

# **City of Independence, Ohio**

## **Comprehensive Annual Financial Report**

**For the year ended  
December 31, 2018**





OHIO AUDITOR OF STATE  
KEITH FABER

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Members of Council  
City of Independence  
6800 Brecksville Road  
Independence, Ohio 44131

We have reviewed the *Independent Auditor's Report* of the City of Independence, Cuyahoga County, prepared by Ciuni & Panichi, Inc., for the audit period January 1, 2018 through December 31, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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



Keith Faber  
Auditor of State  
Columbus, Ohio

August 14, 2019

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**CITY OF INDEPENDENCE, OHIO**

**COMPREHENSIVE**

**ANNUAL FINANCIAL REPORT**

**For the Year Ended December 31, 2018**

Prepared by the City Finance Department

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# **Introductory Section**



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**City of Independence, Ohio**  
*Comprehensive Annual Financial Report*  
*For the Year Ended December 31, 2018*  
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# City of Independence, Ohio

"THE HEART OF CUYAHOGA COUNTY"

6800 BRECKSVILLE ROAD

INDEPENDENCE, OHIO 44131

(216) 524-4131

July 1, 2019

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.

Ciuni & Panichi, Inc., a Certified Public Accounting firm, has issued an unmodified ("clean") opinion of the City of Independence's financial statements for the year ended December 31, 2018. The Independent Auditor's Report is located at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the Independent Auditor's Report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A 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 and Erie Canal headed for downtown Cleveland to build many of the buildings in the City.

The current population is estimated to be 7,124 (2017 Census estimate) indicating a comfortable average of approximately 732 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 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 24 full-time and 6 part-time firefighters. There are 33 full-time and 2 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 of the electorate.

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. The Mayor appoints all of the Directors to the City's Departments with the exception of the Director of Finance and the Clerk of Council. The Mayor 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. The Mayor 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. The Director shall be bonded for the faithful performance of his/her duties before taking office. The amount of such bond shall be set by Council. The Director of Finance shall hold a bachelor's degree from an accredited college or university AND have had at least five (5) years of 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 Council. Council sets maximum pay grade limits for 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 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. Council sets maximum pay grade limits for 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.

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, the City of 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, primarily due to the junction of major interstates (I-77 and I-480). Employees can conveniently get to Independence by either car or bus. Bus service is provided by the Greater Cleveland Regional Transit Authority.

The City of Independence is centrally located eight miles south of the City of Cleveland. The northern part of the City of Independence, known as the Rockside Road area, has great access to 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 of Interstate-480.

There are also many fine restaurants (over 35 of them to choose from), motels and hotels (13 of them with over 2,000 available rooms) located within the City – Comfort Inn, Courtyard by Marriott, Doubletree, Embassy Suites, Hampton Inn and Suites, Holiday Inn, Hyatt Place, LaQuinta, Red Roof Inn, Residence Inn by Marriott, and the Crowne Plaza – all with convenient access to the Interstates. A 121 room SpringHill Suites by Marriott and a 103 room Home2 Suites by Hilton opened in 2016.

Some of the prestigious businesses of over 700 businesses that have chosen to locate in the City of Independence including: Cleveland Clinic Foundation; Kichler Lighting; Cleveland Cavaliers NBA Basketball Team; “Cleveland Clinic Courts” practice facility; Travelers Insurance; Farmers Insurance; CBIZ; Airgas; SIRVA; iHeartMedia; Independence Excavating; Novar Controls-Honeywell International, Inc.; CSA International; Wegman, Hessler, and Vanderburg; Hylant Group; Dayton Heidelberg Distributing; Fedeli Group, Inc.; Kent State University College of Podiatric Medicine; All Erection Crane Rental Co.; and UTC Aerospace Systems.

Even though the City’s resident population is relatively small (7,124 as of the 2017 Census estimate), the daytime population approaches 21,000 during the work week; and when the vendor, customer, client, patient, and flow-through activity during the daytime are included, the commercial population can reach 35,000-40,000.

### ***Major Initiatives***

The City completed a process that resulted in the adoption of an Economic Development Strategic Plan (EDSP). The EDSP provides specific strategies, action items, and performance targets to help guide local officials, by providing the tools necessary to strengthen the local economy.

One of the EDSP action items was land banking vacant property in the Rockside Road corridor. Acting on this recommendation, the City purchased 33 acres of vacant commercial property adjacent to Rockside Road in May 2014. In 2016, the City signed a Memorandum of Understanding with a national developer that is planning a mixed-use project for the site.

Another result of the EDSP was recommendations for the City’s downtown area. Over ten years ago the City purchased the old middle school and surrounding land. The site sits right in the middle of downtown, and has the potential to be a catalyst for area-wide redevelopment. At the end of 2016, City leadership determined that the old middle school was a detriment to redeveloping downtown Independence, so the decision was made to demolish the structure. The City completed a Downtown Greenscape and Streetscape Plan in 2018, which will guide future development on the old middle school property.

The City continued its commitment to fund infrastructure projects. These projects include road resurfacing, curbs, gutters, sidewalks, landscaping, and water, sanitary and storm sewer lines, along with fiber optic technology. The infrastructure of the City is well maintained and this is typified by the pavement maintenance and rehabilitation projects that occur annually throughout the City.

The planning began for the extension of Rockside Woods Boulevard North to Brecksville Road and the new expanded intersection at Brecksville Road. Upon completion, Rockside Woods Blvd N and the Brecksville Road intersection will fill an important gap in the Rockside Road transportation network; providing commuters with another means of accessing the Rockside Road Business District, while offering some measure of relief at the I77/Rockside Road Interchange. Both the roadway extension and intersection projects have been included in the City's Capital Improvement Plan for several years; however, the Topgolf project required advancing these projects more quickly and, most importantly, provided a funding mechanism through Tax Increment Financing (TIF) to cover a portion of the project cost.

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 18 areas designated as TIF Financing districts and has received \$15,541,709 of payments in lieu of taxes since the inception of the TIF Financing program.

### ***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 is discussed and debated at length throughout the year and the completed plan is presented to Council for approval. The Five-Year Capital Plan is 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.

The City has also completed a planning process to develop a series of Area Plans. The Area Plans focus on the City's commercial districts: Rockside Road Corridor; Downtown; Community Campus; Cloverleaf and East Pleasant Valley. The goal of the planning effort was to develop the legal and logical foundation for making public policy, including improving the City's zoning code and land use regulations, convey the City's intentions to the development community, and recommend future urban design projects to make these districts more desirable to businesses. The Area Plans were adopted by City Council in 2015.

A key recommendation from the Area Plans was for the City to consider creating zoning that would enable limited mixed-use development in the Rockside Road Corridor and Downtown. Following this recommendation, City Council approved the creation of Planned Unit Development (PUD) Districts for both of these commercial districts in 2015. Efforts continued in 2018 to identify opportunities to provide more zoning flexibility in other commercial districts in order to meet the evolving demands of the real estate market.



### ***Relevant Financial Policies***

The City has been able to maintain a plan to minimize its debt by borrowing only for capital/infrastructure improvements which proceeds are used for economic development related 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.

In 2018 the City collected \$2,017,208 in TIF revenue, which represented 106.5 percent of the 2018 debt service for its TIF borrowings.

As of December 31, 2018, the City's total debt was \$33,014,263. Of this amount, \$26,896,715 is eligible to be paid back with future TIF revenues.

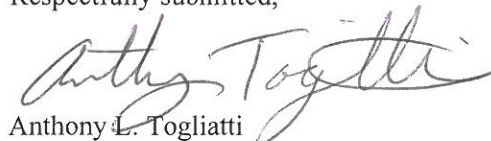
### ***Awards and Acknowledgements***

The Government Finance Officers Association of the United States and Canada (GFOA) has awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Independence for its Comprehensive Annual Financial Report for nine consecutive years including the fiscal year ended December 31, 2017. 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 other employees contributing to this effort.

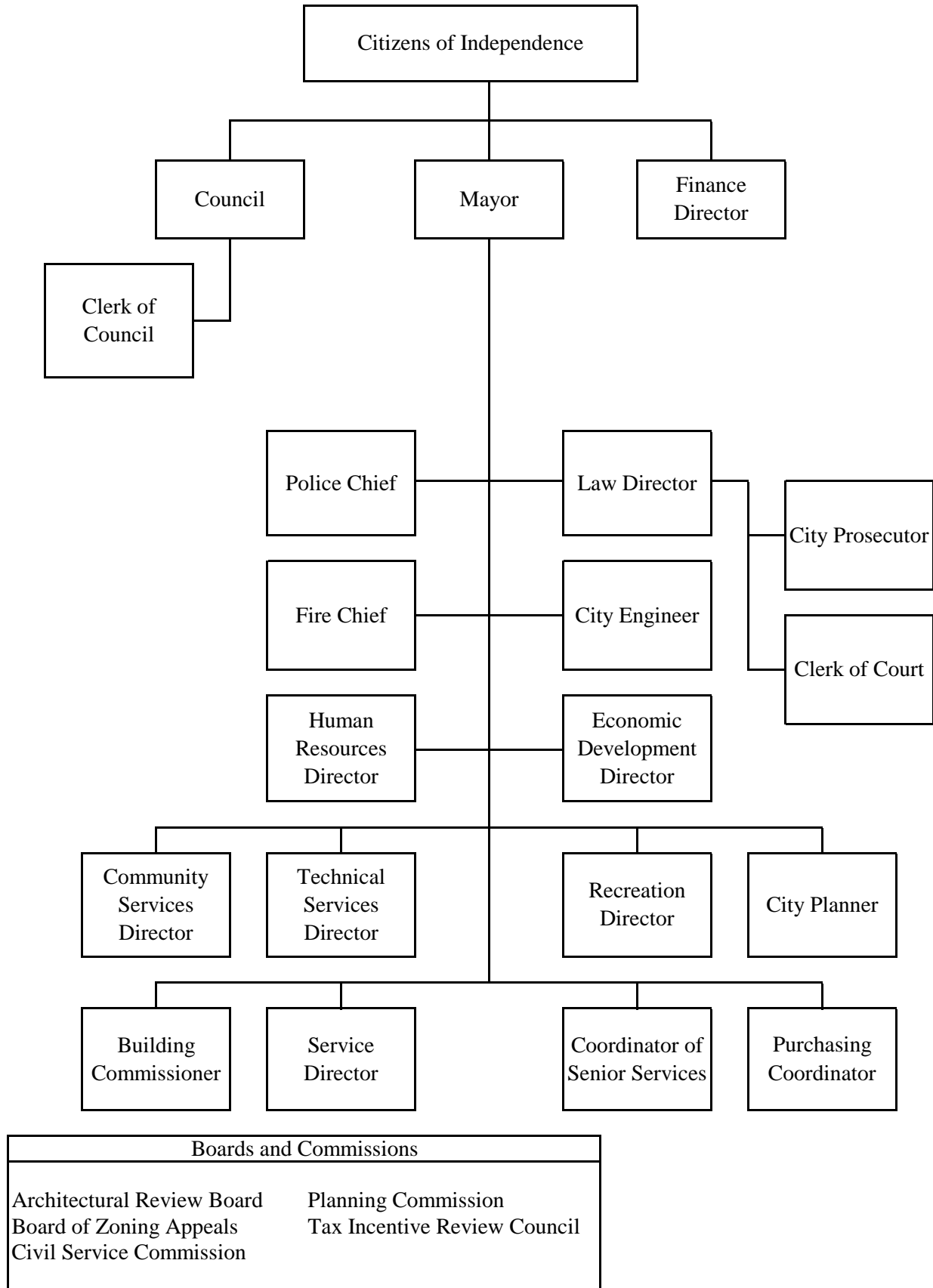
Respectfully submitted,

  
Anthony L. Togliatti  
Mayor

  
Gus Katsas  
Interim Director of Finance

# City of Independence

## Organizational Chart



**City of Independence, Ohio**

*List of Principal Officials*

*December 31, 2018*

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***Elected Officials***

Mayor..... Anthony L. Togliatti  
Finance Director\*..... John M. Veres, CPA, CPFA  
Vice Mayor .....David Grendel  
Council Member ..... Carl Asseff  
Council Member ..... Kathleen Kapusta  
Council Member ..... Thomas Narduzzi  
Council Member ..... James Trakas  
Council Member ..... Dale Veverka  
Council Member ..... Patricia Wisnieski

***Appointed Officials***

Clerk of Council.....Debra J. Beal  
Law Director ..... Gregory O’Brien  
City Prosecutor..... Charles Cichocki

***Administration***

Human Resources Director ..... Letitia Linker  
Community Services Director..... Marilyn Senick  
Police Chief.....Michael Kilbane  
City Engineer ..... Don Ramm  
City Planner ..... Jeffrey S. Markley  
Service Director ..... Leon Karas  
Recreation Director..... Tom Walchanowicz  
Fire Chief ..... Steve Rega  
Building Official ..... Michael Gero  
Technical Services Director..... David Snyderburn  
Economic Development Director..... Jeremy Rowan  
Purchasing Coordinator ..... Dennis Zdolshek  
Clerk of Court ..... Angela T. Zidanic

\*John Veres resigned on May 3, 2019. On June 14, 2019, Gus Katsas was sworn in as interim finance director.



Government Finance Officers Association

**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, 2017**

*Christopher P. Morrill*

Executive Director/CEO

# **Financial Section**



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## Independent Auditor's Report

Members of the City Council  
City of Independence, Ohio

### Report on the Financial Statements

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, Ohio (the "City"), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***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, as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and High Intensity Drug Trafficking Area Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

#### *Implementation of New Accounting Standard*

As described in Note 20 to the basic financial statements, in 2018, the City adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* and as a result restated their December 31, 2017 net position of the governmental activities. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### *Required Supplementary Information*

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

#### *Other Information*

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



Members of the City Council  
City of Independence, Ohio

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 1, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Civini + Panichi, PC*

Cleveland, Ohio  
July 1, 2019

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**City of Independence, Ohio**  
Management's Discussion and Analysis  
*For the Year Ended December 31, 2018*  
*Unaudited*

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The discussion and analysis of the City of Independence's (the City) financial performance provides an overall review of the City's financial activities for the year ended December 31, 2018. 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 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.
- ❖ 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 gone to the County comes to the City to help pay for those public infrastructure improvements. Since the inception of these districts, the City has received more than \$15.0 million in payments in lieu of taxes (PILOT) revenue on a cash basis.
- ❖ The City has many continuing road projects that will be completed in future years. The City is always looking to improve and repair its roads for the safety of its citizens.
- ❖ The City implemented GASB 75, which established standards for measuring and recognizing other postemployment benefit (OPEB) liabilities, deferred outflows/inflows of resources and expense/expenditure. The implementation of this GASB statement resulted in a significant change to the financial statements for the City.

**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 position 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. 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 nonmajor funds presented in total in one column.

**City of Independence, Ohio**  
Management's Discussion and Analysis  
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**Reporting the City of Independence as a Whole**

*Statement of Net Position 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 position 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 position, you can determine what the City's current financial position is and will the City be able to finance services in the future, by subtracting total liabilities and deferred inflows of resources (what the City owes) from total assets and deferred outflows of resources (what the City owns). Over time, increases or decreases in the City's net position 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. 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 begins with the balance sheet, 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, the High Intensity Drug Trafficking Area (HIDTA) special revenue fund, the quadrant tax increment financing (TIF) and the street resurfacing capital projects funds.

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 position 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 Position*

As noted earlier, the statement of net position 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 position for 2018 and 2017.

**Table 1**  
**Net Position**

	2018	2017	Change
<b>Assets</b>			
Current and Other Assets	\$56,052,794	\$41,840,333	\$14,212,461
Noncurrent Assets:			
Net Pension Asset	75,399	0	75,399
Capital Assets, Net	113,340,486	109,897,032	3,443,454
Total Assets	<u>169,468,679</u>	<u>151,737,365</u>	<u>17,731,314</u>
<b>Deferred Outflows of Resources</b>			
Deferred Charge on Refunding	359,161	397,237	(38,076)
Pension	4,237,860	7,787,893	(3,550,033)
OPEB	1,897,833	122,282	1,775,551
Total Deferred Outflows of Resources	<u>6,494,854</u>	<u>8,307,412</u>	<u>(1,812,558)</u>
<b>Liabilities</b>			
Current and Other Liabilities	15,580,273	14,319,681	(1,260,592)
Long-Term Liabilities:			
Due Within One Year	2,347,880	2,219,165	(128,715)
Due in More than One Year:			
Net Pension Liability	22,695,068	27,386,539	4,691,471
Net OPEB Liability	19,048,807	16,429,091	(2,619,716)
Other Amounts	19,111,081	17,846,747	(1,264,334)
Total Liabilities	<u>78,783,109</u>	<u>78,201,223</u>	<u>(581,886)</u>
<b>Deferred Inflows of Resources</b>			
Property Taxes	906,759	925,137	18,378
Payments in Lieu of Taxes	2,017,209	1,431,139	(586,070)
Pension	2,844,980	212,022	(2,632,958)
OPEB	715,313	0	(715,313)
Total Deferred Inflows of Resources	<u>6,484,261</u>	<u>2,568,298</u>	<u>(3,915,963)</u>
<b>Net Position</b>			
Net Investment in Capital Assets	83,597,246	78,544,131	5,053,115
Restricted:			
Capital Projects	15,519,182	12,649,662	2,869,520
Debt Service	0	7,805	(7,805)
State Highway	92,047	174,035	(81,988)
Street Construction, Maintenance and Repair	917,090	846,051	71,039
Police Pension	734,813	681,144	53,669
Other Purposes	421,241	282,001	139,240
Unrestricted	<u>(10,585,456)</u>	<u>(13,909,573)</u>	<u>3,324,117</u>
Total Net Position	<u>\$90,696,163</u>	<u>\$79,275,256</u>	<u>\$11,420,907</u>

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The net pension liability (NPL) is the largest single liability reported by the City at December 31, 2018 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For 2018, the City adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting the net pension asset and deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability (asset) and the net OPEB liability to equal the City's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio revised Code permits, but does not require, the retirement systems to provide health care to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract, but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local

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government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the City's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability (asset) and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

As a result of implementing GASB 75, the City is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating governmental net position at December 31, 2017, from \$95,582,065 to \$79,275,256.

As of December 31, 2018, the City's overall net position increased by \$11,420,907 from 2017. Total assets increased by \$17.7 million. Current and other assets increased due to increases in cash and cash equivalents, income taxes receivable, special assessments receivable, and payments in lieu of taxes receivable. Capital assets also increased by just over \$3.4 million as additions exceeded depreciation. The decrease in total deferred outflows of resources in 2018 was due to a decreases in deferred outflows of resources related to pension offset by an increase in deferred outflows related to OPEB. Liabilities increased mainly due to the increase in the net OPEB liability and the issuance of special assessment bonds as well as increases in notes, contracts and intergovernmental payable amounts at year end offset by a decrease in the net pension liability and continued repayment of the City's long term debt obligations. Deferred inflows increased due to increases in deferred inflows of resources related to pension/OPEB. Further details of the changes in net position between 2018 and 2017 can be observed in Table 2.

**Table 2**  
**Changes in Net Position**

	2018	2017	Change
<b>Revenues</b>			
Program Revenues			
Charges for Services and Sales	\$2,406,192	\$2,174,228	\$231,964
Operating Grants and Contributions	4,963,281	2,883,237	2,080,044
Capital Grants, Contributions and Assessments	5,215,374	352,701	4,862,673
<i>Total Program Revenues</i>	<u>12,584,847</u>	<u>5,410,166</u>	<u>7,174,681</u>
General Revenues			
Property Taxes	893,899	390,532	503,367
Municipal Income Taxes	34,444,017	31,470,365	2,973,652
Hotel/Motel Taxes	1,447,692	1,368,052	79,640
Amusement Taxes	21,065	16,345	4,720
Grant and Entitlements Not			
Restricted to Specific Programs	271,459	354,005	(82,546)
Investment Income	243,358	104,063	139,295
Payments in Lieu of Taxes	2,020,950	528,917	1,492,033
Gain on Sale of Capital Assets	30,933	0	30,933
Miscellaneous	528,182	1,107,641	(579,459)
<i>Total General Revenues</i>	<u>39,901,555</u>	<u>35,339,920</u>	<u>4,561,635</u>
<i>Total Revenues</i>	<u>\$52,486,402</u>	<u>\$40,750,086</u>	<u>\$11,736,316</u>

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**Table 2**  
**Changes in Net Position (continued)**

	2018	2017	Change
<b>Program Expenses</b>			
General Government	\$15,473,963	\$12,449,390	(\$3,024,573)
Security of Persons and Property	11,766,180	10,502,201	(1,263,979)
Public Health and Welfare	63,584	68,850	5,266
Leisure Time Activities	4,216,895	4,138,515	(78,380)
Community Environment	3,579,814	4,052,023	472,209
Basic Utility Services	994,675	1,116,697	122,022
Transportation	4,317,772	3,662,443	(655,329)
Interest and Fiscal Charges	652,612	658,360	5,748
<i>Total Program Expenses</i>	<u>41,065,495</u>	<u>36,648,479</u>	<u>(4,417,016)</u>
<i>Increase in Net Position</i>	11,420,907	4,101,607	7,319,300
<i>Net Position Beginning of Year</i>	<u>79,275,256</u>	N/A	
<i>Net Position End of Year</i>	<u><u>\$90,696,163</u></u>	<u><u>\$79,275,256</u></u>	<u><u>\$11,420,907</u></u>

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of \$122,282 computed under GASB 45. GASB 45 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned and adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report an OPEB expense of \$1,610,349. Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

	<u>Governmental Activities</u>
Total 2018 program expenses under GASB 75	\$41,065,495
OPEB expense under GASB 75	(1,610,349)
2018 contractually required contribution	<u>50,871</u>
Adjusted 2018 program expenses	39,506,017
Total 2017 program expenses under GASB 45	<u>36,648,479</u>
Increase (Decrease) in program expenses not related to OPEB	<u><u>\$2,857,538</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.



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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 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 significantly affected by the loss of a major employer.

For 2018, the City had significant increases in operating grants and contributions and capital grants, contributions and assessments. The increase in operating grants and contributions is due to increased intergovernmental grant monies received to fund the high intensity drug trafficking area program. The increase in capital grants, contributions and assessments is due to greater ODOT grant monies received to fund the all-purpose trail project and also new special assessment revenues to be collected. The City saw an increase in 2018 property taxes and payments in lieu of taxes revenues as a result of a reduction in outstanding tax delinquencies as reported by the County for collection year 2017. The increase in municipal income taxes was due to higher income tax collections resulting from an increase in employee withholding collections.

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. 2018's investment income was \$243,358.

In an effort to curb the rising costs of health care, the City established a City-wide Joint Medical/Hospitalization Committee. The Committee is composed of one representative from each of the City's 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 activities expenses and the net cost of providing these services (excluding general revenues).

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**Table 3**  
**Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2018	2017	2018	2017
General Government	\$15,473,963	\$12,449,390	\$10,538,489	\$9,767,497
Security of Persons and Property	11,766,180	10,502,201	10,914,128	9,719,248
Public Health and Welfare	63,584	68,850	41,987	44,315
Leisure Time Activities	4,216,895	4,138,515	3,548,992	3,472,879
Community Environment	3,579,814	4,052,023	3,325,672	3,792,186
Basic Utility Services	994,675	1,116,697	744,705	1,049,818
Transportation	4,317,772	3,662,443	(1,285,937)	2,734,010
Interest and Fiscal Charges	652,612	658,360	652,612	658,360
Total Expenses	\$41,065,495	\$36,648,479	\$28,480,648	\$31,238,313

**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, unassigned 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 2018, the City's governmental funds reported a positive combined ending fund balance. Unassigned fund balance is available for appropriation at the City's discretion within certain legal constraints and purpose restrictions within the City's general fund. The remainder of the fund balance is either nonspendable, restricted, committed or assigned to indicate that it is not available for future spending.

The increase in the general fund balance is primarily a result of an increase in income taxes. The increase in income tax revenues is a direct result of the incentives the City offers to businesses to relocate, stay and expand within the City. 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's dedicated public servants strive to keep the City of Independence among the finest in Northeast Ohio.

The High Intensity Drug Trafficking Area (HIDTA) special revenue fund had an increase in fund balance due a cash balance left unspent at year end. Overall the revenues and expenditures greatly increased from prior years as the program became fully operational in 2018.

The quadrant tax increment financing (TIF) capital projects fund saw an increase in fund balance primarily due to the increase in cash from the issuance of the special assessment bonds for the purpose of funding the Rockside Woods Sanitary Sewer project that began in 2019. The negative balance reflected in the quadrant TIF fund is a result of interfund borrowing and short-term notes payable to temporarily provide funding.

The street resurfacing capital projects fund had an increase in fund balance due to the transfers from the general fund outpacing the increase in the amount spent on infrastructure improvements.

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Other governmental funds had an increase in fund balance. The City continues to seek out and utilize grant monies. Revenues were higher than the prior year mainly due to an increase in intergovernmental revenue. Expenditures increased over the prior year mainly due to increased capital outlay and debt service expenses.

### **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 2018, 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, due to lower estimates in several categories, mainly income taxes revenue. 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.

### **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 2018, the City made various building and land improvements, purchased equipment and vehicles for the City's various departments and also made improvements to Serio Drive, Kingscote Park, Rockside Road, and Great Oaks Parkway. The City made improvements to the Oakwood Drive sanitary sewers. See Note 9 to the basic financial statements for more information regarding the City's capital assets.

#### ***Long-Term Debt***

For 2018 outstanding long-term debt is as follows. The various quadrant tax increment financing (TIF) bonds will be paid from the TIF projects debt service fund. The various purpose refunding serial bonds will be retired from the TIF projects and the non-TIF Project debt service funds and the issue II capital projects fund. The special assessment bonds will be retired from the rockside woods capital projects fund. The OPWC loans will be retired from the TIF projects debt service fund and the Route 21 and Pleasant Valley capital projects fund.

The City's overall legal debt limit is \$48,252,251. The amount of debt subject to the debt limit was \$21,345,000, leaving an overall debt margin of \$26,907,251. The legal debt margin is determined by multiplying the total assessed value of taxable real property in the City by 10.50 percent minus non-exempted debt outstanding.

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The City continues to monitor its outstanding long-term obligations and is committed to reducing its overall long-term obligations on an annual basis. Information relative to long-term obligations is identified in Note 16 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 2018, City Council closely monitored revenues 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 the finance department at the City of Independence, 6800 Brecksville Road, Independence, Ohio 44131, 216-524-4131.

