\$123
2,563	2,586	2,881	2,616	2,683	2,777
93,227	94,673	100,238	93,675	91,379	101,090
18,869	19,790	19,626	19,856	19,452	18,790
\$510	\$489	\$455	\$455	\$424	\$453
\$0.07	\$0.07	\$0.06	\$0.06	\$0.06	\$0.06
91	97	92	84	106	97
\$33	\$45	\$48	\$45	\$54	\$33
62	72	62	81	49	54
\$71	\$171	\$86	\$127	\$67	\$111
\$2,970	\$2,732	\$3,015	\$2,834	\$2,907	\$3,128
\$1,490	\$1,374	\$1,517	\$1,180	\$1,244	\$871
\$289	\$148	\$357	\$267	\$333	\$133
14,428	12,744	13,520	10,216	7,932	3,240

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Dave Yost • Auditor of State

CITY OF INDEPENDENCE

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
OCTOBER 25, 2011**