## **Basic Financial Statements**

**City of Independence, Ohio**

*Statement of Net Position*

*December 31, 2018*

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$40,339,032
Cash and Cash Equivalents in Segregated Accounts	57,540
Accounts Receivable	48,367
Hotel/Motel Taxes Receivable	93,275
Amusement Taxes Receivable	6,575
Intergovernmental Receivable	712,145
Prepaid Items	343,925
Municipal Income Taxes Receivable	7,971,842
Property Taxes Receivable	936,279
Accrued Interest Receivable	54,027
Special Assessments Receivable	3,393,657
Payments in Lieu of Taxes Receivable	2,096,130
Net Pension Asset	75,399
Nondepreciable Capital Assets	28,059,113
Depreciable Capital Assets, Net	<u>85,281,373</u>
<i>Total Assets</i>	<u>169,468,679</u>
<b>Deferred Outflows of Resources</b>	
Deferred Charge on Refunding	359,161
Pension	4,237,860
OPEB	<u>1,897,833</u>
<i>Total Deferred Outflows of Resources</i>	<u>6,494,854</u>
<b>Liabilities</b>	
Accounts Payable	816,875
Accrued Wages	582,253
Contracts Payable	756,944
Intergovernmental Payable	629,293
Accrued Interest Payable	71,078
Retainage Payable	333,405
Notes Payable	12,390,425
Long-Term Liabilities:	
Due Within One Year	2,347,880
Due in More Than One Year	
Net Pension Liability (See Note 11)	22,695,068
Net OPEB Liability (See Note 12)	19,048,807
Other Amounts Due in More than One Year	<u>19,111,081</u>
<i>Total Liabilities</i>	<u>78,783,109</u>
<b>Deferred Inflows of Resources</b>	
Property Taxes	906,759
Payments in Lieu of Taxes	2,017,209
Pension	2,844,980
OPEB	<u>715,313</u>
<i>Total Deferred Inflows of Resources</i>	<u>6,484,261</u>
<b>Net Position</b>	
Net Investment in Capital Assets	83,597,246
Restricted for:	
Capital Projects	15,519,182
State Highway	92,047
Street Construction, Maintenance and Repair	917,090
Police Pension	734,813
Other Purposes	421,241
Unrestricted	<u>(10,585,456)</u>
<i>Total Net Position</i>	<u><u>\$90,696,163</u></u>

See accompanying notes to the basic financial statements

**City of Independence, Ohio**  
*Statement of Activities*  
For the Year Ended December 31, 2018

	Expenses	Program Revenues			Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants, Contributions and Assessments	Revenue and Changes in Net Position
<b>Governmental Activities:</b>					<b>Governmental Activities</b>
General Government	\$15,473,963	\$568,552	\$4,366,922	\$0	(\$10,538,489)
Security of Persons and Property	11,766,180	773,764	78,288	0	(10,914,128)
Public Health and Welfare	63,584	21,597	0	0	(41,987)
Leisure Time Activities	4,216,895	667,903	0	0	(3,548,992)
Community Environment	3,579,814	254,142	0	0	(3,325,672)
Basic Utility Services	994,675	65,332	0	184,638	(744,705)
Transportation	4,317,772	54,902	518,071	5,030,736	1,285,937
Interest and Fiscal Charges	652,612	0	0	0	(652,612)
<i>Totals</i>	<u>\$41,065,495</u>	<u>\$2,406,192</u>	<u>\$4,963,281</u>	<u>\$5,215,374</u>	<u>(28,480,648)</u>
<b>General Revenues</b>					
Property Taxes Levied for:					
General Purposes					772,071
Police Pension					121,828
Municipal Income Tax Levied for General Purposes					34,444,017
Hotel/Motel Tax Levied for General Purposes					1,447,692
Amusement Tax Levied For General Purposes					21,065
Grants and Entitlements Not Restricted to Specific Programs					271,459
Investment Income					243,358
Payments in Lieu of Taxes					2,020,950
Gain on Sale of Capital Asset					30,933
Miscellaneous					528,182
<i>Total General Revenues</i>					<u>39,901,555</u>
Change in Net Position					11,420,907
<i>Net Position Beginning of Year - Restated (See Note 20)</i>					<u>79,275,256</u>
<i>Net Position End of Year</i>					<u>\$90,696,163</u>

See accompanying notes to the basic financial statements

**City of Independence, Ohio**

*Balance Sheet*

*Governmental Funds*

*December 31, 2018*

	General	HIDTA	Quadrant Tax Increment Financing	Street Resurfacing	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$12,066,243	\$150,141	\$7,917,431	\$10,051,364	\$8,206,087	\$38,391,266
Cash and Cash Equivalents						
In Segregated Accounts	57,540	0	0	0	0	57,540
Accounts Receivable	45,549	0	0	0	2,818	48,367
Hotel/Motel Taxes Receivable	93,275	0	0	0	0	93,275
Amusement Taxes Receivable	6,575	0	0	0	0	6,575
Interfund Receivable	18,572,900	0	0	0	780,000	19,352,900
Intergovernmental Receivable	84,583	343,668	0	0	283,894	712,145
Prepaid Items	337,185	0	0	0	3,603	340,788
Accrued Interest Receivable	52,406	0	0	0	1,621	54,027
Special Assessments Receivable	0	0	0	0	3,393,657	3,393,657
Payments in Lieu of Taxes Receivable	0	0	2,096,130	0	0	2,096,130
Property Taxes Receivable	808,604	0	0	0	127,675	936,279
Municipal Income Taxes Receivable	7,971,842	0	0	0	0	7,971,842
Restricted Assets:						
Equity in Pooled Cash and Cash Equivalents	661	0	0	0	0	661
<i>Total Assets</i>	<u>\$40,097,363</u>	<u>\$493,809</u>	<u>\$10,013,561</u>	<u>\$10,051,364</u>	<u>\$12,799,355</u>	<u>\$73,455,452</u>
<b>Liabilities</b>						
Accounts Payable	\$382,796	\$145,351	\$0	\$0	\$288,728	\$816,875
Accrued Wages	519,445	39,241	0	0	23,567	582,253
Contracts Payable	30,467	1,452	229,875	466,277	22,213	750,284
Intergovernmental Payable	173,019	157,624	0	0	298,030	628,673
Retainage Payable	0	0	220,737	99,168	13,500	333,405
Accrued Interest Payable	0	0	27,676	0	0	27,676
Notes Payable	0	0	12,390,425	0	0	12,390,425
Interfund Payable	0	0	19,183,500	0	169,400	19,352,900
<i>Total Liabilities</i>	<u>1,105,727</u>	<u>343,668</u>	<u>32,052,213</u>	<u>565,445</u>	<u>815,438</u>	<u>34,882,491</u>
<b>Deferred Inflows of Resources</b>						
Property Taxes	783,109	0	0	0	123,650	906,759
Payments in Lieu of Taxes	0	0	2,017,209	0	0	2,017,209
Unavailable Revenue	5,415,953	0	78,921	0	3,644,128	9,139,002
<i>Total Deferred Inflows of Resources</i>	<u>6,199,062</u>	<u>0</u>	<u>2,096,130</u>	<u>0</u>	<u>3,767,778</u>	<u>12,062,970</u>
<b>Fund Balances</b>						
Nonspendable	18,741,346	0	0	0	3,603	18,744,949
Restricted	0	150,141	0	9,485,919	7,664,689	17,300,749
Committed	0	0	0	0	560,368	560,368
Assigned	5,954,127	0	0	0	98	5,954,225
Unassigned (Deficit)	8,097,101	0	(24,134,782)	0	(12,619)	(16,050,300)
<i>Total Fund Balances (Deficit)</i>	<u>32,792,574</u>	<u>150,141</u>	<u>(24,134,782)</u>	<u>9,485,919</u>	<u>8,216,139</u>	<u>26,509,991</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$40,097,363</u>	<u>\$493,809</u>	<u>\$10,013,561</u>	<u>\$10,051,364</u>	<u>\$12,799,355</u>	<u>\$73,455,452</u>

See accompanying notes to the basic financial statements



**City of Independence, Ohio**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Position of Governmental Activities  
 December 31, 2018*

<b>Total Governmental Funds Balances</b>	<b>\$26,509,991</b>
 <i>Amounts reported for governmental activities in the statement of net position are different because</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	113,340,486
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds:	
Delinquent Property Taxes	29,520
Municipal Income Taxes	5,300,977
Hotel Taxes	6,652
Amusement Taxes	6,575
Intergovernmental	312,821
Fees, Licenses and Permits	800
Fines and Forfeitures	8,272
Rentals	160
Special Assessments	3,393,657
Payments in Lieu of Taxes	78,921
Miscellaneous	<u>647</u>
Total	9,139,002
The net pension asset, net pension liability and net OPEB liability are not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:	
Net Pension Asset	75,399
Deferred Outflows - Pension	4,237,860
Net Pension Liability	(22,695,068)
Deferred Inflows - Pension	(2,844,980)
Deferred Outflows - OPEB	1,897,833
Net OPEB Liability	(19,048,807)
Deferred Inflows - OPEB	<u>(715,313)</u>
Total	(39,093,076)
In the statement of net position, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(43,402)
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 position.	1,942,962
Deferred charges on refunding related to the issuance of long-term refunding debt will be amortized over the life of the debt on the statement of net position.	359,161
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
General Obligation Bonds	(13,530,802)
Special Assessment Bonds	(3,297,520)
OPWC Loan	(3,795,516)
Compensated Absences	<u>(835,123)</u>
Total	<u>(21,458,961)</u>
<i>Net Position of Governmental Activities</i>	<u><u>\$90,696,163</u></u>

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, 2018*

	General	HIDTA	Quadrant Tax Increment Financing	Street Resurfacing	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Property Taxes	\$778,529	\$0	\$0	\$0	\$122,848	\$901,377
Municipal Income Taxes	33,653,307	0	0	0	0	33,653,307
Hotel/Motel Taxes	1,441,040	0	0	0	0	1,441,040
Amusement Taxes	14,490	0	0	0	0	14,490
Intergovernmental	270,009	4,366,922	1,902,649	0	759,812	7,299,392
Investment Income	193,431	0	0	44,718	5,209	243,358
Fees, Licenses and Permits	500,512	0	0	0	421,813	922,325
Fines and Forfeitures	425,004	0	0	0	87,918	512,922
Charges for Services	668,249	11,095	0	0	21,597	700,941
Rentals	248,137	0	0	0	12,635	260,772
Special Assessments	0	0	0	0	35,017	35,017
Payments in Lieu of Taxes	0	0	2,017,208	0	0	2,017,208
Miscellaneous	418,988	0	0	0	98,552	517,540
<i>Total Revenues</i>	<u>38,611,696</u>	<u>4,378,017</u>	<u>3,919,857</u>	<u>44,718</u>	<u>1,565,401</u>	<u>48,519,689</u>
<b>Expenditures</b>						
Current:						
General Government	6,545,107	4,151,700	0	0	90,741	10,787,548
Security of Persons and Property	8,811,291	0	0	0	769,990	9,581,281
Public Health and Welfare	0	0	0	0	60,713	60,713
Leisure Time Activities	3,099,372	0	0	0	569,159	3,668,531
Community Environment	3,180,703	0	0	0	0	3,180,703
Basic Utility Services	818,316	0	0	0	0	818,316
Transportation	691,253	0	0	0	1,448,024	2,139,277
Capital Outlay	0	0	5,175,917	2,188,692	2,954,667	10,319,276
Debt Service:						
Principal Retirement	0	0	0	0	1,884,458	1,884,458
Interest and Fiscal Charges	0	0	179,082	0	513,925	693,007
Debt Issuance Costs	0	0	47,683	0	92,798	140,481
<i>Total Expenditures</i>	<u>23,146,042</u>	<u>4,151,700</u>	<u>5,402,682</u>	<u>2,188,692</u>	<u>8,384,475</u>	<u>43,273,591</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>15,465,654</u>	<u>226,317</u>	<u>(1,482,825)</u>	<u>(2,143,974)</u>	<u>(6,819,074)</u>	<u>5,246,098</u>
<b>Other Financing Sources (Uses)</b>						
Sale of Capital Assets	49,755	0	0	0	0	49,755
Special Assessment Bonds Issued	0	0	3,190,000	0	0	3,190,000
Premium on Special Assessment Bonds	0	0	0	0	107,880	107,880
Transfers In	0	0	3,235,000	5,000,000	7,021,500	15,256,500
Transfers Out	(14,327,100)	0	(1,229,400)	0	0	(15,556,500)
<i>Total Other Financing Sources (Uses)</i>	<u>(14,277,345)</u>	<u>0</u>	<u>5,195,600</u>	<u>5,000,000</u>	<u>7,129,380</u>	<u>3,047,635</u>
<i>Net Change in Fund Balances</i>	<u>1,188,309</u>	<u>226,317</u>	<u>3,712,775</u>	<u>2,856,026</u>	<u>310,306</u>	<u>8,293,733</u>
<i>Fund Balances (Deficit)</i>						
<i>Beginning of Year</i>	<u>31,604,265</u>	<u>(76,176)</u>	<u>(27,847,557)</u>	<u>6,629,893</u>	<u>7,905,833</u>	<u>18,216,258</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$32,792,574</u>	<u>\$150,141</u>	<u>(\$24,134,782)</u>	<u>\$9,485,919</u>	<u>\$8,216,139</u>	<u>\$26,509,991</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, 2018*

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**Net Change in Fund Balances - Total Governmental Funds** \$8,293,733

*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 capital outlay exceeded depreciation in the current period:

Capital Outlay	7,827,267	
Depreciation	<u>(4,364,991)</u>	
Total		3,462,276

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. (18,822)

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

Delinquent Property Taxes	(7,478)	
Municipal Income Taxes	790,710	
Hotel Taxes	6,652	
Amusement Taxes	6,575	
Intergovernmental	22,635	
Fees, Licenses and Permits	800	
Fines and Forfeitures	8,272	
Rentals	160	
Special Assessments	3,093,070	
Payments in Lieu of Taxes	3,742	
Miscellaneous	<u>647</u>	
Total		3,925,785

In the statement of activities, interest is accrued on outstanding bonds, and bond premiums and the deferred charge on refunding are amortized over the term of the bonds, whereas in governmental funds, an expenditure is reported when bonds are issued:

Accrued Interest	(275)	
Amortization of Deferred Charge on Refunding	(38,076)	
Amortization of Bond Premium	<u>78,746</u>	
Total		40,395

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds: (58,373)

Repayment of long-term obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:

Payment on General Obligation Bonds	1,665,000	
Payment on OPWC Loans	<u>219,458</u>	
Total		1,884,458

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

Special Assessment Bonds Issued	(3,190,000)	
Premium on Special Assessment Bonds	<u>(107,880)</u>	
Total		(3,297,880)

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. 164,934

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows:

Pension	2,069,614	
OPEB	<u>50,871</u>	
Total		2,120,485

Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liabilities are reported as pension expense in the statement of activities:

Pension	(3,485,735)	
OPEB	<u>(1,610,349)</u>	
Total		<u>(5,096,084)</u>

*Change in Net Position of Governmental Activities* \$11,420,907

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, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$628,800	\$751,036	\$778,529	\$27,493
Municipal Income Taxes	27,709,591	32,564,865	33,656,824	1,091,959
Hotel/Motel Taxes	1,193,515	1,402,643	1,449,676	47,033
Amusement Taxes	15,951	18,745	19,374	629
Intergovernmental	239,847	269,813	276,552	6,739
Investment Income	103,414	121,535	125,610	4,075
Fees, Licenses and Permits	410,794	482,774	498,962	16,188
Fines and Forfeitures	296,652	348,632	360,322	11,690
Charges for Services	556,576	654,099	676,032	21,933
Rentals	206,188	242,317	250,442	8,125
Miscellaneous	354,129	424,898	440,814	15,916
<i>Total Revenues</i>	31,715,457	37,281,357	38,533,137	1,251,780
<b>Expenditures</b>				
Current:				
General Government	6,611,673	6,728,273	6,127,258	601,015
Security of Persons and Property	8,800,312	8,927,312	8,774,294	153,018
Leisure Time Activities	3,389,330	3,366,830	3,128,475	238,355
Community Environment	3,600,010	3,609,410	3,369,025	240,385
Basic Utility Services	1,023,131	921,131	821,250	99,881
Transportation	816,041	770,041	736,950	33,091
<i>Total Expenditures</i>	24,240,497	24,322,997	22,957,252	1,365,745
<i>Excess of Revenues Over (Under) Expenditures</i>	7,474,960	12,958,360	15,575,885	2,617,525
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	49,755	49,755	49,755	0
Advances In	5,118,400	5,118,400	5,118,400	0
Advances Out	(1,275,000)	(5,487,800)	(5,537,800)	(50,000)
Transfers Out	(13,512,100)	(16,777,100)	(16,777,100)	0
<i>Total Other Financing Sources (Uses)</i>	(9,618,945)	(17,096,745)	(17,146,745)	(50,000)
<i>Net Change in Fund Balance</i>	(2,143,985)	(4,138,385)	(1,570,860)	2,567,525
<i>Fund Balance Beginning of Year</i>	8,611,693	8,611,693	8,611,693	0
Prior Year Encumbrances Appropriated	708,497	708,497	708,497	0
<i>Fund Balance End of Year</i>	\$7,176,205	\$5,181,805	\$7,749,330	\$2,567,525

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  
High Intensity Drug Trafficking Area Fund  
For the Year Ended December 31, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$2,613,905	\$4,288,905	\$4,023,254	(265,651)
Charges for Services	11,095	11,095	11,095	0
<i>Total Revenues</i>	2,625,000	4,300,000	4,034,349	(265,651)
<b>Expenditures</b>				
Current:				
General Government	2,630,072	4,305,072	3,974,576	330,496
<i>Net Change in Fund Balance</i>	(5,072)	(5,072)	59,773	64,845
<i>Fund Balance Beginning of Year</i>	20,421	20,421	20,421	0
Prior Year Encumbrances Appropriated	5,072	5,072	5,072	0
<i>Fund Balance End of Year</i>	<u>\$20,421</u>	<u>\$20,421</u>	<u>\$85,266</u>	<u>\$64,845</u>

See accompanying notes to the basic financial statements

**City of Independence, Ohio**  
*Statement of Fund Net Position*  
*Internal Service Fund*  
*December 31, 2018*

	<u>Insurance</u>
<b>Assets</b>	
<i>Current Assets:</i>	
Equity in Pooled Cash and Cash Equivalents	\$1,947,105
Prepaid Items	<u>3,137</u>
<i>Total Assets</i>	<u>1,950,242</u>
<b>Liabilities</b>	
<i>Current Liabilities:</i>	
Contracts Payable	6,660
Intergovernmental Payable	<u>620</u>
<i>Total Liabilities</i>	<u>7,280</u>
<b>Net Position</b>	
Unrestricted	<u><u>\$1,942,962</u></u>

See accompanying notes to the basic financial statements

**City of Independence, Ohio**  
*Statement of Revenues,  
Expenses and Changes in Fund Net Position  
Internal Service Fund  
For the Year Ended December 31, 2018*

	Insurance
<b>Operating Revenues</b>	
Other	\$9,995
<b>Operating Expenses</b>	
Contractual Services	68,322
Claims	76,739
<i>Total Operating Expenses</i>	145,061
<i>Operating Income (Loss)</i>	(135,066)
Transfer In	300,000
<i>Change in Net Position</i>	164,934
<i>Net Position Beginning of Year</i>	1,778,028
<i>Net Position End of Year</i>	\$1,942,962

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, 2018

	Insurance
<i><b>Increase (Decrease) in Cash and Cash Equivalents</b></i>	
<b>Cash Flows from Operating Activities</b>	
Cash Received from Other Services	\$9,995
Cash Payments for Services	(62,907)
Cash Payments for Claims	(76,739)
	(129,651)
<i>Net Cash Provided by (Used for) Operating Activities</i>	(129,651)
<b>Cash Flows from Noncapital Financing Activities</b>	
Transfer In	300,000
	170,349
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	170,349
<i>Cash and Cash Equivalents Beginning of Year</i>	1,776,756
	\$1,947,105
 <b>Reconciliation of Operating Loss to Net Cash Used in Operating Activities</b>	
<i>Operating Income (Loss)</i>	(\$135,066)
Adjustments:	
(Increase) Decrease in Assets:	
Prepaid Items	4,490
Increase (Decrease) in Liabilities:	
Accounts Payable	(6,355)
Contracts Payable	6,660
Intergovernmental Payable	620
	(\$129,651)
<i>Net Cash Provided by (Used for) Operating Activities</i>	(\$129,651)

See accompanying notes to the basic financial statements



**City of Independence, Ohio**  
*Statement of Fiduciary Assets and Liabilities*  
*Agency Fund*  
*December 31, 2018*

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<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$642,620</u></u>
<b>Liabilities</b>	
Deposits Held and Due to Others	<u><u>\$642,620</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, 2018*

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**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/she oversees the enforcement of all laws and ordinances. He/she 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 composed 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 services, 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 deficits of, or provide financial support to the organization; or the City is obligated for the debt of the organization. Component units may also include organizations for which the City authorizes the issuance of debt or the levying of taxes, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burden on, the primary government. The reporting entity of the City does not include any component units.

The City participates in three jointly governed organizations, the Southwest Council of Governments, the Northeast Ohio Public Energy Council and the Cuyahoga Valley Council of Governments. These organizations are presented in Note 14 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 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 position 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, 2018*

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***Government-wide Financial Statements*** The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid “doubling up” revenues and expenses. Interfund services provided and used are not eliminated in the process of consolidation. 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 position 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 deferred outflows of resources and liabilities and deferred inflows of resources is reported as fund balance. The following are the City's major governmental funds:

***General Fund*** The general fund accounts for and reports all financial resources except those required to be accounted for and reported 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.

***High Intensity Drug Trafficking Area (HIDTA) Fund*** – The HIDTA fund accounts for and reports federal grants restricted for High Intensity Drug Trafficking Area task force law enforcement purposes.

**City of Independence, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2018*

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***Quadrant Tax Increment Financing Fund*** The quadrant tax increment financing fund accounts for and reports restricted tax increment financing (TIF) activities. 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 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 pay principal and interest on TIF bonds and to help pay for the infrastructure improvements in whole or in part.

***Street Resurfacing Fund*** The street resurfacing fund accounts for and reports restricted debt proceeds, grant monies and transfers from the general fund for infrastructure improvements made within the City.

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

***Proprietary Funds*** Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service. 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 and reports 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 position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the City 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 and reports deposits from various contractors, developers or individuals to ensure 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 deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the City are included on the statement of net position. The statement of activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

***Fund Financial Statements*** All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources 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.

**City of Independence, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2018*

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

***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, in the recording of deferred outflows/inflows of resources 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 31 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 Outflows/Inflows of Resources*** In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources are reported on the government wide statement of net position for deferred charge on refunding, pension and OPEB. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 11 and 12.

**City of Independence, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2018*

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In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, payments in lieu of taxes, pension, OPEB and unavailable revenue. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of December 31, 2018, but which were levied to finance 2019 operations. These amounts have been recorded as deferred inflows on both the government-wide Statement of net position and the governmental fund financial Statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes delinquent property taxes, income taxes, delinquent payments in lieu of taxes, special assessments, and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities found on page 19. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 11 and 12)

***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.

***Pensions/Other Postemployment Benefits (OPEB)***

For purposes of measuring the net pension/OPEB asset/liability, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

***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.

**City of Independence, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2018*

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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 2018, investments were limited to State Treasury Asset Reserve of Ohio (STAR Ohio), negotiable certificates of deposit, federal home loan mortgage corporation bonds and federal home loan bank bonds. STAR Ohio (the State Treasury Asset Reserve of 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 has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The City measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2018, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$25 million or more. STAR Ohio reserves the right to limit the transactions to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

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

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2018 amounted to \$193,431, which includes \$116,692 assigned from other City funds.

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, 2018, 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.

**City of Independence, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2018*

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***Restricted Assets***

Assets are reported as restricted when limitations on their use change in nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments or imposed by law through constitutional provisions or enabling legislation. Restricted assets in the general fund represent money set aside for unclaimed monies.

***Capital Assets***

The City's only capital assets are general 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 position 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 acquisition values as of the date received. The City maintains a capitalization threshold of \$1,000 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
Land Improvements	20-30 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.

***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 classified as nonspendable fund balances. Interfund balance amounts are eliminated in the statement of net position.



**City of Independence, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2018*

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***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.

The entire compensated absence liability is reported on the government-wide financial statements.

***Accrued Liabilities and Long-Term Obligations***

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments 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. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

***Fund Balance***

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

***Nonspendable*** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans receivable, unless the use of the proceeds from the collection of those receivables is restricted, committed or assigned.

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

**City of Independence, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2018*

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

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

**Assigned** Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by City Council. In the general fund, assigned amounts represent intended uses established by City Council or a City official delegated that authority by City Charter or ordinance, or by State Statute. State statute authorizes the Finance Director to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. City Council assigned fund balance for compensated absences, for economic development and to cover a gap between estimated revenues and appropriations in 2019's budget. All remaining assigned amounts in the general fund were established by City Council.

**Unassigned** Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit fund balance.

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

***Net Position***

Net position represents the difference between all other elements in the statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include law enforcement, mayor's court computer, drug enforcement and education, and unclaimed funds.

**City of Independence, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2018*

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

***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.

***Deferred Charge on Refunding***

On the government-wide financial statements, 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, the gain/loss on the refunding, 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, using the effective interest method and is presented as deferred outflows of resources on the statement of net position.

***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 receipted in the year the bonds are issued. Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to the bond escrow agent.

***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.

***Estimates***

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

**City of Independence, Ohio**  
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For the Year Ended December 31, 2018

**Note 3 – Fund Balances**

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

Fund Balances	General	HIDTA	Quadrant Tax Increment Financing	Street Resurfacing	Other Governmental Funds	Total
<b><i>Nonspendable</i></b>						
Prepays	\$337,185	\$0	\$0	\$0	\$3,603	\$340,788
Interfund Loans	18,403,500	0	0	0	0	18,403,500
Unclaimed Funds	661	0	0	0	0	661
<b><i>Total Nonspendable</i></b>	<b>18,741,346</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,603</b>	<b>18,744,949</b>
<b><i>Restricted for</i></b>						
Road Improvements	0	0	0	0	899,542	899,542
Capital Improvements	0	0	0	9,485,919	5,759,178	15,245,097
Police Programs	0	0	0	0	73,473	73,473
Law Enforcement and Education	0	0	0	0	48,190	48,190
HIDTA Program	0	150,141	0	0	0	150,141
Mayor's Court Computer	0	0	0	0	32,525	32,525
Police Pension	0	0	0	0	725,355	725,355
Debt Service Payments	0	0	0	0	126,426	126,426
<b><i>Total Restricted</i></b>	<b>0</b>	<b>150,141</b>	<b>0</b>	<b>9,485,919</b>	<b>7,664,689</b>	<b>17,300,749</b>
<b><i>Committed to</i></b>						
Handicap Parking	0	0	0	0	27,703	27,703
Citizen-Focused Activities	0	0	0	0	84,620	84,620
City Upkeep	0	0	0	0	62,541	62,541
Recreation	0	0	0	0	385,504	385,504
<b><i>Total Committed</i></b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>560,368</b>	<b>560,368</b>
<b><i>Assigned to</i></b>						
2019 Operations	3,354,441	0	0	0	0	3,354,441
Compensated Absences	830,416	0	0	0	0	830,416
Economic Development	1,232,425	0	0	0	0	1,232,425
<b><i>Purchases on Order:</i></b>						
City Administration	328,999	0	0	0	0	328,999
Buildings and Land Maintenance	74,418	0	0	0	0	74,418
Engineering and Building Services	55,063	0	0	0	0	55,063
Fire Department	8,877	0	0	0	0	8,877
Police Department	16,991	0	0	0	0	16,991
Recreation	24,804	0	0	0	0	24,804
Economic Development	9,325	0	0	0	0	9,325
Transportation	18,368	0	0	0	0	18,368
Debt Service Payments	0	0	0	0	98	98
<b><i>Total Assigned</i></b>	<b>5,954,127</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>98</b>	<b>5,954,225</b>
<b><i>Unassigned (Deficit)</i></b>	<b>8,097,101</b>	<b>0</b>	<b>(24,134,782)</b>	<b>0</b>	<b>(12,619)</b>	<b>(16,050,300)</b>
<b><i>Total Fund Balances (Deficit)</i></b>	<b>\$32,792,574</b>	<b>\$150,141</b>	<b>(\$24,134,782)</b>	<b>\$9,485,919</b>	<b>\$8,216,139</b>	<b>\$26,509,991</b>

**City of Independence, Ohio**  
*Notes to the Basic Financial Statements*  
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The City has a general fund budget stabilization arrangement that does not meet the criteria to be classified as restricted or committed. Pursuant to Ohio Revised Code Section 5705.13, the City established a budget stabilization by ordinance to stabilize against cyclical changes in revenues. Additions are limited by State statute to five percent of the revenue credited in the preceding year to the general fund. These dollars will only be spent if there are significant reductions in revenue related to unexpected income tax refunds. The balance in the reserve at December 31, 2018, is \$1,500,000.

#### **Note 4 – Compliance and Accountability**

##### ***Compliance***

Contrary to Section 5705.41 (B), Ohio Revised Code, The home days special revenue fund had expenditures plus encumbrances in excess of appropriations of \$6,476.

##### ***Accountability***

The fund deficit in the Quadrant Tax Increment Financing capital projects fund of \$24,134,782 is due to notes payable and interfund payables for various tax increment financing projects. The fund deficit in the strike force special revenue fund of \$12,619 is due to an accrued liability. The general fund is liable for any deficit in these funds and provides transfers when cash is required, rather than when accruals occur.

#### **Note 5 – Budgetary Basis of Accounting**

While reporting financial position, results of operations and changes in fund balance/net position 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:

- a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- b) 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.
- c) Investments are reported at cost (budget basis) rather than at fair value (GAAP basis).
- d) Advances In and Advances Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
- e) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
- f) Budgetary revenues and expenditures of the compensated absences, rainy day and economic development funds are reclassified to the general fund for GAAP purposes.
- g) Encumbrances are treated as expenditures (budget basis) rather than as a restricted, committed or assigned fund balance (GAAP basis).

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

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Net Change in Fund Balance		
	General	HIDTA
GAAP Basis	\$1,188,309	\$226,317
Net Adjustment for Revenue Accruals	2,428,369	(343,668)
Beginning Unrecorded Cash	(29,005)	0
Ending Unrecorded Cash	2,136	0
Beginning Fair Value Adjustment for Investments	(30,059)	0
Advances In	5,118,400	0
Advances Out	(5,537,800)	0
Net Adjustment for Expenditure Accruals	(2,452,693)	241,999
Perspective Differences:		0
Compensated Absences Fund	(147,135)	0
Rainy Day Fund	(500,000)	0
Economic Development Fund	(930,788)	0
Encumbrances	(680,594)	(64,875)
Budget Basis	(\$1,570,860)	\$59,773

**Note 6 – Deposits and Investments**

The City has chosen to follow State statutes and classify monies held by the City into three categories.

Active deposits are public monies determined to be necessary to meet current demands upon 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, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

**City of Independence, Ohio**  
*Notes to the Basic Financial Statements*  
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3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

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

The City may also invest any monies not required to be used for a specific 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;
3. Obligations of the City.

### **Deposits**

***Custodial credit risk*** for deposits is the risk that in the event of a bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$35,024,000 of the City's bank balance of \$36,274,000 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution.

**City of Independence, Ohio**  
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The City has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

Eligible securities pledged to the City and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

**Investments**

Investments are reported at fair value. As of December 31, 2018, the City had the following investments:

Measurement/Investment	Measurement Amount	Maturity	Standard & Poor's Rating	Percent of Total Investments
Net Asset Value Per Share				
Star Ohio	\$28,950	44.9 Days	AAAm	N/A
Fair Value - Level Two Inputs				
Negotiable Certificates of Deposit	3,560,662	702 Days	N/A	63.81%
Federal Home Loan Mortgage Corporation Bonds	992,510	994 Days	AAAm	17.79
Federal Home Loan Bank Bonds	997,630	1303 Days	AAAm	17.88
Total Fair Value - Level Two Inputs	5,550,802			
Total	\$5,579,752			

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the City's recurring fair value measurements as of December 31, 2018. The City's investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs).

**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**  
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**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 Home Loan Mortgage Corporation Bonds, Federal Home Loan Bank Bonds and Certificates of Deposit 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** Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. All investments carry a rating of AAAM 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, 2018:

Investment Issuer	Percentage of Investments
Federal Home Loan Mortgage Corporation Bonds	17.79 %
Federal Home Loan Bank Bonds	17.88
Certificates of Deposit	63.81
Star Ohio	0.52

**Note 7 – Receivables**

Receivables at December 31, 2018, 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 payments in lieu of taxes, property taxes, and special assessments are expected to be received within one year. Payments in lieu of taxes and 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 \$3,393,657. At December 31, 2018, there were no delinquent special assessments.

**Property Taxes**

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2018 for real and public utility property taxes represents collections of 2017 taxes.

2018 real property taxes are levied after October 1, 2018, on the assessed value as of January 1, 2018, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2018 real property taxes are collected in and intended to finance 2019.

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.

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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. 2018 public utility property taxes which became a lien December 31, 2017, are levied after October 1, 2018, and are collected in 2019 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2018, was \$2.20 per \$1,000 of assessed value. The assessed values of real property, public utility tangible property, and tangible personal property upon which 2018 property tax receipts were based are as follows:

Real Property:	
Residential/Agricultural	\$254,195,690
Other Real Estate	180,737,320
Public Utility Personal Property	24,612,240
Total	\$459,545,250

The County Fiscal Officer collects property taxes on behalf of all taxing districts in the county, including the City of Independence. The County Fiscal Officer periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real property taxes and public utility property taxes which were measurable as of December 31, 2018, and for which there is an enforceable legal claim. In the governmental funds, the portion of the receivable not levied to finance 2018 operations is offset to deferred inflows of resources – property taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

***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 2018, the proceeds were allocated entirely to the general fund.

***Intergovernmental Receivable***

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

	Amount
Federal Grants	\$343,668
Gasoline Excise Tax	166,966
Auto Registration	65,837
Local Government	46,982
Homestead and Rollback	39,847
Body Armor Grant	23,945
Permissive Tax	11,616
State of Ohio	10,097
Local Grants	3,187
Total Intergovernmental Receivables	\$712,145

**City of Independence, Ohio**  
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***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 2018, the City contracted with Traveler' Insurance Company for various types of insurance as follows:

<u>Type</u>	<u>Coverage</u>	<u>Deductible</u>
Inland Marine		
Contractor's Equipment	\$736,600	\$1,000
Property	53,325,744	10,000
Employee Dishonesty	100,000	1,000
Forgery	100,000	1,000
Computer Fraud	100,000	1,000
Automobile under \$100,000	1,000,000	1,000
Automobile over \$100,000	1,000,000	2,500

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, 2018. Changes in the fund's claims liability amount for 2017 and 2018 were:

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2017	\$0	\$80,723	\$80,723	\$0
2018	0	76,739	76,739	0

***Workers' Compensation***

The City pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

**City of Independence, Ohio**  
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**Note 9 – Capital Assets**

Capital asset activity for the year ended December 31, 2018, was as follows:

	Balance 12/31/17	Additions	Reductions	Balance 12/31/18
<b>Governmental Activities:</b>				
<b>Nondepreciable Capital Assets</b>				
Land	\$20,212,149	\$22,553	\$0	\$20,234,702
Construction in Progress	2,666,605	5,157,806	0	7,824,411
<i>Total Nondepreciable Capital Assets</i>	<u>22,878,754</u>	<u>5,180,359</u>	<u>0</u>	<u>28,059,113</u>
<b>Depreciable Capital Assets</b>				
Buildings and Improvements	41,133,881	196,850	0	41,330,731
Land Improvements	264,851	414,268	0	679,119
Machinery and Equipment	6,557,555	522,889	0	7,080,444
Furniture and Fixtures	1,814,148	18,960	0	1,833,108
Vehicles	9,423,154	859,387	(405,163)	9,877,378
Infrastructure				
Roads	67,474,451	532,554	0	68,007,005
Water Lines	5,432,820	0	0	5,432,820
Sanitary Sewers	6,613,499	102,000	0	6,715,499
Storm Sewers	10,849,706	0	0	10,849,706
<i>Total Depreciable Capital Assets</i>	<u>149,564,065</u>	<u>2,646,908</u>	<u>(405,163)</u>	<u>151,805,810</u>
Buildings and Improvements	(16,210,278)	(917,540)	0	(17,127,818)
Land Improvements	(46,796)	(23,488)	0	(70,284)
Machinery and Equipment	(4,744,012)	(289,139)	0	(5,033,151)
Furniture and Fixtures	(1,703,234)	(13,305)	0	(1,716,539)
Vehicles	(5,697,630)	(566,589)	386,341	(5,877,878)
Infrastructure				
Roads	(27,194,683)	(2,194,683)	0	(29,389,366)
Water Lines	(1,424,730)	(54,329)	0	(1,479,059)
Sanitary Sewers	(910,034)	(88,924)	0	(998,958)
Storm Sewers	(4,614,390)	(216,994)	0	(4,831,384)
<i>Total Accumulated Depreciation</i>	<u>(62,545,787)</u>	<u>(4,364,991) *</u>	<u>386,341</u>	<u>(66,524,437)</u>
Total Depreciable Capital Assets, Net	<u>87,018,278</u>	<u>(1,718,083)</u>	<u>(18,822)</u>	<u>85,281,373</u>
Governmental Activities Capital Assets, Net	<u>\$109,897,032</u>	<u>\$3,462,276</u>	<u>(\$18,822)</u>	<u>\$113,340,486</u>

\*Depreciation expense was charged to governmental activities as follows:

General Government	\$4,000,486
Security of Persons and Property	163,150
Leisure Time Activities	34,147
Community Environment	14,033
Basic Utility Services	5,364
Transportation	147,811
Total	<u>\$4,364,991</u>

**City of Independence, Ohio**  
*Notes to the Basic Financial Statements*  
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**Note 10 – 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.

***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 11 – Defined Benefit Pension Plan**

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

***Net Pension Liability (Asset)/Net OPEB Liability***

The net pension liability (asset) and the net OPEB liability reported on the statement of net position represent liabilities to employees for pensions and OPEB, respectively. Pensions/OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions/OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension/OPEB liability (asset) represent the City's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability (asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

Ohio Revised Code limits the City's obligation for this liability to annually required payments. The City cannot control benefit terms or the manner in which pensions are financed; however, the City does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize

**City of Independence, Ohio**  
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unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide health care to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a *net pension asset* or a long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 12 for the required OPEB disclosures.

***Plan Description – Ohio Public Employees Retirement System (OPERS)***

Plan Description - City employees, other than full-time police and firefighters, participate 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 and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

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<b>Group A</b> Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	<b>Group B</b> 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	<b>Group C</b> Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

Final average salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a traditional plan benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment of the defined benefit portion of their pension benefit. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

**City of Independence, Ohio**  
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Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local
<b>2018 Statutory Maximum Contribution Rates</b>	
Employer	14.0 %
Employee *	10.0 %
 <b>2018 Actual Contribution Rates</b>	
Employer:	
Pension **	14.0 %
Post-employment Health Care Benefits **	0.0
 Total Employer	 14.0 %
 Employee	 10.0 %

\* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

\*\* These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

For 2018, The City’s contractually required contribution was \$956,035 for the traditional plan, \$33,662 for the combined plan and \$62,011 for the member-directed plan. Of these amounts, \$119,986 is reported as an intergovernmental payable for the traditional plan, \$4,229 for the combined plan, and \$7,778 for the member-directed plan.

***Plan Description – Ohio Police & Fire Pension Fund (OP&F)***

Plan Description – City full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OP&F fiduciary net position. The report that may be obtained by visiting the OP&F website at [www.op-f.org](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OP&F may retire and receive a lifetime monthly pension. OP&F offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member’s average annual salary. The following discussion of the pension formula relates to normal service retirement.



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For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before after July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit (see OP&F CAFR referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits):

Under normal service retirement, retired members who are at least 55 years old and have been receiving OP&F benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit, surviving beneficiaries, and statutory survivors. Members participating in the DROP program have separate eligibility requirements related to COLA.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will receive a COLA equal to a percentage of the member's base pension benefit where the percentage is the lesser of three percent or the percentage increase in the consumer price index, if any, over the 12 month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

Funding Policy – The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	Police	Firefighters
<b>2018 Statutory Maximum Contribution Rates</b>		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
 <b>2018 Actual Contribution Rates</b>		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
Total Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$1,079,917 for 2018. Of this amount, \$129,564 is reported as an intergovernmental payable.

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***Pension Liabilities (Asset), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

The net pension liability (asset) for OPERS was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2017, and was determined by rolling forward the total pension liability as of January 1, 2017, to December 31, 2017. The City's proportion of the net pension liability (asset) was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense of the City's defined benefit pension plans:

	OPERS <u>Traditional Plan</u>	OPERS <u>Combined Plan</u>	<u>OP&amp;F</u>	<u>Total</u>
Proportion of the Net Pension Liability/Asset:				
Current Measurement Date	0.05665500%	0.05538700%	0.2249630%	
Prior Measurement Date	<u>0.05729900%</u>	<u>0.03736800%</u>	<u>0.2269520%</u>	
Change in Proportionate Share	<u>-0.00064400%</u>	<u>0.01801900%</u>	<u>-0.0019890%</u>	
Proportionate Share of the:				
Net Pension Liability	\$8,888,072	\$0	\$13,806,996	\$22,695,068
Net Pension Asset	0	75,399	0	75,399
Pension Expense	1,831,989	(38,888)	1,692,634	3,485,735

2018 pension expense for the member-directed defined contribution plan was \$62,011.

At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to defined benefit pensions from the following sources:

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	OPERS Traditional Plan	OPERS Combined Plan	OP&F	Total
<b>Deferred Outflows of Resources</b>				
Differences between expected and actual experience	\$9,077	\$0	\$209,531	\$218,608
Changes of assumptions	1,062,184	6,589	601,644	1,670,417
Changes in proportion and differences between City contributions and proportionate share of contributions	1,629	0	277,592	279,221
City contributions subsequent to the measurement date	956,035	33,662	1,079,917	2,069,614
<b>Total Deferred Outflows of Resources</b>	<b>\$2,028,925</b>	<b>\$40,251</b>	<b>\$2,168,684</b>	<b>\$4,237,860</b>
<b>Deferred Inflows of Resources</b>				
Differences between expected and actual experience	\$175,155	\$22,462	\$24,977	\$222,594
Net difference between projected and actual earnings on pension plan investments	1,908,152	11,896	477,616	2,397,664
Changes in proportion and differences between City contributions and proportionate share of contributions	120,264	8,742	95,716	224,722
<b>Total Deferred Inflows of Resources</b>	<b>\$2,203,571</b>	<b>\$43,100</b>	<b>\$598,309</b>	<b>\$2,844,980</b>

\$2,069,614 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability or increase to the net pension asset in 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS Traditional Plan	OPERS Combined Plan	OP&F	Total
Year Ending December 31:				
2019	\$714,596	(\$4,833)	\$400,088	\$1,109,851
2020	(220,940)	(5,158)	274,519	48,421
2021	(840,249)	(7,824)	(220,177)	(1,068,250)
2022	(784,088)	(7,541)	(138,230)	(929,859)
2023	0	(3,365)	141,638	138,273
Thereafter	0	(7,790)	32,620	24,830
<b>Total</b>	<b>(\$1,130,681)</b>	<b>(\$36,511)</b>	<b>\$490,458</b>	<b>(\$676,734)</b>

**Actuarial Assumptions - OPERS**

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

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Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2017, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2017, are presented below.

	OPERS Traditional Plan	OPERS Combined Plan
Wage Inflation	3.25 percent	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	3.25 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	3 percent, simple through 2018, then 2.15 percent, simple	3 percent, simple through 2018, then 2.15 percent, simple
Investment Rate of Return	7.5 percent	7.5 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 16.82 percent for 2017.

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The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	23.00 %	2.20 %
Domestic Equities	19.00	6.37
Real Estate	10.00	5.26
Private Equity	10.00	8.97
International Equities	20.00	7.88
Other investments	18.00	5.26
Total	<u>100.00 %</u>	<u>5.66 %</u>

**Discount Rate** The discount rate used to measure the total pension liability was 7.5 percent for the traditional plan and the combined plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the City's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate** The following table presents the City's proportionate share of the net pension liability (asset) calculated using the current period discount rate assumption of 7.5 percent, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (6.5 percent) or one-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease	Current	1% Increase
	(6.50%)	Discount Rate (7.50%)	(8.50%)
<b>City's proportionate share of the net pension liability (asset)</b>			
OPERS Traditional Plan	\$15,782,950	\$8,888,072	\$3,139,820
OPERS Combined Plan	(40,986)	(75,399)	(99,143)

**Changes between Measurement Date and Report Date**

In October 2018, the OPERS Board adopted a change in the investment return assumption, reducing it from 7.5 percent to 7.2 percent. This change will be effective for the 2018 valuation. The exact amount of the impact to the City's net pension liability is not known.

**City of Independence, Ohio**  
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**Actuarial Assumptions – OP&F**

OP&F's total pension liability as of December 31, 2017, is based on the results of an actuarial valuation date of January 1, 2017, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of January 1, 2017, compared with January 1, 2016, are presented below.

	January 1, 2017	January 1, 2016
Valuation Date	January 1, 2017, with actuarial liabilities rolled forward to December 31, 2017	January 1, 2016, with actuarial liabilities rolled forward to December 31, 2016
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	8.0 percent	8.25 percent
Projected Salary Increases	3.75 percent to 10.5 percent	4.25 percent to 11 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent	Inflation rate of 3.25 percent plus productivity increase rate of 0.5 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent	3.00 percent simple; 2.6 percent simple for increased based on the lesser of the increase in CPI and 3 percent

For the January 1, 2017, valuation, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

Age	Police	Fire
67 or less	77 %	68 %
68-77	105	87
78 and up	115	120

For the January 1, 2017, valuation, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale.

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Age	Police	Fire
59 or less	35 %	35 %
60-69	60	45
70-79	75	70
80 and up	100	90

For the January 1, 2016 valuation, rates of death were based on the RP2000 Combined Table, age-adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police and three years for firefighters. For service retirements, set back zero years for police and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis, with a base year of 2009, using mortality improvement Scale AA.

The most recent experience study was completed for the five year period ended December 31, 2016, the prior experience study was completed December 31, 2011.

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2017, are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and Cash Equivalents	- %	0.00 %
Domestic Equity	16.00	5.21
Non-US Equity	16.00	5.40
Core Fixed Income *	20.00	2.37
Global Inflation Protected Securities*	20.00	2.33
High Yield	15.00	4.48
Real Estate	12.00	5.65
Private Markets	8.00	7.99
Timber	5.00	6.87
Master Limited Partnerships	8.00	7.36
Total	120.00 %	

Note: Assumptions are geometric.

\* levered 2x

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

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**Discount Rate** For 2017, the total pension liability was calculated using the discount rate of 8.00 percent. The discount rate used for 2016 was 8.25 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.00 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.00 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.00 percent), or one percentage point higher (9.00 percent) than the current rate.

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	\$19,140,116	\$13,806,996	\$9,457,347

**Note 12 – Postemployment Benefits**

See Note 11 for a description of the net OPEB liability.

**Plan Description – Ohio Public Employees Retirement System (OPERS)**

Plan Description - The 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 trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.



**City of Independence, Ohio**  
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Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, 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 Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2018 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$24,805 for 2018. Of this amount, \$3,111 is reported as an intergovernmental payable.

***Plan Description – Ohio Police & Fire Pension Fund (OP&F)***

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 a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. OP&F provides health care benefits including coverage for medical, prescription drug, dental, vision, and Medicare Part B Premium to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, 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 Government Accounting Standards Board (GASB) Statement No. 75.

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.

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OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OP&F website at [www.op-f.org](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 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 to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.5 percent and 24 percent of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. There is one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits under IRS Code Section 115 trust. An Internal Revenue Code 401(h) account is maintained for Medicare Part B reimbursements.

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 2018, the portion of employer contributions allocated to health care was 0.5 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 is also 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 contractually required contribution to OP&F was \$26,066 for 2018. Of this amount, \$3,131 is reported as an intergovernmental payable.

***OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2017, and was determined by rolling forward the total OPEB liability as of January 1, 2017, to December 31, 2017. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

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	<u>OPERS</u>	<u>OP&amp;F</u>	
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.0580400%	0.2249630%	
Prior Measurement Date	<u>0.0560000%</u>	<u>0.2269520%</u>	
Change in Proportionate Share	<u>0.0020400%</u>	<u>-0.0019890%</u>	
			<u>Total</u>
Proportionate Share of the Net OPEB Liability	\$6,302,718	\$12,746,089	\$19,048,807
OPEB Expense	\$610,231	\$1,000,118	\$1,610,349

At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$4,910	\$0	\$4,910
Changes of assumptions	458,905	1,243,747	1,702,652
Changes in proportion and differences between City contributions and proportionate share of contributions	139,400	0	139,400
City contributions subsequent to the measurement date	<u>24,805</u>	<u>26,066</u>	<u>50,871</u>
Total Deferred Outflows of Resources	<u>\$628,020</u>	<u>\$1,269,813</u>	<u>\$1,897,833</u>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$0	\$64,286	\$64,286
Net difference between projected and actual earnings on OPEB plan investments	469,510	83,900	553,410
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>0</u>	<u>97,617</u>	<u>97,617</u>
Total Deferred Inflows of Resources	<u>\$469,510</u>	<u>\$245,803</u>	<u>\$715,313</u>

\$50,871 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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Year Ending December 31:	OPERS	OP&F	Total
2019	\$171,020	\$137,189	\$308,209
2020	171,020	137,189	308,209
2021	(90,960)	137,189	46,229
2022	(117,375)	137,189	19,814
2023	0	158,164	158,164
Thereafter	0	291,024	291,024
Total	<u>\$133,705</u>	<u>\$997,944</u>	<u>\$1,131,649</u>

**Actuarial Assumptions - OPERS**

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	3.85 percent
Prior Measurement date	4.23 percent
Investment Rate of Return	6.50 percent
Municipal Bond Rate	3.31 percent
Health Care Cost Trend Rate	7.5 percent, initial 3.25 percent, ultimate in 2028
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

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The most recent experience study was completed for the five year period ended December 31, 2015.

The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio is 15.2 percent for 2017.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	1.88 %
Domestic Equities	21.00	6.37
Real Estate Investment Trust	6.00	5.91
International Equities	22.00	7.88
Other investments	17.00	5.39
<b>Total</b>	<b>100.00 %</b>	<b>4.98 %</b>

**Discount Rate** A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. A single discount rate of 4.23 percent was used to measure the OPEB liability on the measurement date of December 31, 2016. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.50 percent and a municipal bond rate of 3.31 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future

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contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

***Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate***

The following table presents the City's proportionate share of the net OPEB liability calculated using the single discount rate of 3.85 percent, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.85 percent) or one-percentage-point higher (4.85 percent) than the current rate:

	1% Decrease (2.85%)	Current Discount Rate (3.85%)	1% Increase (4.85%)
City's proportionate share of the net OPEB liability	\$8,373,431	\$6,302,718	\$4,627,529

***Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate***

Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2018 is 7.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability	\$6,030,356	\$6,302,718	\$6,584,058

***Changes between Measurement Date and Report Date***

In October 2018, the OPERS Board adopted a change in the investment return assumption, reducing it from 6.5 percent to 6.0 percent. This change will be effective for the 2018 valuation. The exact amount of the impact to the City's net OPEB liability is not known.

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**Actuarial Assumptions – OP&F**

OP&F's total OPEB liability as of December 31, 2017, is based on the results of an actuarial valuation date of January 1, 2017, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below.

Valuation Date	January 1, 2017, with actuarial liabilities rolled forward to December 31, 2017
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Single discount rate:	
Current measurement date	3.24 percent
Prior measurement date	3.79 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

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Age	Police	Fire
67 or less	77 %	68 %
68-77	105	87
78 and up	115	120

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale.

Age	Police	Fire
59 or less	35 %	35 %
60-69	60	45
70-79	75	70
80 and up	100	90

The most recent experience study was completed for the five year period ended December 31, 2016, the prior experience study was completed December 31, 2011.

The OP&F health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 11.

**Discount Rate** The total OPEB liability was calculated using the discount rate of 3.24 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 8 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 3.16 percent at December 31, 2017 and 3.71 percent at December 31, 2016, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 3.24 percent. The municipal bond rate was determined using the S&P Municipal Bond 20 Year High Grade Rate Index. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2025. The long-term expected rate of return on health care investments was applied to projected costs through 2025, and the municipal bond rate was applied to all health care costs after that date.

**Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate** Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 3.24 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.24 percent), or one percentage point higher (4.24 percent) than the current rate.

	1% Decrease (2.24%)	Current Discount Rate (3.24%)	1% Increase (4.24%)
City's proportionate share of the net OPEB liability	\$15,932,764	\$12,746,089	\$10,294,059



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***Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate*** Net OPEB liability is sensitive to changes in the health care cost trend rate. The trend rate is the annual rate at which the cost of covered medical services is assumed to increase from the current year to the next year. Beginning in 2017, the per-capita costs are assumed to change by the following percentages each year:

Year	Non-Medicare	Non-AARP	AARP	Rx Drug	Medicare Part B
2017	-0.47%	-2.50%	4.50%	-0.47%	5.20%
2018	7.00%	7.00%	4.50%	7.00%	5.10%
2019	6.50%	6.50%	4.50%	6.50%	5.00%
2020	6.00%	6.00%	4.50%	6.00%	5.00%
2021	5.50%	5.50%	4.50%	5.50%	5.00%
2022	5.00%	5.00%	4.50%	5.00%	5.00%
2023 and Later	4.50%	4.50%	4.50%	4.50%	5.00%

To illustrate the potential impact, the following table presents the net OPEB liability calculated using the current health care cost trend current rates as outlined in the table above, a one percent decrease in the trend rates and a one percent increase in the trend rates.

	1% Decrease	Current Rates	1% Increase
City's proportionate share of the net OPEB liability	\$9,901,391	\$12,746,089	\$16,579,778

***Changes between Measurement Date and Report Date***

In March 2018, the OP&F Board of Trustees approved the implementation date and framework for a new health care model. Beginning January 1, 2019, the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses. The impact to the City's NOL is not known.

**Note 13 – 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.

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**Note 14 – 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 composed of one member from each of the 19 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. The City made contributions of \$20,000 during 2018.

The Council has established two subsidiary organizations, the SW Emergency Response Team (SERT) 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 natural gas and electricity. NOPEC is currently composed of 220 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 2018. Financial information can be obtained by contacting Ron McVoy, Board Chairman, 31320 Solon Road, Suite 20, Solon, Ohio 44139 or at the website [www.nopecinfo.org](http://www.nopecinfo.org).

***Cuyahoga Valley Council of Governments***

The City participates in the Cuyahoga Valley Council of Governments (the Council). The Council was formed to share jail and community services, foster municipal service, and coordinate action among its members in matters relating to public safety dispatch operations. The Council may also, at its discretion, promote cooperative agreements and contracts among its members or other governmental agencies and private persons, corporations, or agencies. The Council is controlled by an executive Board which is composed of a President, Vice President, Secretary and Fiscal Officer, who serves as Treasurer. The elected officers shall serve for a period of two years. Each member's control over the operation of the Council is limited to its representation on the Board. In 2018, the City made no contributions. Complete financial statements can be obtained from the Cuyahoga Valley Council of Governments, Cuyahoga County, Ohio.

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**Note 15 – 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.

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. These bonds were refunded in 2011 as a portion of the 2011 various purpose refunding bonds. 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 16 – Long-Term Obligations**

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

Debt Issue	Interest Rate	Original Issue Amount	Date of Maturity
<b>General Obligation Bonds</b>			
2014 Northeast Quadrant TIF Refunding	1.00-4.00 %	4,305,000	December 1, 2030
2011 Various Purpose Refunding	1.75-5.00	16,935,000	December 1, 2028
<b>Special Assessment Bonds</b>			
2018 Rockside Woods N. Sanitary Sewer Bonds	2.50-4.00	3,190,000	December 1, 2043
<b>Ohio Public Works Commission Loans</b>			
2011 Pleasant Valley Intersection	0.00	225,000	January 1, 2032
2015 Pleasant Valley Widening	0.00	4,164,161	January 1, 2036

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

	Balance 12/31/17	Additions	Reductions	Balance 12/31/18	Amounts Due in One Year
<b>Governmental Activities</b>					
<b>General Obligation Bonds</b>					
2014 Northeast Quadrant TIF Refunding					
Serial Bonds	\$3,740,000	\$0	(\$240,000)	\$3,500,000	\$245,000
Unamortized Premium	239,717	0	(18,439)	221,278	0
Total 2014 Northeast Quadrant TIF	3,979,717	0	(258,439)	3,721,278	245,000
2011 Various Purpose Refunding					
Serial Bonds	10,710,000	0	(1,425,000)	9,285,000	1,465,000
Unamortized Premium	584,471	0	(59,947)	524,524	0
Total 2011 Various Purpose Refunding	11,294,471	0	(1,484,947)	9,809,524	1,465,000
<i>Total General Obligation Bonds</i>	15,274,188	0	(1,743,386)	13,530,802	1,710,000
<b>Special Assessment Bonds</b>					
2018 Rockside Woods N. Sanitary Sewer					
Serial Bonds	0	840,000	0	840,000	60,000
Term Bonds	0	2,350,000	0	2,350,000	0
Unamortized Premium	0	107,880	(360)	107,520	0
<i>Total Special Assessment Bonds</i>	0	3,297,880	(360)	3,297,520	60,000
<b>OPWC Loans</b>					
2011 Pleasant Valley Intersection	163,125	0	(11,250)	151,875	11,250
2015 Pleasant Valley Widening	3,851,849	0	(208,208)	3,643,641	208,208
<i>Total OPWC Loans</i>	4,014,974	0	(219,458)	3,795,516	219,458
<b>Other Long-term Obligations</b>					
Net Pension Liability					
OPERS	13,011,628	0	(4,123,556)	8,888,072	0
OP&F	14,374,911	0	(567,915)	13,806,996	0
Total Net Pension Liability	27,386,539	0	(4,691,471)	22,695,068	0
Net OPEB Liability					
OPERS	5,656,190	646,528	0	6,302,718	0
OP&F	10,772,901	1,973,188	0	12,746,089	0
Total Net OPEB Liability	16,429,091	2,619,716	0	19,048,807	0
Compensated Absences	776,750	393,080	(334,707)	835,123	358,422
<i>Total Other Long-term Obligations</i>	44,592,380	3,012,796	(5,026,178)	42,578,998	358,422
<i>Total General Long-term Obligations</i>	\$63,881,542	\$6,310,676	(\$6,989,382)	\$63,202,836	\$2,347,880

In 2011, the City issued general obligation bonds, in the amount of \$16,935,000, to refund bonds previously issued in fiscal year 2003 for various purposes. The bonds are being retired through the issue II capital project fund, the non-TIF project and the TIF projects debt service funds. Proceeds were deposited in an irrevocable trust with an escrow agent to provide for all future debt payments on the refunded 2003 Various Purpose bonds. As of December 31, 2018, \$9,080,000 of the defeased bonds are still outstanding.

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The various quadrant tax increment financing (TIF) bonds will be paid from the non-TIF Project and TIF projects debt service funds and the issue II capital projects fund. A portion of these bonds were refunded in 2014. The OPWC loans will be paid from the TIF projects debt service fund and the Route 21 and Pleasant Valley capital projects fund.

In 2014, the City issued \$4,305,000 in general obligation bonds for the purpose of refunding a portion of the bonds previously issued in fiscal year 2005 for various quadrant tax increment financing purposes. The bonds were issued with interest rates varying from 1 to 4 percent. The bonds were issued for a sixteen year period with final maturity during 2030. The bonds will be retired through the TIF projects debt service fund.

Net proceeds of \$4,503,365 (including a \$299,647 premium and after payment of \$101,282 in issuance costs) were deposited in an irrevocable trust with an escrow agent to provide for all future debt payments on the refunded 2005 Northeast Quadrant TIF bonds. As a result, \$4,220,000 of these bonds was considered defeased and the liability for the refunded bonds has been removed from the City's financial statements. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statements. As of December 31, 2018, \$3,595,000 of the defeased bonds are still outstanding.

Special assessment bonds are payable from the proceeds of assessments against the specific property owners who primarily benefited from the project. Special assessment monies will be received in and the debt will be retired from the rockside woods capital projects fund. In the event that property owners fail to make their special assessment payments, the City is responsible for providing the resources to meet the annual principal and interest payments. At December 31, 2018 the proceeds had yet to be spent.

Compensated absences will be paid from the general fund and the street construction, maintenance and repair special revenue fund. There are no repayment schedules for the net pension liability and net OPEB liability. However, employer pension and OPEB contributions are made from the general fund and the street construction, maintenance and repair special revenue fund. For additional information related to the net pension and net OPEB liabilities see Notes 11 and 12.

The City's overall legal debt margin was \$26,907,251 at December 31, 2018. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2018, are as follows:

	General Obligation Bonds		Special Assessment Bonds		OPWC Loan
	Principal	Interest	Principal	Interest	Principal
2019	\$1,710,000	\$462,575	\$60,000	\$137,820	\$219,458
2020	1,780,000	396,625	90,000	111,519	219,458
2021	1,830,000	345,775	90,000	109,269	219,458
2022	1,925,000	262,075	100,000	107,019	219,458
2023	735,000	204,325	100,000	104,519	219,458
2024-2028	4,115,000	565,625	510,000	482,343	1,097,290
2029-2033	690,000	41,800	605,000	384,418	1,080,415
2034-2038	0	0	740,000	253,618	520,521
2039-2043	0	0	895,000	99,508	0
<b>Total</b>	<b>\$12,785,000</b>	<b>\$2,278,800</b>	<b>\$3,190,000</b>	<b>\$1,790,033</b>	<b>\$3,795,516</b>

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**Note 17 – Notes Payable**

Changes in the City’s note activity for the year ended December 31, 2018, were as follows:

<b>Types / Issues</b>	Balance	Additions	Reductions	Balance
	12/31/2017			12/31/2018
Selig Drive Improvements	\$2,100,000	\$1,850,000	(\$2,100,000)	\$1,850,000
Premium on Notes	11,377	14,837	(12,613)	13,601
Chestnut Woods III Improvements	600,000	0	(600,000)	0
Premium on Notes	3,250	0	(3,250)	0
Southwest Quadrant Improvements	4,150,000	3,800,000	(4,150,000)	3,800,000
Premium on Notes	22,483	30,476	(25,023)	27,936
Pleasant Valley Quadrant Improvements	850,000	0	(850,000)	0
Premium on Notes	4,605	0	(4,605)	0
Northwest Quadrant Improvements	450,000	1,300,000	(450,000)	1,300,000
Premium on Notes	2,437	10,426	(3,306)	9,557
Northeast Quadrant Improvements	4,000,000	5,350,000	(4,000,000)	5,350,000
Premium on Notes	21,670	42,907	(25,246)	39,331
<b>Total Short-Term Notes</b>	<b>\$12,215,822</b>	<b>\$12,398,646</b>	<b>(\$12,224,043)</b>	<b>\$12,390,425</b>

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 December 4, 2019. 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 quadrant tax increment financing debt service fund with payments in lieu of taxes.

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. As the result, the \$12,390,425 liability outstanding at December 31, 2018, was presented as a fund liability in the financial statements.

**Note 18 – Interfund Transactions**

***Interfund Balances***

Interfund Payable	Interfund Receivable		Totals
	General	Other Governmental Funds	
Quadrant Tax Increment Financing	\$18,403,500	\$780,000	\$19,183,500
Other Governmental Funds	169,400	0	169,400
<b>Total</b>	<b>\$18,572,900</b>	<b>\$780,000</b>	<b>\$19,352,900</b>

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. All interfund balances, except the balance of \$18,403,500, are expected to be repaid within one year.

**City of Independence, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2018*

***Interfund Transfers***

Interfund transfers for the year ended December 31, 2018, consisted of the following:

Transfer To	Transfer From		Total
	General	Quadrant Tax Increment Financing	
<b>Major Funds:</b>			
Quadrant Tax Increment Financing	\$3,235,000	\$0	\$3,235,000
Street Resurfacing	5,000,000	0	5,000,000
<b>Total Major Funds</b>	<b>8,235,000</b>	<b>0</b>	<b>8,235,000</b>
<b>Other Governmental Funds:</b>			
Street Construction, Maintenance and Repair	900,000	0	900,000
Twenty-Five and Alive	2,000	0	2,000
I Can	2,000	0	2,000
Recreation	200,000	0	200,000
Police Pension	550,000	0	550,000
Non-TIF Project	1,177,100	0	1,177,100
TIF Projects	0	1,229,400	1,229,400
Capital Improvements	2,222,900	0	2,222,900
Drain Water	375,000	0	375,000
Public Safety Equipment	351,600	0	351,600
Route 21 and Pleasant Valley	11,500	0	11,500
<b>Total Other Governmental Funds</b>	<b>5,792,100</b>	<b>1,229,400</b>	<b>7,021,500</b>
Internal Service	300,000	0	300,000
<b>Total</b>	<b>\$14,327,100</b>	<b>\$1,229,400</b>	<b>\$15,556,500</b>

The general fund transfer to the street resurfacing capital projects fund and street construction, maintenance and repair special revenue fund were made to pay for street improvement and maintenance costs. The general fund transfers to the twenty-five and alive, I can and recreation special revenue funds were to provide additional support for these various programs and services. The general fund transfer to the internal service fund was to provide resources for claims. The general fund transfer to the police pension special revenue fund was to pay the annual liability and payment to the police pension system not covered by property tax revenue. The general fund transfer to the non-TIF project debt service fund was to pay for debt service requirements. The general fund transfer to the capital improvements capital projects fund were made to pay for capital acquisition costs. The general fund transfer to the quadrant tax increment financing, drain water and route 21 and pleasant valley capital project funds were to pay for capital improvements and debt service requirements. The general fund transfer to the public safety equipment capital projects fund was to move EMS revenue to be used for the purchase of public safety equipment. The quadrant tax increment financing transfer to the TIF projects debt service fund was to pay for debt service requirements.

**City of Independence, Ohio**  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2018

**Note 19 – Significant Commitments**

***Encumbrances***

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

<i>Governmental Funds:</i>	
General	\$680,594
HIDTA	64,875
Quadrant Tax Increment Financing	7,543,195
Street Resurfacing	10,002,519
Other Governmental Funds	4,743,247
<b>Total Governmental Funds</b>	<b><u><u>\$23,034,430</u></u></b>
Internal Service Fund	<b><u><u>\$158,440</u></u></b>
Agency Fund	<b><u><u>\$29,349</u></u></b>

***Contractual Commitments***

As of December 31, 2018, the City had the following contract balances for various construction projects:

Project	Original Contract	Amount Paid to Date	Remaining Amount
All-Purpose Trail	\$3,455,322	\$3,358,173	\$97,149
Oakwood Drive	1,330,599	1,113,865	216,734
Rockside Woods N. Blvd. Extension	333,800	254,139	79,661
Plaza Drive & Heritage Way	50,000	40,016	9,984
Rockside Road - IMS	182,858	134,141	48,717
Park Improvements Downtown	515,000	514,876	124
Hawthorne Trace & Hillside Road Intersection	130,000	94,911	35,089
Lafayette Subdivision	231,500	27,117	204,383
Brookside/Bramley	326,451	284,957	41,494
West Creek Road	1,448,613	1,120,333	328,280
Brecksville Road (21 to Cloverleaf)	1,349,293	324,110	1,025,183
<b>Total</b>	<b><u><u>\$9,353,436</u></u></b>	<b><u><u>\$7,266,638</u></u></b>	<b><u><u>\$2,086,798</u></u></b>

Remaining commitment amounts were encumbered at year end.



**City of Independence, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2018*

**Note 20 – Change in Accounting Principle and Restatement of Net Position**

For fiscal year 2018, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 85, *Omnibus 2017*, Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, and related guidance from (GASB) Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*.

For 2018, the City also implemented the Governmental Accounting Standards Board’s (GASB) *Implementation Guide No. 2017-1*. These changes were incorporated in the City’s 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). These changes were incorporated in the City’s fiscal year 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB 89 establishes accounting requirements for interest cost incurred before the end of a construction period. These changes were incorporated in the City’s 2018 financial statements; however, there was no effect on beginning net position.

GASB 75 established standards for measuring and recognizing Postemployment benefit liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported December 31, 2017:

	Governmental Activities
Net Position December 31, 2017	\$95,582,065
Adjustments:	
Net OPEB Liability	(16,429,091)
Deferred Outflow - Payments Subsequent to Measurement Date	122,282
Restated Net Position December 31, 2017	\$79,275,256

Other than employer contributions subsequent to the measurement date, the City made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

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## Required Supplementary Information

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**City of Independence, Ohio**  
*Required Supplementary Information*  
*Schedule of the City's Proportionate Share of the*  
*Net Pension Liability*  
*Ohio Public Employees Retirement System - Traditional Plan*  
*Last Five Years (1)*

	2018	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.05665500%	0.05729900%	0.05849400%	0.05822900%	0.05822900%
City's Proportionate Share of the Net Pension Liability	\$8,888,072	\$13,011,628	\$10,131,898	\$7,023,068	\$6,864,440
City's Covered Payroll	\$7,486,608	\$7,407,167	\$7,280,083	\$7,139,083	\$7,003,438
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	118.72%	175.66%	139.17%	98.37%	98.02%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.66%	77.25%	81.08%	86.45%	86.36%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available. An additional column will be added each year.

Amounts presented for each year were determined as of the City's measurement date which is the prior year end.

See accompanying notes to the required supplementary information.

**City of Independence, Ohio**  
*Required Supplementary Information*  
*Schedule of the City's Proportionate Share of the*  
*Net Pension Asset*  
*Ohio Public Employees Retirement System - Combined Plan*  
*2018 (1)*

	<u>2018</u>
City's Proportion of the Net Pension Asset	0.05538700%
City's Proportionate Share of the Net Pension Asset	\$75,399
City's Covered Payroll	\$226,838
City's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	-33.24%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset	137.28%

(1) Amounts for the combined plan are not presented prior to 2018 as the City's participation in this plan was considered immaterial in previous years.

Amounts presented for each year were determined as of the City's measurement date which is the prior year end.

See accompanying notes to the required supplementary information.

**City of Independence, Ohio**  
*Required Supplementary Information*  
*Schedule of the City's Proportionate Share of the*  
*Net OPEB Liability*  
*Ohio Public Employees Retirement System - OPEB Plan*  
*Last Two Years (1)*

	2018	2017
City's Proportion of the Net OPEB Liability	0.0580400%	0.0560000%
City's Proportionate Share of the Net OPEB Liability	\$6,302,718	\$5,656,190
City's Covered Payroll	\$8,220,296	\$7,738,900
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	76.67%	73.09%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	54.14%	54.04%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available. An additional column will be added each year.

Amounts presented for each year were determined as of the City's measurement date which is the prior year end.

See accompanying notes to the required supplementary information.

**City of Independence, Ohio**  
*Required Supplementary Information*  
*Schedule of the City's Proportionate Share of the*  
*Net Pension Liability*  
*Ohio Police and Fire Pension Fund*  
*Last Five Years (1)*

	2018	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.2249630%	0.2269520%	0.2205880%	0.2187702%	0.2187702%
City's Proportionate Share of the Net Pension Liability	\$13,806,996	\$14,374,911	\$14,190,580	\$11,333,209	\$10,654,795
City's Covered Payroll	\$4,974,812	\$4,776,754	\$4,561,994	\$4,415,260	\$4,301,102
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	277.54%	300.93%	311.06%	256.68%	247.72%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.91%	68.36%	66.77%	71.71%	73.00%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available. An additional column will be added each year

Amounts presented for each year were determined as of the City's measurement date which is the prior year end.

See accompanying notes to the required supplementary information.

**City of Independence, Ohio**  
*Required Supplementary Information*  
*Schedule of the City's Proportionate Share of the*  
*Net OPEB Liability*  
*Ohio Police and Fire Pension Fund*  
*Last Two Years (1)*

	2018	2017
City's Proportion of the Net OPEB Liability	0.2249630%	0.2269520%
City's Proportionate Share of the Net OPEB Liability	\$12,746,089	\$10,772,901
City's Covered Payroll	\$4,974,812	\$4,776,754
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	256.21%	225.53%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	14.13%	15.96%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available. An additional column will be added each year.

Amounts presented for each year were determined as of the City's measurement date which is the prior year end.

See accompanying notes to the required supplementary information.



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**City of Independence, Ohio**  
*Required Supplementary Information*  
*Schedule of the City's Contributions*  
*Ohio Public Employees Retirement System*  
*Last Six Years (1)*

	2018	2017	2016
<b>Net Pension Liability - Traditional Plan</b>			
Contractually Required Contribution	\$956,035	\$973,259	\$888,860
Contributions in Relation to the Contractually Required Contribution	<u>(956,035)</u>	<u>(973,259)</u>	<u>(888,860)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$6,828,821	\$7,486,608	\$7,407,167
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>13.00%</u>	<u>12.00%</u>
<b>Net Pension Liability - Combined Plan</b>			
Contractually Required Contribution	\$33,662	\$29,489	\$17,455
Contributions in Relation to the Contractually Required Contribution	<u>(33,662)</u>	<u>(29,489)</u>	<u>(17,455)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$240,443	\$226,838	\$145,458
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>13.00%</u>	<u>12.00%</u>
<b>Net OPEB Liability - OPEB Plan (2)</b>			
Contractually Required Contribution	\$24,805	\$97,408	\$158,504
Contributions in Relation to the Contractually Required Contribution	<u>(24,805)</u>	<u>(97,408)</u>	<u>(158,504)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll (3)	\$7,689,389	\$8,220,296	\$7,738,900
OPEB Contributions as a Percentage of Covered Payroll	<u>0.32%</u>	<u>1.18%</u>	<u>2.05%</u>

(1) Information prior to 2013 is not available for traditional and combined plans.

(2) Information prior to 2016 is not available for the OPEB plan.

(3) The OPEB plan includes the members from the traditional plan, the combined plan and the member directed plan. The member directed pension plan is a defined contribution pension plan; therefore, the pension side is not included above.

See accompanying notes to the required supplementary information.

<u>2015</u>	<u>2014</u>	<u>2013</u>
\$873,610	\$856,690	\$910,447
<u>(873,610)</u>	<u>(856,690)</u>	<u>(910,447)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$7,280,083	\$7,139,083	\$7,003,438
<u>12.00%</u>	<u>12.00%</u>	<u>13.00%</u>
\$9,447	\$8,643	\$8,901
<u>(9,447)</u>	<u>(8,643)</u>	<u>(8,901)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$78,725	\$72,025	\$68,469
<u>12.00%</u>	<u>12.00%</u>	<u>13.00%</u>

**City of Independence, Ohio**  
*Required Supplementary Information*  
*Schedule of the City's Contributions*  
*Ohio Police and Fire Pension Fund*  
*Last Ten Years*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Net Pension Liability</b>				
Contractually Required Contribution	\$1,079,917	\$1,033,612	\$991,894	\$946,316
Contributions in Relation to the Contractually Required Contribution	<u>(1,079,917)</u>	<u>(1,033,612)</u>	<u>(991,894)</u>	<u>(946,316)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll (1)	\$5,213,083	\$4,974,812	\$4,776,754	\$4,561,994
Pension Contributions as a Percentage of Covered Payroll	<u>20.72%</u>	<u>20.78%</u>	<u>20.77%</u>	<u>20.74%</u>
<b>Net OPEB Liability</b>				
Contractually Required Contribution	\$26,066	\$24,874	\$23,884	\$22,810
Contributions in Relation to the Contractually Required Contribution	<u>(26,066)</u>	<u>(24,874)</u>	<u>(23,884)</u>	<u>(22,810)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>0.50%</u>	<u>0.50%</u>	<u>0.50%</u>	<u>0.50%</u>
Total Contributions as a Percentage of Covered Payroll	<u>21.22%</u>	<u>21.28%</u>	<u>21.27%</u>	<u>21.24%</u>

(1) The City's Covered payroll is the same for Pension and OPEB.

See accompanying notes to the required supplementary information.

2014	2013	2012	2011	2010	2009
\$915,539	\$756,233	\$619,797	\$631,679	\$658,058	\$654,806
<u>(915,539)</u>	<u>(756,233)</u>	<u>(619,797)</u>	<u>(631,679)</u>	<u>(658,058)</u>	<u>(654,806)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$4,415,260	\$4,301,102	\$4,293,869	\$4,359,499	\$4,536,830	\$4,514,375
<u>20.74%</u>	<u>17.58%</u>	<u>14.43%</u>	<u>14.49%</u>	<u>14.50%</u>	<u>14.50%</u>
\$22,077	\$155,557	\$289,836	\$294,266	\$306,236	\$304,720
<u>(22,077)</u>	<u>(155,557)</u>	<u>(289,836)</u>	<u>(294,266)</u>	<u>(306,236)</u>	<u>(304,720)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>0.50%</u>	<u>3.62%</u>	<u>6.75%</u>	<u>6.75%</u>	<u>6.75%</u>	<u>6.75%</u>
<u>21.24%</u>	<u>21.20%</u>	<u>21.18%</u>	<u>21.24%</u>	<u>21.25%</u>	<u>21.25%</u>

**City of Independence, Ohio**  
*Notes to the Required Supplementary Information*  
*For the Year Ended December 31, 2018*

**Changes in Assumptions – OPERS Pension**

Amounts reported beginning in 2017 incorporate changes in assumptions used by OPERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in 2016 and prior are presented below:

	2017	2016 and prior
Wage Inflation	3.25 percent	3.75 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	3 percent, simple through 2018, then 2.15 percent, simple	3 percent, simple through 2018, then 2.8 percent, simple
Investment Rate of Return	7.5 percent	8 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

Amounts reported beginning in 2017 use mortality rates based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

Amounts reported for 2016 and prior use mortality rates based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

**City of Independence, Ohio**  
*Notes to the Required Supplementary Information*  
*For the Year Ended December 31, 2018*

**Changes in Assumptions – OP&F Pension**

Amounts reported for 2018 incorporate changes in assumptions used by OP&F in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in 2017 and prior are presented below:

	2018	2017 and Prior
Valuation Date	January 1, 2017, with actuarial liabilities rolled forward to December 31, 2017	January 1, 2016, with actuarial liabilities rolled forward to December 31, 2016
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	8.0 percent	8.25 percent
Projected Salary Increases	3.75 percent to 10.5 percent	4.25 percent to 11 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent	Inflation rate of 3.25 percent plus productivity increase rate of 0.5 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent	3.00 percent simple; 2.6 percent simple for increased based on the lesser of the increase in CPI and 3 percent

Amounts reported for 2018 use valuation, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

Age	Police	Fire
67 or less	77 %	68 %
68-77	105	87
78 and up	115	120

Amounts reported for 2018 use valuation, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale.

Age	Police	Fire
59 or less	35 %	35 %
60-69	60	45
70-79	75	70
80 and up	100	90

Amounts reported for 2017 and prior use valuation, rates of death were based on the RP2000 Combined Table, age-adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police and three years for firefighters. For service retirements, set back zero years for police and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis, with a base year of 2009, using mortality improvement Scale AA.

**City of Independence, Ohio**  
*Notes to the Required Supplementary Information*  
*For the Year Ended December 31, 2018*

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**Changes in Assumptions – OPERS OPEB**

For 2018, the single discount rate changed from 4.23 percent to 3.85 percent.

**Changes in Assumptions – OP&F OPEB**

For 2018, the single discount rate changed from 3.79 percent to 3.24 percent.



**Combining and Individual  
Fund Statements and Schedules**

## Combining Statements – Nonmajor Governmental Funds

### *Nonmajor Special Revenue Funds*

To account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

***State Highway Fund*** – To account for and report that 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*** – To account for and report the City’s restricted 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*** – To account for and report that portion of the State gasoline tax and motor vehicle registration fees restricted for street maintenance and repair.

***Enforcement and Education Fund*** – To account for and report fines levied when arrests are made for driving under the influence of alcohol restricted for the education of officers and members of the community.

***Drug Offense Fund*** – To account for and report fines levied when arrests are made involving a drug offense. This money is restricted for the education of officers and members of the community.

***Law Enforcement Fund*** – To account for and report forfeitures collected that are restricted for specific law enforcement purposes.

***Federal Forfeiture Fund*** – To account for and report federal forfeitures restricted for specific law enforcement purposes.

***Strike Force Fund*** – To account for and report forfeitures restricted for Strike Force task force law enforcement purposes.

***Mayor’s Court Computer Fund*** – To account for and report court fines restricted to maintain and support the mayor’s court computer system.

***FEMA Grant Fund*** – To account for and report grants received from the Federal and State governments restricted for restoration of areas hit by natural disasters.

***Handicap Parking Fund*** – To account for and report fine monies collected from handicap parking violations committed 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*** – To accounts for and report donations committed to assist former residents who wish to attend City sponsored events.

***Twenty-Five and Alive Fund*** – To account for and report donations committed to assist in educating our youth with regards to the dangers that drugs pose to them.

***Home Days Fund*** – To account for and report donations, raffle and ride tickets associated with the annual Home Days Celebration committed to pay for the cost of parade entertainment, vendor booths and rides contracts.

(continued)

### ***Nonmajor Special Revenue Funds (continued)***

***I Can Fund*** – To account for and report donations, fundraiser profits and participation fees committed to provide individuals 10 years old and up with physical, cognitive, and sensory disabilities with recreational, social and fitness opportunities.

***Tree Fund*** – To account for and report donations committed for trees to be planted in the City.

***Cemetery Fund*** – To account for and report receipts from grave sales and other fees committed to pay expenses related the City’s Cemetery.

***Recreation Fund*** – To account for and report receipts of recreation fees committed to pay for the cost of operating the City’s recreation programs.

***Police Pension Fund*** – To account for and report restricted property taxes levied for the payment of current employer contributions for police disability and pension benefits and accrued liability.

***Compensated Absences Fund*** - To account for and report the accumulation of resources for accumulated sick leave and vacation leave, upon the termination of employment of employees in the City. This fund is included with the general fund for GAAP reporting as it does not have a restricted or committed revenue source.

***Rainy Day Fund*** – To account for and report transfers from the general fund to stabilize against cyclical changes in revenues. This fund is included in the general fund for GAAP reporting as it does not have a restricted or committed revenue source.

***Economic Development Fund*** – To account for and report transfers from the general fund assigned for economic development. This fund is included in the general fund for GAAP reporting as it does not have a restricted or committed revenue source.

### ***Nonmajor Debt Service Funds***

To account for and report financial resources that are restricted to expenditures for principal and interest.

***Bond Retirement Fund*** – To account for and report restricted property taxes for the repayment of general obligation bonds and notes of the City.

***Non-TIF Project Fund*** – To account for and report assigned transfers from the general fund for the repayment of Non-TIF debt obligations of the City.

***TIF Projects Fund*** – To account for and report restricted TIF revenue transfers for the repayment of TIF project debt obligations and notes of the City.

### ***Nonmajor Capital Projects Funds***

To account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays including the acquisition of construction of major capital facilities and other capital assets.

***Capital Improvements Fund*** – To account for and report restricted general obligation bond proceeds, rentals and transfers from the general fund for departmental capital improvements.

***Drain Water Fund*** – To account for and report Ohio Water Development Authority loan proceeds that are restricted for storm water drainage problems along with drain water improvement projects.

***Rockside Woods Fund*** – To account for and report restricted special assessments for street lighting improvements made to Rockside Woods Boulevard North.

*Nonmajor Capital Projects Funds (continued)*

***Issue II Fund*** – To account for and report grant and loan monies received from the Ohio Public Works Commission plus matching funds from the City that are restricted for various City road improvements.

***Public Safety Equipment Fund*** – To account for and report general obligation bond proceeds restricted to upgrade equipment used by the Independence Police and Fire Departments.

***Route 21 and Pleasant Valley Fund*** – This fund accounts for monies restricted for the maintenance and improvement projects for the intersection of Route 21 and Pleasant Valley.

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**City of Independence, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Governmental Funds*  
*December 31, 2018*

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$2,607,713	\$126,524	\$5,471,850	\$8,206,087
Accounts Receivable	2,818	0	0	2,818
Interfund Receivable	0	0	780,000	780,000
Intergovernmental Receivable	283,894	0	0	283,894
Prepaid Items	868	0	2,735	3,603
Accrued Interest Receivable	1,621	0	0	1,621
Special Assessments Receivable	0	0	3,393,657	3,393,657
Property Taxes Receivable	127,675	0	0	127,675
<i>Total Assets</i>	<u>\$3,024,589</u>	<u>\$126,524</u>	<u>\$9,648,242</u>	<u>\$12,799,355</u>
<b>Liabilities</b>				
Accounts Payable	\$35,876	\$0	\$252,852	\$288,728
Accrued Wages	23,567	0	0	23,567
Contracts Payable	1,720	0	20,493	22,213
Intergovernmental Payable	86,703	0	211,327	298,030
Retainage Payable	5,500	0	8,000	13,500
Interfund Payable	169,400	0	0	169,400
<i>Total Liabilities</i>	<u>322,766</u>	<u>0</u>	<u>492,672</u>	<u>815,438</u>
<b>Deferred Inflows of Resources</b>				
Property Taxes	123,650	0	0	123,650
Unavailable Revenue	250,471	0	3,393,657	3,644,128
<i>Total Deferred Inflows of Resources</i>	<u>374,121</u>	<u>0</u>	<u>3,393,657</u>	<u>3,767,778</u>
<b>Fund Balances</b>				
Nonspendable	868	0	2,735	3,603
Restricted	1,779,085	126,426	5,759,178	7,664,689
Committed	560,368	0	0	560,368
Assigned	0	98	0	98
Unassigned (Deficit)	(12,619)	0	0	(12,619)
<i>Total Fund Balances</i>	<u>2,327,702</u>	<u>126,524</u>	<u>5,761,913</u>	<u>8,216,139</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$3,024,589</u>	<u>\$126,524</u>	<u>\$9,648,242</u>	<u>\$12,799,355</u>

**City of Independence, Ohio**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Governmental Funds*  
*For the Year Ended December 31, 2018*

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues</b>				
Property Taxes	\$122,848	\$0	\$0	\$122,848
Intergovernmental	575,174	0	184,638	759,812
Investment Income	5,209	0	0	5,209
Fees, Licenses and Permits	421,813	0	0	421,813
Fines and Forfeitures	87,918	0	0	87,918
Charges for Services	21,597	0	0	21,597
Rentals	0	0	12,635	12,635
Special Assessments	0	0	35,017	35,017
Miscellaneous	75,327	0	23,225	98,552
<i>Total Revenues</i>	<u>1,309,886</u>	<u>0</u>	<u>255,515</u>	<u>1,565,401</u>
<b>Expenditures</b>				
Current:				
General Government	90,741	0	0	90,741
Security of Persons and Property	769,990	0	0	769,990
Public Health and Welfare	60,713	0	0	60,713
Leisure Time Activities	569,159	0	0	569,159
Transportation	1,448,024	0	0	1,448,024
Capital Outlay	0	0	2,954,667	2,954,667
Debt Service:				
Principal Retirement	0	1,826,137	58,321	1,884,458
Interest and Fiscal Charges	0	504,771	9,154	513,925
Debt Issuance Costs	0	0	92,798	92,798
<i>Total Expenditures</i>	<u>2,938,627</u>	<u>2,330,908</u>	<u>3,114,940</u>	<u>8,384,475</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,628,741)</u>	<u>(2,330,908)</u>	<u>(2,859,425)</u>	<u>(6,819,074)</u>
<b>Other Financing Sources (Uses)</b>				
Premium on Special Assessment Bonds	0	0	107,880	107,880
Transfers In	1,654,000	2,406,500	2,961,000	7,021,500
<i>Total Other Financing Sources (Uses)</i>	<u>1,654,000</u>	<u>2,406,500</u>	<u>3,068,880</u>	<u>7,129,380</u>
<i>Net Change in Fund Balances</i>	25,259	75,592	209,455	310,306
<i>Fund Balances Beginning of Year</i>	<u>2,302,443</u>	<u>50,932</u>	<u>5,552,458</u>	<u>7,905,833</u>
<i>Fund Balances End of Year</i>	<u><u>\$2,327,702</u></u>	<u><u>\$126,524</u></u>	<u><u>\$5,761,913</u></u>	<u><u>\$8,216,139</u></u>

**City of Independence, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds*  
*December 31, 2018*

	State Highway	Motor Vehicle License Tax	Street Construction, Maintenance and Repair	Enforcement and Education	Drug Offense
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$74,587	\$71,550	\$764,431	\$14,524	\$43,076
Accounts Receivable	0	0	0	0	1,050
Intergovernmental Receivable	17,460	11,616	215,343	0	0
Prepaid Items	0	0	0	0	0
Accrued Interest Receivable	0	0	1,621	0	0
Property Taxes Receivable	0	0	0	0	0
<i>Total Assets</i>	<u>\$92,047</u>	<u>\$83,166</u>	<u>\$981,395</u>	<u>\$14,524</u>	<u>\$44,126</u>
<b>Liabilities</b>					
Accounts Payable	\$0	\$0	\$17,987	\$0	\$0
Accrued Wages	0	0	17,609	0	0
Contracts Payable	0	0	0	0	0
Intergovernmental Payable	0	0	7,174	0	0
Retainage Payable	0	0	5,500	0	0
Interfund Payable	0	0	0	0	0
<i>Total Liabilities</i>	<u>0</u>	<u>0</u>	<u>48,270</u>	<u>0</u>	<u>0</u>
<b>Deferred Inflows of Resources</b>					
Property Taxes	0	0	0	0	0
Unavailable Revenue	14,920	9,862	184,014	0	0
<i>Total Deferred Inflows of Resources</i>	<u>14,920</u>	<u>9,862</u>	<u>184,014</u>	<u>0</u>	<u>0</u>
<b>Fund Balances</b>					
Nonspendable	0	0	0	0	0
Restricted	77,127	73,304	749,111	14,524	44,126
Committed	0	0	0	0	0
Unassigned (Deficit)	0	0	0	0	0
<i>Total Fund Balances (Deficit)</i>	<u>77,127</u>	<u>73,304</u>	<u>749,111</u>	<u>14,524</u>	<u>44,126</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$92,047</u>	<u>\$83,166</u>	<u>\$981,395</u>	<u>\$14,524</u>	<u>\$44,126</u>



<u>Law Enforcement</u>	<u>Federal Forfeiture</u>	<u>Strike Force</u>	<u>Mayor's Court Computer</u>	<u>FEMA Grant</u>
\$33,666	\$62,187	\$89,101	\$33,262	\$28,835
0	0	0	1,643	0
1,415	32,627	0	0	0
0	368	0	500	0
0	0	0	0	0
0	0	0	0	0
<u>\$35,081</u>	<u>\$95,182</u>	<u>\$89,101</u>	<u>\$35,405</u>	<u>\$28,835</u>
\$0	\$3,500	\$0	\$2,280	\$0
0	0	0	0	0
0	0	1,720	0	0
0	600	0	100	0
0	0	0	0	0
0	35,000	100,000	0	24,400
<u>0</u>	<u>39,100</u>	<u>101,720</u>	<u>2,380</u>	<u>24,400</u>
0	0	0	0	0
1,415	30,802	0	0	0
<u>1,415</u>	<u>30,802</u>	<u>0</u>	<u>0</u>	<u>0</u>
0	368	0	500	0
33,666	24,912	0	32,525	4,435
0	0	0	0	0
0	0	(12,619)	0	0
<u>33,666</u>	<u>25,280</u>	<u>(12,619)</u>	<u>33,025</u>	<u>4,435</u>
<u>\$35,081</u>	<u>\$95,182</u>	<u>\$89,101</u>	<u>\$35,405</u>	<u>\$28,835</u>

(continued)

**City of Independence, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds (continued)*  
*December 31, 2018*

	Handicap Parking	Friends for Life	Twenty- Five and Alive	Home Days	I Can
<b>Assets</b>					
Equity in Pooled Cash and					
Cash Equivalents	\$27,578	\$2,085	\$18,111	\$48,061	\$27,330
Accounts Receivable	125	0	0	0	0
Intergovernmental Receivable	0	0	0	0	0
Prepaid Items	0	0	0	0	0
Accrued Interest Receivable	0	0	0	0	0
Property Taxes Receivable	0	0	0	0	0
<i>Total Assets</i>	<u>\$27,703</u>	<u>\$2,085</u>	<u>\$18,111</u>	<u>\$48,061</u>	<u>\$27,330</u>
<b>Liabilities</b>					
Accounts Payable	\$0	\$0	\$0	\$0	\$967
Accrued Wages	0	0	0	0	0
Contracts Payable	0	0	0	0	0
Intergovernmental Payable	0	0	0	0	0
Retainage Payable	0	0	0	0	0
Interfund Payable	0	0	0	10,000	0
<i>Total Liabilities</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>10,000</u>	<u>967</u>
<b>Deferred Inflows of Resources</b>					
Property Taxes	0	0	0	0	0
Unavailable Revenue	0	0	0	0	0
<i>Total Deferred Inflows of Resources</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balances</b>					
Nonspendable	0	0	0	0	0
Restricted	0	0	0	0	0
Committed	27,703	2,085	18,111	38,061	26,363
Unassigned (Deficit)	0	0	0	0	0
<i>Total Fund Balances (Deficit)</i>	<u>27,703</u>	<u>2,085</u>	<u>18,111</u>	<u>38,061</u>	<u>26,363</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$27,703</u>	<u>\$2,085</u>	<u>\$18,111</u>	<u>\$48,061</u>	<u>\$27,330</u>

<u>Tree</u>	<u>Cemetery</u>	<u>Recreation</u>	<u>Police Pension</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$37,952	\$25,716	\$404,016	\$801,645	\$2,607,713
0	0	0	0	2,818
0	0	0	5,433	283,894
0	0	0	0	868
0	0	0	0	1,621
0	0	0	127,675	127,675
<u>\$37,952</u>	<u>\$25,716</u>	<u>\$404,016</u>	<u>\$934,753</u>	<u>\$3,024,589</u>
\$0	\$0	\$11,142	\$0	\$35,876
0	876	5,082	0	23,567
0	0	0	0	1,720
0	251	2,288	76,290	86,703
0	0	0	0	5,500
0	0	0	0	169,400
<u>0</u>	<u>1,127</u>	<u>18,512</u>	<u>76,290</u>	<u>322,766</u>
0	0	0	123,650	123,650
0	0	0	9,458	250,471
<u>0</u>	<u>0</u>	<u>0</u>	<u>133,108</u>	<u>374,121</u>
0	0	0	0	868
0	0	0	725,355	1,779,085
37,952	24,589	385,504	0	560,368
0	0	0	0	(12,619)
<u>37,952</u>	<u>24,589</u>	<u>385,504</u>	<u>725,355</u>	<u>2,327,702</u>
<u>\$37,952</u>	<u>\$25,716</u>	<u>\$404,016</u>	<u>\$934,753</u>	<u>\$3,024,589</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, 2018*

	State Highway	Motor Vehicle License Tax	Street Construction, Maintenance and Repair	Enforcement and Education	Drug Offense
<b>Revenues</b>					
Property Taxes	\$0	\$0	\$0	\$0	\$0
Intergovernmental	37,283	23,699	459,839	0	0
Investment Income	405	267	4,537	0	0
Fees, Licenses and Permits	0	0	0	0	0
Fines and Forfeitures	0	0	0	918	4,695
Charges for Services	0	0	0	0	0
Miscellaneous	0	0	0	0	0
<i>Total Revenues</i>	<u>37,688</u>	<u>23,966</u>	<u>464,376</u>	<u>918</u>	<u>4,695</u>
<b>Expenditures</b>					
Current:					
General Government	0	0	0	0	0
Security of Persons and Property	0	0	0	500	5,474
Public Health and Welfare	0	0	0	0	0
Leisure Time Activities	0	0	0	0	0
Transportation	119,473	45,000	1,283,551	0	0
<i>Total Expenditures</i>	<u>119,473</u>	<u>45,000</u>	<u>1,283,551</u>	<u>500</u>	<u>5,474</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(81,785)	(21,034)	(819,175)	418	(779)
<b>Other Financing Sources (Uses)</b>					
Transfers In	0	0	900,000	0	0
<i>Net Change in Fund Balances</i>	(81,785)	(21,034)	80,825	418	(779)
<i>Fund Balances Beginning of Year</i>	<u>158,912</u>	<u>94,338</u>	<u>668,286</u>	<u>14,106</u>	<u>44,905</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$77,127</u>	<u>\$73,304</u>	<u>\$749,111</u>	<u>\$14,524</u>	<u>\$44,126</u>

Law Enforcement	Federal Forfeiture	Strike Force	Mayor's Court Computer	FEMA Grant
\$0	\$0	\$0	\$0	\$0
0	0	0	0	43,486
0	0	0	0	0
0	0	0	0	0
32,193	25,486	0	23,651	0
0	0	0	0	0
0	0	0	0	0
<u>32,193</u>	<u>25,486</u>	<u>0</u>	<u>23,651</u>	<u>43,486</u>
0	0	12,619	11,505	0
26,213	63,127	0	0	45,660
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
<u>26,213</u>	<u>63,127</u>	<u>12,619</u>	<u>11,505</u>	<u>45,660</u>
5,980	(37,641)	(12,619)	12,146	(2,174)
0	0	0	0	0
5,980	(37,641)	(12,619)	12,146	(2,174)
<u>27,686</u>	<u>62,921</u>	<u>0</u>	<u>20,879</u>	<u>6,609</u>
<u>\$33,666</u>	<u>\$25,280</u>	<u>(\$12,619)</u>	<u>\$33,025</u>	<u>\$4,435</u>

(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, 2018*

	Handicap Parking	Friends for Life	Twenty- Five and Alive	Home Days	I Can
<b>Revenues</b>					
Property Taxes	\$0	\$0	\$0	\$0	\$0
Intergovernmental	0	0	0	0	0
Investment Income	0	0	0	0	0
Fees, Licenses and Permits	0	0	0	0	0
Fines and Forfeitures	975	0	0	0	0
Charges for Services	0	0	0	0	0
Miscellaneous	0	0	1,660	58,505	7,204
<i>Total Revenues</i>	<u>975</u>	<u>0</u>	<u>1,660</u>	<u>58,505</u>	<u>7,204</u>
<b>Expenditures</b>					
Current:					
General Government	0	0	4,055	55,726	3,976
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
<i>Total Expenditures</i>	<u>0</u>	<u>0</u>	<u>4,055</u>	<u>55,726</u>	<u>3,976</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	975	0	(2,395)	2,779	3,228
<b>Other Financing Sources (Uses)</b>					
Transfers In	0	0	2,000	0	2,000
<i>Net Change in Fund Balances</i>	975	0	(395)	2,779	5,228
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>26,728</u>	<u>2,085</u>	<u>18,506</u>	<u>35,282</u>	<u>21,135</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$27,703</u>	<u>\$2,085</u>	<u>\$18,111</u>	<u>\$38,061</u>	<u>\$26,363</u>

Tree	Cemetery	Recreation	Police Pension	Total Nonmajor Special Revenue Funds
\$0	\$0	\$0	\$122,848	\$122,848
0	0	0	10,867	575,174
0	0	0	0	5,209
0	0	421,813	0	421,813
0	0	0	0	87,918
0	21,597	0	0	21,597
2,360	0	5,598	0	75,327
2,360	21,597	427,411	133,715	1,309,886
2,860	0	0	0	90,741
0	0	0	629,016	769,990
0	60,713	0	0	60,713
0	0	569,159	0	569,159
0	0	0	0	1,448,024
2,860	60,713	569,159	629,016	2,938,627
(500)	(39,116)	(141,748)	(495,301)	(1,628,741)
0	0	200,000	550,000	1,654,000
(500)	(39,116)	58,252	54,699	25,259
38,452	63,705	327,252	670,656	2,302,443
\$37,952	\$24,589	\$385,504	\$725,355	\$2,327,702

**City of Independence, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Debt Service Funds*  
*December 31, 2018*

	Bond Retirement	Non -TIF Project	TIF Projects	Total Nonmajor Debt Service Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$50,932	\$98	\$75,494	\$126,524
<b>Fund Balances</b>				
Restricted	50,932	0	75,494	126,426
Assigned	0	98	0	98
<i>Total Fund Balances</i>	\$50,932	\$98	\$75,494	\$126,524



**City of Independence, Ohio**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Debt Service Funds*  
*For the Year Ended December 31, 2018*

	Bond Retirement	Non -TIF Project	TIF Projects	Total Nonmajor Debt Service Funds
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>				
Debt Service:				
Principal Retirement	0	983,135	843,002	1,826,137
Interest and Fiscal Charges	0	193,867	310,904	504,771
<i>Total Expenditures</i>	0	1,177,002	1,153,906	2,330,908
<i>Excess of Revenues Over (Under) Expenditures</i>	0	(1,177,002)	(1,153,906)	(2,330,908)
<b>Other Financing Sources (Uses)</b>				
Transfers In	0	1,177,100	1,229,400	2,406,500
<i>Net Change in Fund Balances</i>	0	98	75,494	75,592
<i>Fund Balances Beginning of Year</i>	50,932	0	0	50,932
<i>Fund Balances End of Year</i>	\$50,932	\$98	\$75,494	\$126,524

**City of Independence, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Capital Projects Funds*  
*December 31, 2018*

	<u>Capital Improvements</u>	<u>Drain Water</u>	<u>Rockside Woods</u>
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$3,910,007	\$410,121	\$12,883
Interfund Receivable	780,000	0	0
Prepaid Items	1,937	0	0
Special Assessments Receivable	<u>0</u>	<u>0</u>	<u>3,190,000</u>
<i>Total Assets</i>	<u><u>\$4,691,944</u></u>	<u><u>\$410,121</u></u>	<u><u>\$3,202,883</u></u>
<b>Liabilities</b>			
Accounts Payable	\$28,689	\$0	\$0
Contracts Payable	7,448	10,588	2,457
Intergovernmental Payable	203,854	7,473	0
Retainage Payable	<u>0</u>	<u>8,000</u>	<u>0</u>
<i>Total Liabilities</i>	<u>239,991</u>	<u>26,061</u>	<u>2,457</u>
<b>Deferred Inflows of Resources</b>			
Unavailable Revenue	<u>0</u>	<u>0</u>	<u>3,190,000</u>
<b>Fund Balances</b>			
Nonspendable	1,937	0	0
Restricted	<u>4,450,016</u>	<u>384,060</u>	<u>10,426</u>
<i>Total Fund Balances</i>	<u>4,451,953</u>	<u>384,060</u>	<u>10,426</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u><u>\$4,691,944</u></u>	<u><u>\$410,121</u></u>	<u><u>\$3,202,883</u></u>

<u>Issue II</u>	<u>Public Safety Equipment</u>	<u>Route 21 and Pleasant Valley</u>	<u>Total Nonmajor Capital Projects Funds</u>
\$95,847	\$1,041,147	\$1,845	\$5,471,850
0	0	0	780,000
0	798	0	2,735
<u>203,657</u>	<u>0</u>	<u>0</u>	<u>3,393,657</u>
<u>\$299,504</u>	<u>\$1,041,945</u>	<u>\$1,845</u>	<u>\$9,648,242</u>
\$0	\$224,163	\$0	\$252,852
0	0	0	20,493
0	0	0	211,327
<u>0</u>	<u>0</u>	<u>0</u>	<u>8,000</u>
<u>0</u>	<u>224,163</u>	<u>0</u>	<u>492,672</u>
<u>203,657</u>	<u>0</u>	<u>0</u>	<u>3,393,657</u>
0	798	0	2,735
<u>95,847</u>	<u>816,984</u>	<u>1,845</u>	<u>5,759,178</u>
<u>95,847</u>	<u>817,782</u>	<u>1,845</u>	<u>5,761,913</u>
<u>\$299,504</u>	<u>\$1,041,945</u>	<u>\$1,845</u>	<u>\$9,648,242</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, 2018*

	Capital Improvements	Drain Water	Rockside Woods
<b>Revenues</b>			
Intergovernmental	\$0	\$184,638	\$0
Rentals	12,635	0	0
Special Assessments	0	0	0
Miscellaneous	14,400	0	0
<i>Total Revenues</i>	<u>27,035</u>	<u>184,638</u>	<u>0</u>
<b>Expenditures</b>			
Capital Outlay	2,178,283	382,290	4,820
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Debt Issuance Costs	0	0	92,798
<i>Total Expenditures</i>	<u>2,178,283</u>	<u>382,290</u>	<u>97,618</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(2,151,248)</u>	<u>(197,652)</u>	<u>(97,618)</u>
<b>Other Financing Sources (Uses)</b>			
Premium on Special Assessment Bonds	0	0	107,880
Transfers In	2,222,900	375,000	0
<i>Total Other Financing Sources (Uses)</i>	<u>2,222,900</u>	<u>375,000</u>	<u>107,880</u>
<i>Net Change in Fund Balances</i>	71,652	177,348	10,262
<i>Fund Balances Beginning of Year</i>	<u>4,380,301</u>	<u>206,712</u>	<u>164</u>
<i>Fund Balances End of Year</i>	<u><u>\$4,451,953</u></u>	<u><u>\$384,060</u></u>	<u><u>\$10,426</u></u>

Issue II	Public Safety Equipment	Route 21 and Pleasant Valley	Total Nonmajor Capital Projects Funds
\$0	\$0	\$0	\$184,638
0	0	0	12,635
35,017	0	0	35,017
0	8,825	0	23,225
35,017	8,825	0	255,515
0	389,274	0	2,954,667
47,071	0	11,250	58,321
9,154	0	0	9,154
0	0	0	92,798
56,225	389,274	11,250	3,114,940
(21,208)	(380,449)	(11,250)	(2,859,425)
0	0	0	107,880
0	351,600	11,500	2,961,000
0	351,600	11,500	3,068,880
(21,208)	(28,849)	250	209,455
117,055	846,631	1,595	5,552,458
\$95,847	\$817,782	\$1,845	\$5,761,913

## **Fiduciary Fund**

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the City 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, 2018*

	Beginning Balance 12/31/17	Additions	Deductions	Ending Balance 12/31/18
<b><i>Deposits and Fees</i></b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$497,486	\$288,510	\$143,376	\$642,620
<b>Liabilities</b>				
Deposits Held and Due to Others	\$497,486	\$288,510	\$143,376	\$642,620

**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, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$628,800	\$751,036	\$778,529	\$27,493
Municipal Income Taxes	27,709,591	32,564,865	33,656,824	1,091,959
Hotel/Motel Taxes	1,193,515	1,402,643	1,449,676	47,033
Amusement Taxes	15,951	18,745	19,374	629
Intergovernmental	239,847	269,813	276,552	6,739
Investment Income	103,414	121,535	125,610	4,075
Fees, Licenses and Permits	410,794	482,774	498,962	16,188
Fines and Forfeitures	296,652	348,632	360,322	11,690
Charges for Services	556,576	654,099	676,032	21,933
Rentals	206,188	242,317	250,442	8,125
Miscellaneous	354,129	424,898	440,814	15,916
<i>Total Revenues</i>	<u>31,715,457</u>	<u>37,281,357</u>	<u>38,533,137</u>	<u>1,251,780</u>
<b>Expenditures</b>				
Current:				
General Government:				
Mayor:				
Salaries and Wages	247,400	247,400	230,365	17,035
Benefits	100,300	100,300	84,096	16,204
Other	34,273	34,273	19,267	15,006
Total Mayor	<u>381,973</u>	<u>381,973</u>	<u>333,728</u>	<u>48,245</u>
Finance Department:				
Salaries and Wages	354,100	364,100	354,824	9,276
Benefits	150,700	153,700	149,799	3,901
Other	19,315	19,315	10,101	9,214
Total Finance Department	<u>524,115</u>	<u>537,115</u>	<u>514,724</u>	<u>22,391</u>
Council:				
Salaries and Wages	150,200	150,200	141,200	9,000
Benefits	163,300	188,800	186,940	1,860
Other	5,200	10,200	4,690	5,510
Total Council	<u>318,700</u>	<u>349,200</u>	<u>332,830</u>	<u>16,370</u>
Law Director:				
Other	<u>\$309,000</u>	<u>\$269,000</u>	<u>\$233,523</u>	<u>\$35,477</u>

(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, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Other:				
Salaries and Wages	\$95,400	\$97,400	\$92,229	\$5,171
Benefits	239,100	241,600	228,560	13,040
Insurance	310,000	384,000	380,762	3,238
Professional Fees	536,897	551,897	546,873	5,024
Other	1,886,968	1,798,968	1,528,926	270,042
<b>Total Other</b>	<b>3,068,365</b>	<b>3,073,865</b>	<b>2,777,350</b>	<b>296,515</b>
Court:				
Salaries and Wages	250,600	250,600	245,047	5,553
Benefits	89,800	90,800	88,066	2,734
Other	52,650	29,150	3,981	25,169
<b>Total Court</b>	<b>393,050</b>	<b>370,550</b>	<b>337,094</b>	<b>33,456</b>
Service Administration:				
Salaries and Wages	423,000	436,100	410,482	25,618
Benefits	165,990	167,990	162,036	5,954
Other	8,360	8,360	2,603	5,757
<b>Total Service Administration</b>	<b>597,350</b>	<b>612,450</b>	<b>575,121</b>	<b>37,329</b>
Income Tax Collection:				
Other	1,000,000	1,100,000	991,278	108,722
Court Program Fees:				
Other	19,120	34,120	31,610	2,510
<b>Total General Government</b>	<b>6,611,673</b>	<b>6,728,273</b>	<b>6,127,258</b>	<b>601,015</b>
Security of Persons and Property:				
Police:				
Salaries and Wages	4,105,200	4,210,200	4,190,915	19,285
Benefits	1,063,400	1,070,400	1,054,067	16,333
Other	199,196	189,196	149,912	39,284
<b>Total Police</b>	<b>5,367,796</b>	<b>5,469,796</b>	<b>5,394,894</b>	<b>74,902</b>
Fire:				
Salaries and Wages	2,241,400	2,248,400	2,210,934	37,466
Benefits	1,032,268	1,040,268	1,023,645	16,623
Other	158,848	168,848	144,821	24,027
<b>Total Fire</b>	<b>3,432,516</b>	<b>3,457,516</b>	<b>3,379,400</b>	<b>78,116</b>
<b>Total Security of Persons and Property</b>	<b>\$8,800,312</b>	<b>\$8,927,312</b>	<b>\$8,774,294</b>	<b>\$153,018</b>

(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, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Leisure Time Activities:				
Parks and Playgrounds:				
Salaries and Wages	\$248,700	\$248,700	\$225,101	\$23,599
Benefits	80,600	80,600	76,259	4,341
Other	145,352	142,852	130,980	11,872
Total Parks and Playgrounds	474,652	472,152	432,340	39,812
Pools:				
Salaries and Wages	265,200	257,200	245,553	11,647
Benefits	42,200	42,200	38,918	3,282
Other	46,351	68,851	61,042	7,809
Total Pools	353,751	368,251	345,513	22,738
Concession Stand:				
Salaries and Wages	38,900	34,900	32,731	2,169
Other	50,939	60,939	42,380	18,559
Total Concession Stand	89,839	95,839	75,111	20,728
Field House:				
Salaries and Wages	30,400	22,900	17,833	5,067
Benefits	4,500	4,500	2,311	2,189
Other	47,766	40,266	16,437	23,829
Total Field House	82,666	67,666	36,581	31,085
Administration:				
Salaries and Wages	373,134	421,134	392,908	28,226
Benefits	367,500	400,500	394,581	5,919
Other	7,247	7,247	5,939	1,308
Total Administration	747,881	828,881	793,428	35,453
Civic Center Recreation:				
Salaries and Wages	246,584	246,584	246,584	0
Custodial:				
Salaries and Wages	\$335,682	\$335,682	\$335,682	\$0

(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, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Civic Center:				
Salaries and Wages	\$666,400	\$616,400	\$583,325	\$33,075
Benefits	262,100	217,100	205,767	11,333
Other	129,775	118,275	74,144	44,131
Total Civic Center	1,058,275	951,775	863,236	88,539
Total Leisure Time Activities	3,389,330	3,366,830	3,128,475	238,355
Community Environment:				
Building and Lands:				
Salaries and Wages	436,600	498,100	488,274	9,826
Benefits	163,300	178,300	169,961	8,339
Other	327,208	327,208	307,043	20,165
Total Building and Lands	927,108	1,003,608	965,278	38,330
Technical Services:				
Salaries and Wages	488,000	467,900	462,143	5,757
Benefits	198,800	186,300	179,832	6,468
Other	329,790	367,290	315,322	51,968
Total Technical Services	1,016,590	1,021,490	957,297	64,193
IT Department:				
Salaries and Wages	158,300	153,800	146,558	7,242
Benefits	53,100	53,100	51,646	1,454
Other	154,686	148,686	120,024	28,662
Total IT Department	366,086	355,586	318,228	37,358
Building Department:				
Salaries and Wages	230,200	230,200	218,453	11,747
Benefits	64,100	64,100	61,490	2,610
Other	145,390	108,890	85,712	23,178
Total Building Department	439,690	403,190	365,655	37,535
Engineering Department:				
Salaries and Wages	385,500	385,500	376,589	8,911
Benefits	125,900	125,900	123,475	2,425
Other	63,373	36,373	22,794	13,579
Total Engineering Department	\$574,773	\$547,773	\$522,858	\$24,915

(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, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Economic Department:				
Salaries and Wages	\$103,000	\$103,000	\$101,258	\$1,742
Benefits	38,600	38,600	36,502	2,098
Other	72,463	74,463	63,143	11,320
Total Economic Department	214,063	216,063	200,903	15,160
Boards and Commissions:				
Salaries and Wages	55,100	55,100	33,943	21,157
Benefits	6,100	6,100	4,775	1,325
Other	500	500	88	412
Total Boards and Commissions	61,700	61,700	38,806	22,894
Total Community Environment	3,600,010	3,609,410	3,369,025	240,385
Basic Utility Services:				
Rubbish:				
Salaries and Wages	250,800	230,800	209,911	20,889
Benefits	81,000	87,000	83,599	3,401
Other	312,224	312,224	267,789	44,435
Total Rubbish	644,024	630,024	561,299	68,725
Sewer/Water Control:				
Salaries and Wages	239,200	181,200	178,516	2,684
Benefits	125,000	100,000	80,775	19,225
Other	14,907	9,907	660	9,247
Total Sewer/Water Control	379,107	291,107	259,951	31,156
Total Basic Utility Services	1,023,131	921,131	821,250	99,881
Transportation:				
Equipment and Motor Pool:				
Salaries and Wages	284,600	277,100	262,767	14,333
Benefits	105,800	107,300	100,123	7,177
Other	425,641	385,641	374,060	11,581
Total Transportation	816,041	770,041	736,950	33,091
<i>Total Expenditures</i>	24,240,497	24,322,997	22,957,252	1,365,745
<i>Excess of Revenues Over (Under) Expenditures</i>	\$7,474,960	\$12,958,360	\$15,575,885	\$2,617,525

(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, 2018*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	\$49,755	\$49,755	\$49,755	\$0
Advances In	5,118,400	5,118,400	5,118,400	0
Advances Out	(1,275,000)	(5,487,800)	(5,537,800)	(50,000)
Transfers Out	(13,512,100)	(16,777,100)	(16,777,100)	0
<i>Total Other Financing (Uses)</i>	<u>(9,618,945)</u>	<u>(17,096,745)</u>	<u>(17,146,745)</u>	<u>(50,000)</u>
<i>Net Change in Fund Balance</i>	(2,143,985)	(4,138,385)	(1,570,860)	2,567,525
<i>Fund Balance Beginning of Year</i>	8,611,693	8,611,693	8,611,693	0
Prior Year Encumbrances Appropriated	<u>708,497</u>	<u>708,497</u>	<u>708,497</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$7,176,205</u>	<u>\$5,181,805</u>	<u>\$7,749,330</u>	<u>\$2,567,525</u>

**City of Independence, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*High Intensity Drug Trafficking Area Fund*  
*For the Year Ended December 31, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$2,613,905	\$4,288,905	\$4,023,254	(\$265,651)
Charges for Services	11,095	11,095	11,095	0
<i>Total Revenues</i>	2,625,000	4,300,000	4,034,349	(265,651)
<b>Expenditures</b>				
Current:				
General Government:				
Salaries and Wages	667,674	1,093,713	994,440	99,273
Benefits	211,962	347,214	315,698	31,516
Other	1,750,436	2,864,145	2,664,438	199,707
<i>Total Expenditures</i>	2,630,072	4,305,072	3,974,576	330,496
<i>Net Change in Fund Balance</i>	(5,072)	(5,072)	59,773	64,845
<i>Fund Balance Beginning of Year</i>	20,421	20,421	20,421	0
Prior Year Encumbrances Appropriated	5,072	5,072	5,072	0
<i>Fund Balance End of Year</i>	\$20,421	\$20,421	\$85,266	\$64,845

**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, 2018*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Intergovernmental	\$0	\$1,920,000	\$1,920,439	\$439
Payments in Lieu of Taxes	1,611,500	2,017,200	2,017,208	8
Miscellaneous	0	0	22,942	22,942
<i>Total Revenues</i>	<u>1,611,500</u>	<u>3,937,200</u>	<u>3,960,589</u>	<u>23,389</u>
<b>Expenditures</b>				
Capital Outlay	10,922,127	12,494,427	12,487,540	6,887
Debt Service:				
Principal Retirement	12,150,000	12,150,000	12,150,000	0
Interest and Fiscal Charges	243,000	243,000	243,000	0
Debt Issuance Cost	47,700	47,700	47,683	17
<i>Total Debt Service</i>	<u>12,440,700</u>	<u>12,440,700</u>	<u>12,440,683</u>	<u>17</u>
<i>Total Expenditures</i>	<u>23,362,827</u>	<u>24,935,127</u>	<u>24,928,223</u>	<u>6,904</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(21,751,327)</u>	<u>(20,997,927)</u>	<u>(20,967,634)</u>	<u>30,293</u>
<b>Other Financing Sources (Uses)</b>				
Special Assessment Bonds Issued	0	3,190,000	3,190,000	0
General Obligation Notes Issued	12,300,000	12,300,000	12,300,000	0
Premium on Notes Issued	0	0	98,646	98,646
Advances In	5,305,000	5,305,000	5,305,000	0
Advances Out	(1,330,000)	(5,205,000)	(5,205,000)	0
Transfers In	3,235,000	3,235,000	3,235,000	0
Transfers Out	(1,169,200)	(1,229,400)	(1,229,400)	0
<i>Total Other Financing Sources (Uses)</i>	<u>18,340,800</u>	<u>17,595,600</u>	<u>17,694,246</u>	<u>98,646</u>
<i>Net Change in Fund Balance</i>	<u>(3,410,527)</u>	<u>(3,402,327)</u>	<u>(3,273,388)</u>	<u>128,939</u>
<i>Fund Balance Beginning of Year</i>	1,427,797	1,427,797	1,427,797	0
Prior Year Encumbrances Appropriated	2,219,827	2,219,827	2,219,827	0
<i>Fund Balance End of Year</i>	<u>\$237,097</u>	<u>\$245,297</u>	<u>\$374,236</u>	<u>\$128,939</u>



**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, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Investment Income	\$68,000	\$68,000	\$44,718	(\$23,282)
<b>Expenditures</b>				
Capital Outlay	12,188,706	12,363,706	11,967,900	395,806
<i>Excess of Revenues Over (Under) Expenditures</i>	(12,120,706)	(12,295,706)	(11,923,182)	372,524
<b>Other Financing Sources (Uses)</b>				
Transfers In	6,000,000	6,000,000	5,000,000	(1,000,000)
<i>Net Change in Fund Balance</i>	(6,120,706)	(6,295,706)	(6,923,182)	(627,476)
<i>Fund Balance Beginning of Year</i>	1,431,321	1,431,321	1,431,321	0
Prior Year Encumbrances Appropriated	5,540,706	5,540,706	5,540,706	0
<i>Fund Balance End of Year</i>	<u>\$851,321</u>	<u>\$676,321</u>	<u>\$48,845</u>	<u>(\$627,476)</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, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$32,500	\$32,500	\$37,099	\$4,599
Investment Income	0	0	405	405
<i>Total Revenues</i>	32,500	32,500	37,504	5,004
<b>Expenditures</b>				
Current:				
Transportation:				
Streets, Sidewalks, and Maintenance:				
Other	50,000	135,000	135,000	0
<i>Net Change in Fund Balance</i>	(17,500)	(102,500)	(97,496)	5,004
<i>Fund Balance Beginning of Year</i>	156,556	156,556	156,556	0
<i>Fund Balance End of Year</i>	<u>\$139,056</u>	<u>\$54,056</u>	<u>\$59,060</u>	<u>\$5,004</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, 2018*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$20,000	\$20,000	\$23,811	\$3,811
Investment Income	0	0	267	267
<i>Total Revenues</i>	20,000	20,000	24,078	4,078
<b>Expenditures</b>				
Current:				
Transportation:				
Streets, Sidewalks, and Maintenance:				
Other	25,000	70,000	70,000	0
<i>Net Change in Fund Balance</i>	(5,000)	(50,000)	(45,922)	4,078
<i>Fund Balance Beginning of Year</i>	92,472	92,472	92,472	0
<i>Fund Balance End of Year</i>	<u>\$87,472</u>	<u>\$42,472</u>	<u>\$46,550</u>	<u>\$4,078</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, 2018*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Intergovernmental	\$400,000	\$400,000	\$457,556	\$57,556
Investment Income	0	0	3,383	3,383
<i>Total Revenues</i>	<u>400,000</u>	<u>400,000</u>	<u>460,939</u>	<u>60,939</u>
<b>Expenditures</b>				
Current:				
Transportation:				
Streets, Sidewalks, and Maintenance:				
Salaries and Wages	411,400	416,400	404,517	11,883
Benefits	173,400	180,900	165,809	15,091
Other	883,507	903,507	848,536	54,971
<i>Total Expenditures</i>	<u>1,468,307</u>	<u>1,500,807</u>	<u>1,418,862</u>	<u>81,945</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(1,068,307)	(1,100,807)	(957,923)	142,884
<b>Other Financing Sources (Uses)</b>				
Transfers In	900,000	900,000	900,000	0
<i>Net Change in Fund Balance</i>	(168,307)	(200,807)	(57,923)	142,884
<i>Fund Balance Beginning of Year</i>	546,132	546,132	546,132	0
Prior Year Encumbrances Appropriated	183,207	183,207	183,207	0
<i>Fund Balance End of Year</i>	<u>\$561,032</u>	<u>\$528,532</u>	<u>\$671,416</u>	<u>\$142,884</u>

**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, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Fines and Forfeitures	\$1,000	\$1,000	\$1,076	\$76
<b>Expenditures</b>				
Current:				
Security of Persons and Property:				
Police Department:				
Other	1,000	1,000	500	500
<i>Net Change in Fund Balance</i>	0	0	576	576
<i>Fund Balance Beginning of Year</i>	13,948	13,948	13,948	0
<i>Fund Balance End of Year</i>	<u>\$13,948</u>	<u>\$13,948</u>	<u>\$14,524</u>	<u>\$576</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, 2018*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Fines and Forfeitures	\$5,000	\$5,000	\$3,645	(\$1,355)
<b>Expenditures</b>				
Current:				
Security of Persons and Property:				
Police Department:				
Other	<u>21,375</u>	<u>21,375</u>	<u>20,570</u>	<u>805</u>
<i>Net Change in Fund Balance</i>	(16,375)	(16,375)	(16,925)	(550)
<i>Fund Balance Beginning of Year</i>	33,530	33,530	33,530	0
Prior Year Encumbrances Appropriated	<u>11,375</u>	<u>11,375</u>	<u>11,375</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$28,530</u></u>	<u><u>\$28,530</u></u>	<u><u>\$27,980</u></u>	<u><u>(\$550)</u></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, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Fines and Forfeitures	\$25,000	\$45,000	\$32,804	(\$12,196)
<b>Expenditures</b>				
Current:				
Security of Persons and Property:				
Police Department:				
Other	25,125	45,125	39,273	5,852
<i>Net Change in Fund Balance</i>	(125)	(125)	(6,469)	(6,344)
<i>Fund Balance Beginning of Year</i>	26,950	26,950	26,950	0
Prior Year Encumbrances Appropriated	125	125	125	0
<i>Fund Balance End of Year</i>	<u>\$26,950</u>	<u>\$26,950</u>	<u>\$20,606</u>	<u>(\$6,344)</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, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Fines and Forfeitures	\$0	\$53,000	\$46,088	(\$6,912)
<b>Expenditures</b>				
Current:				
Security of Persons and Property:				
Police Department:				
Other	53,393	108,393	107,696	697
<i>Excess of Revenues Over (Under) Expenditures</i>	(53,393)	(55,393)	(61,608)	(6,215)
<b>Other Financing Sources</b>				
Advances In	25,000	35,000	35,000	0
<i>Net Change in Fund Balance</i>	(28,393)	(20,393)	(26,608)	(6,215)
<i>Fund Balance Beginning of Year</i>	17,126	17,126	17,126	0
Prior Year Encumbrances Appropriated	28,393	28,393	28,393	0
<i>Fund Balance End of Year</i>	<u>\$17,126</u>	<u>\$25,126</u>	<u>\$18,911</u>	<u>(\$6,215)</u>



**City of Independence, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Strike Force Fund*  
*For the Year Ended December 31, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>				
Current:				
Other	100,000	100,000	10,899	89,101
<i>Excess of Revenues Over (Under) Expenditures</i>	(100,000)	(100,000)	(10,899)	89,101
<b>Other Financing Sources (Uses)</b>				
Advances In	200,000	200,000	100,000	(100,000)
<i>Net Change in Fund Balance</i>	100,000	100,000	89,101	(10,899)
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$89,101</u>	<u>(\$10,899)</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, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Fines and Forfeitures	\$12,000	\$12,000	\$22,963	\$10,963
<b>Expenditures</b>				
Current:				
General Government:				
Mayor's Court Computer:				
Other	24,463	24,463	23,268	1,195
<i>Net Change in Fund Balance</i>	(12,463)	(12,463)	(305)	12,158
<i>Fund Balance Beginning of Year</i>	23,024	23,024	23,024	0
Prior Year Encumbrances Appropriated	4,463	4,463	4,463	0
<i>Fund Balance End of Year</i>	<u>\$15,024</u>	<u>\$15,024</u>	<u>\$27,182</u>	<u>\$12,158</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, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$23,400	\$23,400	\$44,190	\$20,790
<b>Expenditures</b>				
Current:				
Security of Persons and Property:				
Fire Department:				
Other	0	49,400	48,948	452
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>23,400</u>	<u>(26,000)</u>	<u>(4,758)</u>	<u>21,242</u>
<b>Other Financing Sources (Uses)</b>				
Advances In	47,800	47,800	47,800	0
Advances Out	<u>(72,800)</u>	<u>(23,400)</u>	<u>(23,400)</u>	<u>0</u>
<i>Total Other Financing Sources (Uses)</i>	<u>(25,000)</u>	<u>24,400</u>	<u>24,400</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(1,600)	(1,600)	19,642	21,242
<i>Fund Balance Beginning of Year</i>	<u>5,905</u>	<u>5,905</u>	<u>5,905</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$4,305</u></u>	<u><u>\$4,305</u></u>	<u><u>\$25,547</u></u>	<u><u>\$21,242</u></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, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Fines and Forfeitures	\$1,000	\$1,000	\$850	(\$150)
<b>Expenditures</b>				
Current:				
General Government:				
Other General Government:				
Other	5,000	5,000	0	5,000
<i>Net Change in Fund Balance</i>	(4,000)	(4,000)	850	4,850
<i>Fund Balance Beginning of Year</i>	26,728	26,728	26,728	0
<i>Fund Balance End of Year</i>	<u>\$22,728</u>	<u>\$22,728</u>	<u>\$27,578</u>	<u>\$4,850</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, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>				
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, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Miscellaneous	\$2,100	\$2,100	\$1,660	(\$440)
<b>Expenditures</b>				
Current:				
General Government:				
Other General Government:				
Other	7,887	7,887	4,322	3,565
<i>Excess of Revenues Over (Under) Expenditures</i>	(5,787)	(5,787)	(2,662)	3,125
<b>Other Financing Sources (Uses)</b>				
Transfers In	2,000	2,000	2,000	0
<i>Net Change in Fund Balance</i>	(3,787)	(3,787)	(662)	3,125
<i>Fund Balance Beginning of Year</i>	18,119	18,119	18,119	0
Prior Year Encumbrances Appropriated	387	387	387	0
<i>Fund Balance End of Year</i>	<u>\$14,719</u>	<u>\$14,719</u>	<u>\$17,844</u>	<u>\$3,125</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, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Miscellaneous	\$50,000	\$50,000	\$58,505	\$8,505
<b>Expenditures</b>				
Current:				
General Government:				
Other General Government:				
Other	50,000	50,000	56,476	(6,476)
<i>Excess of Revenues Over (Under) Expenditures</i>	0	0	2,029	2,029
<b>Other Financing Sources (Uses)</b>				
Advances In	50,000	50,000	50,000	0
Advances Out	(50,000)	(50,000)	(40,000)	10,000
<i>Total Other Financing Sources (Uses)</i>	0	0	10,000	10,000
<i>Net Change in Fund Balance</i>	0	0	12,029	12,029
<i>Fund Balance Beginning of Year</i>	35,282	35,282	35,282	0
<i>Fund Balance End of Year</i>	\$35,282	\$35,282	\$47,311	\$12,029

**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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Miscellaneous	\$4,000	\$4,000	\$7,204	\$3,204
<b>Expenditures</b>				
Current:				
General Government:				
Other General Government:				
Other	7,899	7,899	4,868	3,031
<i>Excess of Revenues Over (Under) Expenditures</i>	(3,899)	(3,899)	2,336	6,235
<b>Other Financing Sources (Uses)</b>				
Transfers In	2,000	2,000	2,000	0
<i>Net Change in Fund Balance</i>	(1,899)	(1,899)	4,336	6,235
<i>Fund Balance Beginning of Year</i>	20,614	20,614	20,614	0
Prior Year Encumbrances Appropriated	899	899	899	0
<i>Fund Balance End of Year</i>	<u>\$19,614</u>	<u>\$19,614</u>	<u>\$25,849</u>	<u>\$6,235</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, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Miscellaneous	\$0	\$0	\$2,360	\$2,360
<b>Expenditures</b>				
Current:				
General Government:				
Other General Government:				
Other	12,625	12,625	9,985	2,640
<i>Net Change in Fund Balance</i>	(12,625)	(12,625)	(7,625)	5,000
<i>Fund Balance Beginning of Year</i>	30,827	30,827	30,827	0
Prior Year Encumbrances Appropriated	7,625	7,625	7,625	0
<i>Fund Balance End of Year</i>	<u>\$25,827</u>	<u>\$25,827</u>	<u>\$30,827</u>	<u>\$5,000</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, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Charges for Services	\$25,000	\$25,000	\$21,597	(\$3,403)
<b>Expenditures</b>				
Current:				
Public Health and Welfare:				
Cemetery:				
Other	65,096	70,096	61,833	8,263
<i>Net Change in Fund Balance</i>	(40,096)	(45,096)	(40,236)	4,860
<i>Fund Balance Beginning of Year</i>	65,856	65,856	65,856	0
Prior Year Encumbrances Appropriated	96	96	96	0
<i>Fund Balance End of Year</i>	<u>\$25,856</u>	<u>\$20,856</u>	<u>\$25,716</u>	<u>\$4,860</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, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Fees, Licenses and Permits	\$425,000	\$425,000	\$421,813	(\$3,187)
Miscellaneous	0	0	5,598	5,598
<i>Total Revenues</i>	425,000	425,000	427,411	2,411
<b>Expenditures</b>				
Current:				
Leisure Time Activities:				
Recreation:				
Other	644,047	644,047	597,230	46,817
<i>Excess of Revenues Over (Under) Expenditures</i>	(219,047)	(219,047)	(169,819)	49,228
<b>Other Financing Sources (Uses)</b>				
Transfers In	200,000	200,000	200,000	0
<i>Net Change in Fund Balance</i>	(19,047)	(19,047)	30,181	49,228
<i>Fund Balance Beginning of Year</i>	327,268	327,268	327,268	0
Prior Year Encumbrances Appropriated	19,047	19,047	19,047	0
<i>Fund Balance End of Year</i>	<u>\$327,268</u>	<u>\$327,268</u>	<u>\$376,496</u>	<u>\$49,228</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, 2018*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property Taxes	\$126,997	\$126,997	\$122,848	(\$4,149)
Intergovernmental	10,867	10,867	10,867	0
<i>Total Revenues</i>	137,864	137,864	133,715	(4,149)
<b>Expenditures</b>				
Current:				
Security of Persons and Property:				
Police Department:				
Other	700,000	700,000	621,494	78,506
<i>Excess of Revenues Over (Under) Expenditures</i>	(562,136)	(562,136)	(487,779)	74,357
<b>Other Financing Sources (Uses)</b>				
Transfers In	550,000	550,000	550,000	0
<i>Net Change in Fund Balance</i>	(12,136)	(12,136)	62,221	74,357
<i>Fund Balance Beginning of Year</i>	739,424	739,424	739,424	0
<i>Fund Balance End of Year</i>	<u>\$727,288</u>	<u>\$727,288</u>	<u>\$801,645</u>	<u>\$74,357</u>

**City of Independence, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Compensated Absences Fund*  
*For the Year Ended December 31, 2018*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>				
Current:				
General Government:				
Other General Government:				
Other	50,000	50,000	2,865	47,135
<i>Excess of Revenues Over (Under) Expenditures</i>	(50,000)	(50,000)	(2,865)	47,135
<b>Other Financing Sources (Uses)</b>				
Transfers In	150,000	150,000	150,000	0
<i>Net Change in Fund Balance</i>	100,000	100,000	147,135	47,135
<i>Fund Balance Beginning of Year</i>	683,281	683,281	683,281	0
<i>Fund Balance End of Year</i>	<u>\$783,281</u>	<u>\$783,281</u>	<u>\$830,416</u>	<u>\$47,135</u>

**City of Independence, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Rainy Day Fund*  
*For the Year Ended December 31, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>	0	0	0	0
<i>Excess of Revenues Over (Under) Expenditures</i>	0	0	0	0
<b>Other Financing Sources (Uses)</b>				
Transfers In	500,000	500,000	500,000	0
<i>Net Change in Fund Balance</i>	500,000	500,000	500,000	0
<i>Fund Balance Beginning of Year</i>	1,000,000	1,000,000	1,000,000	0
<i>Fund Balance End of Year</i>	<u>\$1,500,000</u>	<u>\$1,500,000</u>	<u>\$1,500,000</u>	<u>\$0</u>

**City of Independence, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Economic Development Fund*  
*For the Year Ended December 31, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>				
Current:				
General Government:				
Economic Development:				
Other	836,424	901,924	869,212	32,712
<i>Excess of Revenues Over (Under) Expenditures</i>	(836,424)	(901,924)	(869,212)	32,712
<b>Other Financing Sources (Uses)</b>				
Transfers In	1,800,000	1,800,000	1,800,000	0
<i>Net Change in Fund Balance</i>	963,576	898,076	930,788	32,712
<i>Fund Balance Beginning of Year</i>	265,213	265,213	265,213	0
Prior Year Encumbrances Appropriated	36,424	36,424	36,424	0
<i>Fund Balance End of Year</i>	<u>\$1,265,213</u>	<u>\$1,199,713</u>	<u>\$1,232,425</u>	<u>\$32,712</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, 2018*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>				
Debt Service:				
Interest and Fiscal Charges	<u>5,000</u>	<u>5,000</u>	<u>0</u>	<u>5,000</u>
<i>Net Change in Fund Balance</i>	(5,000)	(5,000)	0	5,000
<i>Fund Balance Beginning of Year</i>	<u>50,932</u>	<u>50,932</u>	<u>50,932</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$45,932</u></u>	<u><u>\$45,932</u></u>	<u><u>\$50,932</u></u>	<u><u>\$5,000</u></u>



**City of Independence, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Non-TIF Project Fund*  
*For the Year Ended December 31, 2018*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>Expenditures</b>				
Debt Service:				
Principal Retirement	983,200	983,200	983,135	65
Interest and Fiscal Charges	<u>193,900</u>	<u>193,900</u>	<u>193,867</u>	<u>33</u>
<i>Total Expenditures</i>	<u>1,177,100</u>	<u>1,177,100</u>	<u>1,177,002</u>	<u>98</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(1,177,100)	(1,177,100)	(1,177,002)	98
<b>Other Financing Sources (Uses)</b>				
Transfers In	<u>1,177,100</u>	<u>1,177,100</u>	<u>1,177,100</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	0	98	98
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$98</u></u>	<u><u>\$98</u></u>

**City of Independence, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*TIF Projects Fund*  
*For the Year Ended December 31, 2018*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>Expenditures</b>				
Debt Service:				
Principal Retirement	850,000	850,000	843,002	6,998
Interest and Fiscal Charges	<u>379,200</u>	<u>379,400</u>	<u>310,904</u>	<u>68,496</u>
<i>Total Expenditures</i>	<u>1,229,200</u>	<u>1,229,400</u>	<u>1,153,906</u>	<u>75,494</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(1,229,200)	(1,229,400)	(1,153,906)	75,494
<b>Other Financing Sources (Uses)</b>				
Transfers In	<u>1,229,200</u>	<u>1,229,400</u>	<u>1,229,400</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	0	75,494	75,494
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$75,494</u></u>	<u><u>\$75,494</u></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, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Rentals	\$0	\$0	\$12,635	\$12,635
Miscellaneous	35,000	40,000	14,400	(25,600)
<i>Total Revenues</i>	35,000	40,000	27,035	(12,965)
<b>Expenditures</b>				
Capital Outlay	5,010,253	5,350,253	5,329,337	20,916
<i>Excess of Revenues Over (Under) Expenditures</i>	(4,975,253)	(5,310,253)	(5,302,302)	7,951
<b>Other Financing Sources (Uses)</b>				
Advances In	150,000	150,000	150,000	0
Transfers In	2,222,900	2,222,900	2,222,900	0
<i>Total Other Financing Sources (Uses)</i>	2,372,900	2,372,900	2,372,900	0
<i>Net Change in Fund Balance</i>	(2,602,353)	(2,937,353)	(2,929,402)	7,951
<i>Fund Balance Beginning of Year</i>	473,562	473,562	473,562	0
Prior Year Encumbrances Appropriated	3,136,753	3,136,753	3,136,753	0
<i>Fund Balance End of Year</i>	<u>\$1,007,962</u>	<u>\$672,962</u>	<u>\$680,913</u>	<u>\$7,951</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, 2018*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$14,000	\$178,800	\$184,638	\$5,838
<b>Expenditures</b>				
Capital Outlay	621,786	746,786	682,591	64,195
<i>Excess of Revenues Over (Under) Expenditures</i>	(607,786)	(567,986)	(497,953)	70,033
<b>Other Financing Sources (Uses)</b>				
Transfers In	375,000	375,000	375,000	0
<i>Net Change in Fund Balance</i>	(232,786)	(192,986)	(122,953)	70,033
<i>Fund Balance Beginning of Year</i>	80,536	80,536	80,536	0
Prior Year Encumbrances Appropriated	271,786	271,786	271,786	0
<i>Fund Balance End of Year</i>	<u>\$119,536</u>	<u>\$159,336</u>	<u>\$229,369</u>	<u>\$70,033</u>

**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, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>				
Capital Outlay	2,400	2,400	2,363	37
Debt Service:				
Debt Issuance Costs	94,600	94,600	92,798	1,802
<i>Total Expenditures</i>	97,000	97,000	95,161	1,839
<i>Excess of Revenues Over (Under) Expenditures</i>	(97,000)	(97,000)	(95,161)	1,839
<b>Other Financing Sources (Uses)</b>				
Premium on Special Assessment Bonds Issued	105,000	105,000	107,880	2,880
<i>Net Change in Fund Balance</i>	8,000	8,000	12,719	4,719
<i>Fund Balance Beginning of Year</i>	164	164	164	0
<i>Fund Balance End of Year</i>	\$8,164	\$8,164	\$12,883	\$4,719

**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, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Special Assessments	\$28,700	\$28,700	\$35,017	\$6,317
<b>Expenditures</b>				
Debt Service:				
Principal Retirement	47,100	47,100	47,071	29
Interest and Fiscal Charges	9,200	9,200	9,154	46
<i>Total Expenditures</i>	56,300	56,300	56,225	75
<i>Net Change in Fund Balance</i>	(27,600)	(27,600)	(21,208)	6,392
<i>Fund Balance Beginning of Year</i>	117,055	117,055	117,055	0
<i>Fund Balance End of Year</i>	\$89,455	\$89,455	\$95,847	\$6,392

**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, 2018*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Miscellaneous	\$0	\$8,800	\$8,825	\$25
<b>Expenditures</b>				
Capital Outlay	<u>1,138,107</u>	<u>1,186,107</u>	<u>1,179,939</u>	<u>6,168</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(1,138,107)	(1,177,307)	(1,171,114)	6,193
<b>Other Financing Sources (Uses)</b>				
Transfers In	<u>321,600</u>	<u>351,600</u>	<u>351,600</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(816,507)	(825,707)	(819,514)	6,193
<i>Fund Balance Beginning of Year</i>	34,241	34,241	34,241	0
Prior Year Encumbrances Appropriated	<u>816,507</u>	<u>816,507</u>	<u>816,507</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$34,241</u></u>	<u><u>\$25,041</u></u>	<u><u>\$31,234</u></u>	<u><u>\$6,193</u></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, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>				
Debt Service:				
Principal Retirement	11,300	11,300	11,250	50
<i>Excess of Revenues Over (Under) Expenditures</i>	(11,300)	(11,300)	(11,250)	50
<b>Other Financing Sources (Uses)</b>				
Transfers In	11,500	11,500	11,500	0
<i>Net Change in Fund Balance</i>	200	200	250	50
<i>Fund Balance Beginning of Year</i>	1,595	1,595	1,595	0
<i>Fund Balance End of Year</i>	\$1,795	\$1,795	\$1,845	\$50



**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, 2018*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Other	\$25,000	\$25,000	\$9,995	(\$15,005)
<b>Expenses</b>				
Contractual Services	63,000	63,000	62,907	93
Claims	351,961	351,961	235,179	116,782
<i>Total Expenses</i>	<u>414,961</u>	<u>414,961</u>	<u>298,086</u>	<u>116,875</u>
<i>Excess of Revenues Over (Under) Expenses Before Transfers</i>	(389,961)	(389,961)	(288,091)	101,870
<b>Other Financing Sources (Uses)</b>				
Transfers In	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>0</u>
<i>Net Change in Fund Equity</i>	(89,961)	(89,961)	11,909	101,870
<i>Fund Equity Beginning of Year</i>	1,661,795	1,661,795	1,661,795	0
Prior Year Encumbrances Appropriated	<u>114,961</u>	<u>114,961</u>	<u>114,961</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u><u>\$1,686,795</u></u>	<u><u>\$1,686,795</u></u>	<u><u>\$1,788,665</u></u>	<u><u>\$101,870</u></u>

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# **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.

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<b>Contents</b>	<b>Page(s)</b>
<b><i>Financial Trends</i></b> .....	<b><i>S2 – S9</i></b>
These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	
<b><i>Revenue Capacity</i></b> .....	<b><i>S10 – S18</i></b>
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.	
<b><i>Debt Capacity</i></b> .....	<b><i>S19 – S24</i></b>
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.	
<b><i>Economic and Demographic Information</i></b> .....	<b><i>S25 – S26</i></b>
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City’s financial activities take place.	
<b><i>Operating Information</i></b> .....	<b><i>S28 – S35</i></b>
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.

**City of Independence, Ohio**  
*Net Position by Component*  
*Last Ten Years*  
*(Accrual Basis of Accounting)*

	2018	2017	2016	2015
Governmental Activities				
Net Investment in Capital Assets	\$83,597,246	\$78,544,131	\$75,112,616	\$75,013,690
Restricted:				
Capital Projects	15,519,182	12,649,662	7,059,950	8,807,685
Debt Service	0	7,805	0	0
State Highway	92,047	174,035	141,225	149,136
Street Construction, Maintenance and Repair	917,090	846,051	690,663	539,077
Police Pension	734,813	681,144	626,477	532,177
Other Purposes	421,241	282,001	354,824	248,778
Unrestricted (Deficit)	<u>(10,585,456)</u>	<u>(13,909,573)</u>	<u>7,494,703</u>	<u>(294,571)</u>
<i>Total Governmental Activities Net Position</i>	<u>\$90,696,163</u>	<u>\$79,275,256</u>	<u>\$91,480,458</u>	<u>\$84,995,972</u>

Note: In 2018, the City implemented GASB 75 which affected Unrestricted Net Position for 2017.  
 In 2015, the City implemented GASB 68 which affected Unrestricted Net Position for 2014.  
 The City implemented GASB 54 in 2011, causing the classification of net position to change.

2014	2013	2012	2011	2010	2009
\$70,074,840	\$64,925,722	\$62,244,507	\$61,396,249	\$60,224,288	\$58,812,856
7,906,956	7,231,782	6,332,527	5,970,224	5,626,721	5,682,081
0	0	0	0	0	0
111,791	103,078	63,120	50,709	47,440	160,172
585,918	913,005	785,419	488,409	417,443	370,883
463,968	475,691	493,713	266,244	178,065	0
210,794	275,126	612,104	382,347	376,685	729,207
(618,913)	17,847,927	16,064,345	13,997,009	8,859,361	9,641,596
<u>\$78,735,354</u>	<u>\$91,772,331</u>	<u>\$86,595,735</u>	<u>\$82,551,191</u>	<u>\$75,730,003</u>	<u>\$75,396,795</u>

**City of Independence, Ohio**  
*Changes in Net Position*  
*Last Ten Years*  
*(Accrual Basis of Accounting)*

	2018 (2)	2017	2016	2015 (3)
<b>Program Revenues</b>				
Governmental Activities:				
Charges for Services and Sales:				
General Government	\$568,552	\$422,384	\$390,744	\$396,719
Security of Persons and Property	773,764	685,495	666,445	606,527
Public Health and Welfare	21,597	24,535	26,534	17,350
Leisure Time Activities	667,903	665,636	696,312	603,786
Community Environment	254,142	259,837	236,571	236,479
Basic Utility Services	65,332	66,879	29,317	29,160
Transportation	54,902	49,462	51,358	56,063
Operating Grants and Contributions	4,963,281	2,883,237	658,459	524,252
Capital Grants and Assessments	5,215,374	352,701	122,246	1,189,630
<i>Total Government Activities Program Revenues</i>	<u>12,584,847</u>	<u>5,410,166</u>	<u>2,877,986</u>	<u>3,659,966</u>
<b>Expenses</b>				
Governmental Activities:				
General Government	15,473,963	12,449,390	9,239,305	9,037,847
Security of Persons and Property	11,766,180	10,502,201	10,377,823	8,961,555
Public Health and Welfare	63,584	68,850	58,324	48,133
Leisure Time Activities	4,216,895	4,138,515	3,798,602	3,684,540
Community Environment	3,579,814	4,052,023	3,542,366	3,543,729
Basic Utility Services	994,675	1,116,697	477,590	490,196
Transportation	4,317,772	3,662,443	3,832,243	4,669,027
Interest and Fiscal Charges	652,612	658,360	608,434	632,480
<i>Total Governmental Activities Expenses</i>	<u>41,065,495</u>	<u>36,648,479</u>	<u>31,934,687</u>	<u>31,067,507</u>
<b>Net (Expense)/Revenue</b>				
Governmental Activities	<u>(28,480,648)</u>	<u>(31,238,313)</u>	<u>(29,056,701)</u>	<u>(27,407,541)</u>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental Activities				
Property and Other Local Taxes Levied For (1):				
General Purposes	772,071	337,278	798,355	818,505
Debt Service	0	0	0	0
Other Purposes	121,828	53,254	125,714	131,059
Municipal Income Tax levied for General Purposes	34,444,017	31,470,365	30,809,785	28,691,285
Estate Taxes (2)	0	0	0	0
Hotel/Motel Tax Levied for General Purposes	1,447,692	1,368,052	1,438,252	1,356,711
Amusement Tax Levied for General Purposes	21,065	16,345	55,777	0
Grants and Entitlements not Restricted to Specific Programs	271,459	354,005	192,221	270,740
Investment Income	243,358	104,063	68,228	60,762
Payments in Lieu of Taxes	2,020,950	528,917	1,577,104	1,635,817
Gain on Sale of Capital Assets	30,933	0	0	0
Miscellaneous	528,182	1,107,641	475,751	703,280
<i>Total Governmental Activities General Revenues</i>	<u>39,901,555</u>	<u>35,339,920</u>	<u>35,541,187</u>	<u>33,668,159</u>
<b>Change in Governmental Activities Net Position</b>	<u>\$11,420,907</u>	<u>\$4,101,607</u>	<u>\$6,484,486</u>	<u>\$6,260,618</u>

(1) Prior to 2010, estate taxes were included in grants and entitlements not restricted to specific programs.

(2) Expenses are first impacted by the implementation of GASB Statement No. 75 beginning in 2018.

(3) Expenses are first impacted by the implementation of GASB Statement No. 68 beginning in 2015.



2014	2013	2012	2011	2010	2009
\$377,216	\$414,541	\$306,760	\$292,763	\$458,491	\$306,346
562,774	516,590	537,653	491,945	660,947	427,036
23,565	20,244	24,625	32,305	29,091	35,615
559,216	67,118	456,211	447,776	544,419	467,713
198,060	194,238	125,813	99,303	164,973	100,143
30,306	36,172	28,388	23,449	38,713	26,540
45,279	548,161	76,006	33,168	56,584	33,412
493,672	603,478	534,869	448,183	503,565	471,385
1,567,822	114,562	95,572	387,666	126,493	161,639
3,857,910	2,515,104	2,185,897	2,256,558	2,583,276	2,029,829
8,650,919	8,587,665	8,505,708	8,703,896	8,438,678	7,220,679
9,005,655	8,389,502	8,572,099	8,350,722	8,589,758	8,391,597
78,417	110,014	96,354	93,610	92,233	86,508
3,767,299	3,463,666	3,470,342	3,345,289	3,290,294	3,236,299
3,096,160	2,739,330	2,492,457	2,130,225	2,297,512	2,193,992
547,380	570,714	578,200	913,604	899,624	735,732
4,465,226	3,199,635	3,754,236	4,546,613	3,748,132	4,375,394
652,020	764,052	1,098,008	386,620	1,225,360	1,279,989
30,263,076	27,824,578	28,567,404	28,470,579	28,581,591	27,520,190
(26,405,166)	(25,309,474)	(26,381,507)	(26,214,021)	(25,998,315)	(25,490,361)
814,219	868,418	877,092	900,223	719,362	1,167,611
0	0	0	0	220,812	368,719
129,669	134,216	138,482	128,505	111,137	184,358
24,615,423	26,429,663	25,743,991	24,050,310	21,115,584	23,982,611
0	0	0	4,785,946	550,909	0
1,319,446	1,293,185	1,188,902	1,072,995	981,164	939,861
0	0	11,078	8,268	15,273	18,078
259,332	757,689	404,523	457,658	747,657	789,889
61,208	68,148	89,027	75,505	120,620	143,810
1,348,759	1,094,482	1,289,281	934,263	1,279,283	669,941
0	0	0	0	0	0
561,514	366,333	683,675	621,536	469,722	455,977
29,109,570	31,012,134	30,426,051	33,035,209	26,331,523	28,720,855
\$2,704,404	\$5,702,660	\$4,044,544	\$6,821,188	\$333,208	\$3,230,494

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

	2018	2017	2016	2015
<b>General Fund</b>				
Reserved	\$0	\$0	\$0	\$0
Unreserved	0	0	0	0
Nonspendable	18,741,346	18,310,024	16,648,085	16,339,485
Assigned	5,954,127	2,475,871	2,148,860	1,081,128
Unassigned	8,097,101	10,818,370	8,847,647	5,037,506
<b>Total General Fund</b>	<b>32,792,574</b>	<b>31,604,265</b>	<b>27,644,592</b>	<b>22,458,119</b>
<b>All Other Governmental Funds</b>				
Reserved	0	0	0	0
Unreserved, Undesignated (Deficit), Reported in:				
Special Revenue funds	0	0	0	0
Debt Service funds	0	0	0	0
Capital Projects funds	0	0	0	0
Nonspendable	3,603	2,154	3,091	4,510
Restricted	17,300,749	14,000,427	11,223,004	9,644,441
Committed	560,368	533,145	478,845	417,280
Assigned	98	0	0	0
Unassigned (Deficit)	(24,147,401)	(27,923,733)	(17,384,288)	(14,332,066)
<b>Total All Other Governmental Funds</b>	<b>(6,282,583)</b>	<b>(13,388,007)</b>	<b>(5,679,348)</b>	<b>(4,265,835)</b>
<b>Total Governmental Funds</b>	<b>\$26,509,991</b>	<b>\$18,216,258</b>	<b>\$21,965,244</b>	<b>\$18,192,284</b>

Note: The City implemented GASB 54 in 2011.

2014	2013	2012	2011	2010	2009
\$0	\$0	\$0	\$0	\$0	\$6,970,514
0	0	0	0	0	5,821,100
14,475,791	9,658,313	9,604,531	9,683,982	8,136,230	0
2,469,127	2,848,726	3,081,515	1,409,336	643,004	0
4,227,716	8,228,235	6,656,522	9,057,536	5,680,452	0
<u>21,172,634</u>	<u>20,735,274</u>	<u>19,342,568</u>	<u>20,150,854</u>	<u>14,459,686</u>	<u>12,791,614</u>
0	0	0	0	0	4,302,965
0	0	0	0	0	956,246
0	0	0	0	0	(7,647,339)
0	0	0	0	0	(393,020)
7,174	0	0	1,875,000	1,875,000	0
8,703,905	7,812,603	4,772,796	4,415,800	4,152,964	0
355,523	307,434	253,832	203,276	161,907	0
0	0	0	0	0	0
(12,423,277)	(9,149,791)	(8,628,368)	(10,369,372)	(9,255,698)	0
<u>(3,356,675)</u>	<u>(1,029,754)</u>	<u>(3,601,740)</u>	<u>(3,875,296)</u>	<u>(3,065,827)</u>	<u>(2,781,148)</u>
<u>\$17,815,959</u>	<u>\$19,705,520</u>	<u>\$15,740,828</u>	<u>\$16,275,558</u>	<u>\$11,393,859</u>	<u>\$10,010,466</u>

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

	2018	2017	2016	2015
<b>Revenues</b>				
Taxes (1)	\$36,010,214	\$33,443,423	\$32,863,392	\$30,002,321
Intergovernmental	7,299,392	3,586,708	1,010,882	1,921,663
Investment Income	243,358	79,860	52,886	50,096
Fees, Licenses and Permits	922,325	802,189	928,863	864,963
Fines and Forfeitures	512,922	424,521	358,482	311,054
Charges for Services	700,941	712,245	569,893	549,570
Rentals	260,772	235,273	240,043	220,497
Special Assessments	35,017	33,086	34,267	57,495
Payment in Lieu of Taxes	2,017,208	1,431,139	1,438,276	1,497,224
Miscellaneous	517,540	1,101,577	447,970	461,420
<i>Total Revenues</i>	<u>48,519,689</u>	<u>41,850,021</u>	<u>37,944,954</u>	<u>35,936,303</u>
<b>Expenditures</b>				
Current:				
General Government	10,787,548	7,946,192	5,412,864	5,855,234
Security of Persons and Property	9,581,281	9,171,683	8,876,769	8,303,665
Public Health and Welfare	60,713	58,523	56,141	48,085
Leisure Time Activities	3,668,531	3,621,031	3,527,981	3,529,611
Community Environment	3,180,703	3,611,465	3,330,249	3,422,437
Basic Utility Services	818,316	906,884	412,156	420,393
Transportation	2,139,277	1,783,539	2,537,295	2,606,959
Capital Outlay	10,319,276	9,795,563	9,338,664	12,814,813
Debt Service:				
Principal Retirement	1,884,458	1,839,458	1,696,531	1,572,078
Refunded Notes Redeemed	0	5,700,000	3,950,000	4,300,000
Interest and Fiscal Charges	693,007	802,768	652,432	682,233
Debt Issuance Costs	140,481	86,901	52,907	18,631
<i>Total Expenditures</i>	<u>43,273,591</u>	<u>45,324,007</u>	<u>39,843,989</u>	<u>43,574,139</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>5,246,098</u>	<u>(3,473,986)</u>	<u>(1,899,035)</u>	<u>(7,637,836)</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	49,755	0	0	0
Current Refunding	0	0	0	0
Refunding Notes Issued	0	0	3,600,000	3,950,000
General Obligation Refunding Bonds Issued	0	0	0	0
General Obligation Notes Issued	0	0	2,100,000	0
Special Assessment Bonds Issued	3,190,000	0	0	0
OPWC Loan Issued	0	0	0	4,164,161
OWDA Loan Issued	0	0	0	0
Premium on General Obligation Bonds	0	0	0	0
Premium on Special Assessment Bonds	107,880	0	0	0
Premium on Refunding Notes	0	0	24,990	0
Premium on Notes	0	0	47,005	0
Payment to Refunded Bond Escrow Agent	0	0	0	0
Transfers In	15,256,500	9,514,900	8,580,625	9,416,500
Transfers Out	(15,556,500)	(9,789,900)	(8,680,625)	(9,516,500)
<i>Total Other Financing Sources (Uses)</i>	<u>3,047,635</u>	<u>(275,000)</u>	<u>5,671,995</u>	<u>8,014,161</u>
<i>Net Change in Fund Balances</i>	<u>\$8,293,733</u>	<u>(\$3,748,986)</u>	<u>\$3,772,960</u>	<u>\$376,325</u>
Debt Service as a Percentage of Noncapital Expenditures	7.3%	22.4%	19.9%	19.9%

(1) Includes All Taxes

2014	2013	2012	2011	2010	2009
\$26,344,858	\$28,297,945	\$27,059,648	\$30,438,989	\$24,505,900	\$24,760,639
2,409,871	1,338,264	821,712	1,453,994	1,802,980	1,463,683
45,874	65,759	65,720	75,505	67,424	75,323
737,548	674,645	665,541	674,082	749,258	639,937
259,754	304,447	323,332	320,814	552,602	462,930
557,486	590,273	312,093	275,753	393,243	50,765
241,628	227,699	221,322	150,060	258,115	243,173
175,629	50,442	54,732	51,439	58,064	89,812
1,273,291	1,307,885	914,807	1,388,145	1,033,254	1,272,801
550,560	366,333	683,675	621,536	469,722	446,465
<u>32,596,499</u>	<u>33,223,692</u>	<u>31,122,582</u>	<u>35,450,317</u>	<u>29,890,562</u>	<u>29,505,528</u>
5,549,948	6,165,368	5,689,973	6,057,103	5,832,145	5,785,603
8,313,475	7,164,583	8,078,230	8,049,439	8,343,766	8,100,541
76,612	101,608	95,769	92,369	92,021	86,508
3,449,266	3,310,319	3,297,852	3,268,970	3,237,635	3,187,729
2,942,887	2,687,884	2,430,958	2,057,304	2,241,800	2,136,723
448,869	499,164	546,855	496,390	526,243	565,095
2,589,496	2,599,750	2,359,506	2,301,417	2,534,624	2,390,799
8,431,969	4,963,406	5,413,460	6,633,360	3,693,599	1,905,592
1,540,123	1,128,199	248,277	1,485,600	1,445,553	1,390,398
4,700,000	4,500,000	7,100,000	0	0	1,200,000
719,884	840,930	931,817	900,657	1,260,627	1,330,508
124,813	33,979	39,867	231,073	43,200	0
<u>38,887,342</u>	<u>33,995,190</u>	<u>36,232,564</u>	<u>31,573,682</u>	<u>29,251,213</u>	<u>28,079,496</u>
<u>(6,290,843)</u>	<u>(771,498)</u>	<u>(5,109,982)</u>	<u>3,876,635</u>	<u>639,349</u>	<u>1,426,032</u>
0	0	0	0	0	20,125
0	0	0	(6,600,000)	(5,900,000)	(5,900,000)
4,300,000	4,700,000	4,500,000	7,100,000	6,600,000	5,900,000
4,305,000	0	0	16,935,000	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	225,000	0	0
0	0	42,852	9,668	0	0
299,647	0	0	959,129	44,044	5,669
0	0	0	0	0	0
0	36,190	32,400	82,573	0	0
0	0	0	0	0	0
(4,503,365)	0	0	(17,706,306)	0	0
7,821,500	9,631,100	9,817,000	8,375,800	8,376,500	5,576,485
<u>(7,821,500)</u>	<u>(9,631,100)</u>	<u>(9,817,000)</u>	<u>(8,375,800)</u>	<u>(8,376,500)</u>	<u>(5,576,485)</u>
<u>4,401,282</u>	<u>4,736,190</u>	<u>4,575,252</u>	<u>1,005,064</u>	<u>744,044</u>	<u>25,794</u>
<u>(\$1,889,561)</u>	<u>\$3,964,692</u>	<u>(\$534,730)</u>	<u>\$4,881,699</u>	<u>\$1,383,393</u>	<u>\$1,451,826</u>
21.6%	21.5%	25.7%	8.7%	10.1%	14.6%

**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
2018	\$254,195,690	\$180,737,320	\$1,242,665,743	\$24,612,240	\$27,968,455
2017	252,851,300	173,420,510	1,217,919,457	22,521,000	25,592,045
2016	251,749,270	181,909,760	1,239,025,800	20,192,650	22,946,193
2015	240,611,760	198,450,590	1,254,463,857	18,952,480	21,536,909
2014	239,083,160	199,757,400	1,253,830,171	17,533,550	19,924,489
2013	239,574,100	200,039,350	1,256,038,429	16,106,220	18,302,523
2012	247,790,560	216,815,880	1,327,446,971	14,613,270	16,605,989
2011	246,724,180	219,933,400	1,333,307,371	13,884,090	15,777,375
2010	245,966,560	223,875,870	1,342,406,943	12,934,290	14,698,057
2009	247,400,130	233,371,680	1,373,633,743	11,424,750	12,982,670

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 tax has been phased out, and during the phase out period, all general business tangible personal property was 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, at 5 percent for 2010. 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 tax was 2010).

The tangible personal property values associated with each year were 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 a 10 percent and a 2 1/2 percent rollback, and homestead exemptions before being billed.

Source: Cuyahoga County, Ohio; County Fiscal Officer

Tangible Personal Property					
General Business		Total		Ratio	Tax Rate
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
\$0	\$0	\$459,545,250	\$1,270,634,198	36.17%	\$2.20
0	0	448,792,810	1,243,511,502	36.09	2.20
0	0	453,851,680	1,261,971,993	35.96	2.20
0	0	458,014,830	1,276,000,766	35.89	2.20
0	0	456,374,110	1,273,754,660	35.83	2.20
0	0	455,719,670	1,274,340,952	35.76	2.20
0	0	479,219,710	1,344,052,960	35.65	2.20
0	0	480,541,670	1,349,084,746	35.62	2.20
0	0	482,776,720	1,357,105,000	35.57	2.60
8,866,450	141,863,200	501,063,010	1,528,479,613	32.78	2.80

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

	2018	2017	2016	2015
<b>Unvoted Millage</b>				
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
<b>Charter Millage</b>				
1990 Civic Center	0.0000	0.0000	0.0000	0.0000
<b>Total Millage</b>	<b>\$2.2000</b>	<b>\$2.2000</b>	<b>\$2.2000</b>	<b>\$2.2000</b>
<b>Overlapping Rates by Taxing District</b>				
Independence Local School District				
Residential/Agricultural Real	\$34.7439	\$34.7329	\$34.1022	\$34.3753
Commercial/Industrial and Public Utility Real	35.8131	36.5959	36.1000	35.8000
General Business and Public Utility Personal	36.7000	36.7000	36.1000	35.8000
Cuyahoga Valley Career Center				
Residential/Agricultural Real	2.0000	2.0000	2.0000	2.0000
Commercial/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	13.9141	13.8802	13.8698	14.0500
Commercial/Industrial and Public Utility Real	14.0060	14.0124	14.0500	14.0195
General Business and Public Utility Personal	14.0500	14.0500	14.0500	14.0500
Special Taxing Districts (1)				
Residential/Agricultural Real	9.7637	9.2408	9.2368	9.3643
Commercial/Industrial and Public Utility Real	9.8422	9.3438	9.3676	9.3401
General Business and Public Utility Personal	9.8800	9.3800	9.3800	9.3800

Source: Cuyahoga County Fiscal Officer

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



2014	2013	2012	2011	2010	2009
\$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
0.0000	0.0000	0.0000	0.4000	0.6000	0.6000
\$2.2000	\$2.2000	\$2.2000	\$2.6000	\$2.8000	\$2.8000
\$34.5646	\$33.7028	\$32.9393	\$29.8969	\$30.0066	\$29.2736
36.0000	35.2000	34.0233	30.9096	30.8481	29.7397
36.0000	35.2000	34.9000	31.9000	32.0000	31.4000
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
14.0500	13.2200	13.1182	13.1866	13.1789	12.6607
13.9495	12.9968	12.7846	12.8412	12.8457	12.8153
14.0500	13.2200	13.2200	13.3200	13.3200	13.3200
8.4639	7.5635	7.5041	7.4900	7.0068	6.6597
8.3843	7.4621	7.3649	7.3450	6.9119	6.8911
8.4800	7.5800	7.5800	7.5800	7.2800	7.2800

**City of Independence, Ohio**  
*Property Tax Levies and Collections*  
*Last Ten Years*

Year	Total Tax Levy	Current Tax Collections	Percent of Current Tax Collections to Tax Levy	Delinquent Tax Collections
2018	\$986,979	\$919,069	93.12%	\$25,314
2017	1,011,000	940,056	92.98	19,378
2016	997,992	919,113	92.10	18,901
2015	1,008,975	932,934	92.46	22,666
2014	1,005,375	888,506	88.38	30,503
2013	1,005,183	941,152	93.63	26,167
2012	2,959,604	2,046,598	69.15	79,049
2011	3,169,416	2,125,508	67.06	229,454
2010	3,266,698	2,180,929	66.76	193,620
2009	2,522,246	2,352,209	93.26	235,807

Source: Cuyahoga County, Ohio; County Fiscal Officer

Note: The County's current operating system does not track delinquency tax collections by tax year. Outstanding delinquencies are tracked in total by the date the parcel is first certified delinquent. Penalties and interest are applied to the total outstanding delinquent balance.

(1) State reimbursement of rollback and homestead exemptions are included.

<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>
\$944,383	95.68%	\$29,520	2.99%
959,434	94.90	36,998	3.66
938,014	93.99	506,692	50.77
955,600	94.71	442,852	43.89
919,009	91.41	372,888	37.09
967,319	96.23	346,308	34.45
2,125,647	71.82	837,915	28.31
2,354,962	74.30	808,231	25.50
2,374,549	72.69	939,371	28.76
2,588,016	102.61	1,145,874	45.43

**City of Independence, Ohio**  
*Principal Real Property Taxpayers*  
 2018 and 2009

<u>2018</u>		
<u>Taxpayer</u>	<u>Real Property Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Park Center Plaza LP	\$17,252,340	3.97 %
Cleveland -Cuyahoga County Port Authority	14,700,000	3.38
Cleveland Electric Illuminating Company	12,497,050	2.87
AHIP OH Cleveland Properties LLC	12,006,370	2.76
Summit Cleveland Realty LP	10,643,700	2.45
American Transmission System	10,309,400	2.37
Rockside-77 Properties LLC	10,202,120	2.35
Corporate Plaza LP	7,491,060	1.72
East Ohio Gas	6,982,050	1.61
Jagi Cleveland Independence LLC	6,832,990	1.57
<b>Total</b>	<b>\$108,917,080</b>	<b>25.04 %</b>
<b>Total Real Property Assessed Valuation</b>	<b>\$434,933,010</b>	

<u>2009</u>		
<u>Taxpayer</u>	<u>Real Property Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Duke Realty Ohio	\$24,919,250	5.18 %
Investors Warranty of America Inc.	14,975,510	3.11
Cleveland Clinic	12,940,730	2.69
Rockside-77 Properties LLC	12,181,550	2.53
Cleveland Electric Illuminating Company	8,729,200	1.82
JDI Oak Tree Holdings LLC	7,390,290	1.54
City of Independence	7,293,690	1.52
AP/AM Independence Suites LLC	6,661,410	1.39
Jagi Cleveland Independence LLC	6,524,860	1.36
Independence Research	6,151,260	1.28
<b>Total</b>	<b>\$107,767,750</b>	<b>22.42 %</b>
<b>Total Real Property Assessed Valuation</b>	<b>\$480,771,810</b>	

Source: Cuyahoga County Fiscal Officer

**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>
2018	2.00%	\$34,444,017	\$29,122,416	84.55%	\$4,140,171	12.02%	\$1,181,430	3.43%
2017	2.00	31,470,365	26,872,545	85.39	3,553,004	11.29	1,044,816	3.32
2016	2.00	30,809,785	26,293,071	85.34	3,395,238	11.02	1,121,476	3.64
2015	2.00	28,691,285	24,396,200	85.03	3,110,135	10.84	1,184,950	4.13
2014	2.00	24,615,423	21,248,033	86.32	2,424,619	9.85	942,771	3.83
2013	2.00	26,429,663	22,393,040	84.73	3,107,726	11.76	928,897	3.51
2012	2.00	25,743,991	21,957,050	85.29	2,777,777	10.79	1,009,164	3.92
2011	2.00	24,050,310	21,013,688	87.37	2,119,560	8.82	917,062	3.81
2010	2.00	21,115,584	18,391,674	87.10	1,942,634	9.20	781,276	3.70
2009	2.00	23,982,611	20,306,077	84.67	2,724,424	11.36	952,110	3.97

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

(2) Accrual basis.

**City of Independence, Ohio**  
*Income Tax Filers by Income Level*  
*Tax Years 2018 and 2009*

Tax Year 2018 (1)				
Income Range	Number of Filers	Percent of Filers	Taxable Income	Percent of Taxable Income
Over \$100,000	887	31.53 %	\$185,733,507	72.00 %
75,001-100,000	278	9.88	24,037,842	9.32
50,001-75,000	391	13.89	24,475,240	9.49
25,000-50,000	440	15.64	16,223,382	6.29
Under 25,000	818	29.06	7,474,329	2.90
Total	<u>2,814</u>	<u>100.00 %</u>	<u>\$257,944,300</u>	<u>100.00 %</u>

Tax Year 2009				
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>

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

(1) Represents tax returns filed for tax year 2017

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*

Year	Gross Bonded Debt	Estimated Actual Values of Taxable Property	Ratio of Bonded Debt to Estimated Actual Value of Taxable Property	Bonded Debt per Capita
2018	\$13,530,802	\$1,270,634,198	1.06%	\$1,899
2017	15,274,188	1,243,511,502	1.23	2,147
2016	16,972,574	1,261,971,993	1.34	2,386
2015	18,620,960	1,276,000,766	1.46	2,583
2014	20,253,380	1,273,754,660	1.59	2,825
2013	21,540,762	1,274,340,952	1.69	3,019
2012	22,706,384	1,344,052,960	1.69	3,206
2011	22,947,006	1,349,084,746	1.70	3,217
2010	23,983,905	1,357,105,000	1.77	3,362
2009	25,439,723	1,528,479,613	1.66	3,579

Note: Population is presented on page S25.

Although the bond retirement fund is restricted for debt service, it is not specifically restricted to the payment of principal. Therefore, those resources are not shown as a deduction from general obligation bonded debt.

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

Fiscal Year	General Obligation Bonds	Special Assessment Bonds	OPWC Loans	OWDA Loans	Notes Payable
2018	\$13,530,802	\$3,297,520	\$3,795,516	\$0	\$0
2017	15,274,188	0	4,014,974	0	0
2016	16,972,574	0	4,234,432	0	5,717,998
2015	18,620,960	0	4,349,786	11,177	3,950,000
2014	20,253,380	0	196,875	22,005	4,300,000
2013	21,540,762	0	211,509	32,494	4,712,069
2012	22,706,384	0	229,526	42,676	4,510,800
2011	22,947,006	0	241,918	4,785	7,127,524
2010	23,983,905	522,222	23,685	0	6,614,681
2009	25,439,723	554,074	30,452	0	5,901,889

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



Total	Percentage of Personal Income	Per Capita
\$20,623,838	6.67 %	\$2,895
19,289,162	6.55	2,711
26,925,004	10.16	3,785
26,931,923	10.46	3,757
24,772,260	10.02	3,471
26,496,834	11.45	3,741
27,489,386	11.08	3,854
30,321,233	13.10	4,251
31,144,493	13.94	4,381
31,926,138	11.20	4,491

**City of Independence, Ohio**

*Legal Debt Margin*

*Last Ten Years*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Assessed Property Value	<u>\$459,545,250</u>	<u>\$448,792,810</u>	<u>\$453,851,680</u>	<u>\$458,014,830</u>
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	<u>\$48,252,251</u>	<u>\$47,123,245</u>	<u>\$47,654,426</u>	<u>\$48,091,557</u>
Debt Outstanding:				
General Obligation Bonds	12,785,000	14,450,000	16,070,000	17,640,000
Special Assessment Bonds	3,190,000	0	0	0
OPWC Loans	3,795,516	4,014,974	4,234,432	4,349,786
OWDA Loan	0	0	0	11,177
Notes	<u>12,300,000</u>	<u>12,150,000</u>	<u>12,550,000</u>	<u>4,300,000</u>
Total Gross Indebtedness	32,070,516	30,614,974	32,854,432	26,300,963
Less:				
General Obligation Bonds	(3,740,000)	(3,740,000)	(3,980,000)	(4,215,000)
Special Assessment Bonds	(3,190,000)	0	0	0
OPWC Loans	<u>(3,795,516)</u>	<u>(4,014,974)</u>	<u>(4,234,432)</u>	<u>(4,349,786)</u>
Total Net Debt Applicable to Debt Limit	<u>21,345,000</u>	<u>22,860,000</u>	<u>24,640,000</u>	<u>17,736,177</u>
Legal Debt Margin Within 10 ½ % Limitations	<u>\$26,907,251</u>	<u>\$24,263,245</u>	<u>\$23,014,426</u>	<u>\$30,355,380</u>
Legal Debt Margin as a Percentage of the Debt Limit	55.76%	51.49%	48.29%	63.12%
Unvoted Debt Limitation (5 ½ % of Assessed Valuation)	<u>\$25,274,989</u>	<u>\$24,683,605</u>	<u>\$24,961,842</u>	<u>\$25,190,816</u>
Gross Indebtedness	32,070,516	30,614,974	32,854,432	26,300,963
Less:				
General Obligation Bonds	(3,740,000)	(3,740,000)	(3,980,000)	(4,215,000)
Special Assessment Bonds	(3,190,000)	0	0	0
OPWC Loans	<u>(3,795,516)</u>	<u>(4,014,974)</u>	<u>(4,234,432)</u>	<u>(4,349,786)</u>
Net Debt Within 5 ½ % Limitations	<u>21,345,000</u>	<u>22,860,000</u>	<u>24,640,000</u>	<u>17,736,177</u>
Unvoted Legal Debt Margin Within 5 ½ % Limitations	<u>\$3,929,989</u>	<u>\$1,823,605</u>	<u>\$321,842</u>	<u>\$7,454,639</u>
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	15.55%	7.39%	1.29%	29.59%

Source: City Financial Records

2014	2013	2012	2011	2010	2009
<u>\$456,374,110</u>	<u>\$455,719,670</u>	<u>\$479,219,710</u>	<u>\$480,541,670</u>	<u>\$482,776,720</u>	<u>\$501,063,010</u>
<u>\$47,919,282</u>	<u>\$47,850,565</u>	<u>\$50,318,070</u>	<u>\$50,456,875</u>	<u>\$50,691,556</u>	<u>\$52,611,616</u>
19,190,000	20,620,000	21,720,000	21,895,000	23,235,000	24,640,000
0	0	0	0	500,000	530,000
196,875	211,509	229,526	241,918	23,685	30,452
22,005	32,494	42,676	4,785	0	0
<u>4,700,000</u>	<u>5,450,000</u>	<u>6,800,000</u>	<u>7,100,000</u>	<u>7,700,000</u>	<u>7,100,000</u>
24,108,880	26,314,003	28,792,202	29,241,703	31,458,685	32,300,452
(4,445,000)	(4,605,000)	(4,785,000)	(4,960,000)	(12,255,000)	(12,675,000)
0	0	0	0	(500,000)	(530,000)
<u>(196,875)</u>	<u>(211,509)</u>	<u>(229,526)</u>	<u>(241,918)</u>	<u>(23,685)</u>	<u>(30,452)</u>
<u>19,467,005</u>	<u>21,497,494</u>	<u>23,777,676</u>	<u>24,039,785</u>	<u>18,680,000</u>	<u>19,065,000</u>
<u>\$28,452,277</u>	<u>\$26,353,071</u>	<u>\$26,540,394</u>	<u>\$26,417,090</u>	<u>\$32,011,556</u>	<u>\$33,546,616</u>
59.38%	55.07%	52.75%	52.36%	63.15%	63.76%
<u>\$25,100,576</u>	<u>\$25,064,582</u>	<u>\$26,357,084</u>	<u>\$26,429,792</u>	<u>\$26,552,720</u>	<u>\$27,558,466</u>
24,108,880	26,314,003	28,792,202	29,241,703	31,458,685	32,300,452
(4,445,000)	(4,605,000)	(4,785,000)	(4,960,000)	(12,255,000)	(12,675,000)
0	0	0	0	(500,000)	(530,000)
<u>(196,875)</u>	<u>(211,509)</u>	<u>(229,526)</u>	<u>(241,918)</u>	<u>(23,685)</u>	<u>(30,452)</u>
<u>19,467,005</u>	<u>21,497,494</u>	<u>23,777,676</u>	<u>24,039,785</u>	<u>18,680,000</u>	<u>19,065,000</u>
<u>\$5,633,571</u>	<u>\$3,567,088</u>	<u>\$2,579,408</u>	<u>\$2,390,007</u>	<u>\$7,872,720</u>	<u>\$8,493,466</u>
22.44%	14.23%	9.79%	9.04%	29.65%	30.82%

**City of Independence, Ohio**  
*Computation of Direct and Overlapping  
Debt Attributable to Governmental Activities  
December 31, 2018*

	Debt Attributable to Governmental Activities	Percentage Applicable to City (1)	Amount of Direct and Overlapping Debt
<b>Direct Debt:</b>			
City of Independence			
General Obligation Bonds	\$13,530,802	100.00 %	\$13,530,802
Special Assessment Bonds	3,297,520	100.00	3,297,520
OPWC Loan	<u>3,795,516</u>	100.00	<u>3,795,516</u>
<i>Total Direct Debt</i>	<u>20,623,838</u>		<u>20,623,838</u>
<b>Overlapping Debt:</b>			
Independence Local School District			
General Obligation Bonds	11,647,624	100.00	11,647,624
Cuyahoga County			
General Obligation Bonds	200,766,146	1.65	3,312,641
Revenue Bonds	681,206,878	1.65	11,239,913
Certificates of Participation	235,169,929	1.65	3,880,304
Loans Payable	1,416,331	1.65	23,369
Capital Lease Obligations	335,053,352	1.65	5,528,380
Greater Cleveland Regional Transit Authority			
General Obligation Bonds	<u>114,931,963</u>	1.65	<u>1,896,377</u>
<i>Total Overlapping Debt</i>	<u>1,580,192,223</u>		<u>37,528,608</u>
<i>Total Direct and Overlapping Debt</i>	<u>\$1,600,816,061</u>		<u>\$58,152,446</u>

Source: Office of the Fiscal Officer, 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 2018 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	
2018	7,124	\$309,231,352	\$43,407	\$86,360	5.3%	4.6%	9.73
2017	7,114	294,697,450	41,425	84,900	4.8	4.8	9.73
2016	7,114	265,053,412	37,258	75,566	5.4	4.9	9.73
2015	7,209	257,570,361	35,729	74,411	5.0	4.9	9.73
2014	7,169	247,258,810	34,490	67,471	5.5	5.1	9.73
2013	7,136	231,484,704	32,439	73,403	7.2	7.1	9.73
2012	7,083	248,117,490	35,030	70,432	6.6	6.8	9.73
2011	7,133	231,387,387	32,439	73,403	7.1	8.7	9.73
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

(1) Years 2007-2009 - U.S. Census Bureau 2000; 2010-2011 - U.S. Census Bureau 2010; 2012-2017 City estimates

(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*

2018 and 2009

2018			
Employer	Nature of Activity	Employees	Percentage of Total City Employment
Cleveland Clinic Foundation	Health Care	2,359	10.89 %
City of Independence	Municipality	488	2.25
L D Kichler Co	Lighting Products	466	2.15
SIRVA INC	Mortgage Company	385	1.78
Independence Local School District	Education	332	1.53
Airgas USA LLC	Gas Industry	331	1.53
Farmers Group Incorporated	Insurance Company	311	1.44
Travelers Indemnity Company	Insurance Company	228	1.05
CBIZ Operations	Mortgage Company	240	0.69
Cavaliers Holdings LLC	Professional Basketball Team	66	0.30
Total		<u>5,206</u>	<u>22.69 %</u>
Total Employment within the City		<u>22,946</u>	

2009			
Employer	Nature of Activity	Employees	Percentage of Total City Employment
Cleveland Clinic Foundation	Health Care	1,953	11.18 %
L D Kichler Co	Lighting Products	400	2.29
Farmers Underwriters Association	Insurance	277	1.58
ADP Incorporated	Payroll Processing	249	1.43
City of Independence	Municipality	223	1.28
Cellco Partnership	Communication	196	1.12
Ferro Corporation & Subsidiary	Manufacturing	174	1.00
Novastar	Mortgage Company	147	0.84
Oracle USA	Sales and Servicing	133	0.76
Cavaliers Holdings LLC	Professional Basketball Team	66	0.38
Total		<u>3,818</u>	<u>21.86 %</u>
Total Employment within the City		<u>17,462</u>	

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

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

Function/Program	2018	2017	2016	2015
General Government				
Council	4.50	4.50	4.50	4.50
Mayor	1.50	1.50	1.50	3.50
Finance	4.00	4.00	3.00	3.50
Purchasing	1.00	1.00	1.00	1.00
Mayor's Court	3.50	3.50	3.50	3.00
Technology	2.00	2.00	2.00	2.00
Engineering	5.50	5.00	5.00	5.50
Administrative Support	4.00	4.00	4.00	7.50
Security of Persons and Property				
Police	48.50	48.50	47.00	46.50
Fire	29.50	28.00	27.50	28.00
Leisure Time Activities				
Recreation Center	53.00	52.50	54.50	51.50
Community Services	28.00	17.50	18.00	17.00
Community Environment				
Building Inspection	4.00	4.00	3.00	4.50
Transportation				
Service and Technical Service	34.00	39.00	40.00	40.00
Totals:	<u>223.00</u>	<u>215.00</u>	<u>214.50</u>	<u>218.00</u>

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

Source: City Records



2014	2013	2012	2011	2010	2009
4.50	4.50	5.00	5.00	5.00	5.00
3.50	2.50	2.50	2.50	2.50	2.50
3.00	3.50	3.50	3.50	4.00	4.00
1.00	1.00	1.50	1.50	1.00	1.00
3.00	3.00	3.00	3.00	3.00	3.00
2.00	2.00	2.00	1.00	1.00	1.00
4.50	4.00	4.00	4.00	3.00	3.00
5.00	5.00	4.50	4.00	4.00	4.00
47.50	47.50	48.00	50.00	51.00	51.00
24.50	24.50	26.50	28.00	28.00	28.00
50.00	50.00	45.00	49.00	42.50	42.50
14.00	14.00	15.00	16.00	23.50	23.50
5.00	4.00	5.50	3.00	3.00	3.00
41.00	42.00	45.00	50.50	51.00	51.00
208.50	207.50	211.00	221.00	222.50	222.50

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

Function/Program	2018	2017	2016	2015
<b>General Government</b>				
Square Footage of Building (1)	35	35,200	35,200	35,200
Building Department Vehicles	2.0	2.0	1.5	1.5
Other Department Vehicles	8	7	8	7
<b>Police</b>				
Stations	1	1	1	1
Square Footage of Building (1)	35	35,200	35,200	35,200
Vehicles	46	35	31	35
<b>Fire</b>				
Stations	1	1	1	1
Square Footage of Building	19,350	19,350	19,350	19,350
Vehicles	13	13	13	13
<b>Service Department</b>				
Streets (miles)	52	52	52	52
Vehicles	51	43	45	43
<b>Recreation</b>				
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	4	4	4	4
Number of Pickle Ball Courts	6	6	6	6
Number of Horse Shoe Pitts	6	6	6	6
Number of Bocce Ball Courts	3	3	3	3
Number of Full Sized Soccer Fields	3	3	3	3
Vehicles	4	4	4	4
<b>Community Services</b>				
Community Services Center Square Footage (2)	82,000	82,000	82,000	82,000
Vehicles	9	10	9	7

(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.

Source: City Records

2014	2013	2012	2011	2010	2009
35,200	35,200	35,200	35,200	35,200	35,200
4	4	4	3	3	3
5	5	5	8	0	0
1	1	1	1	1	1
35,200	35,200	35,200	35,200	35,200	35,200
39	39	39	37	37	44
1	1	1	1	1	1
19,350	19,350	19,350	19,350	19,350	19,350
13	13	13	12	11	12
52	52	52	52	52	52
53	53	53	56	55	60
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
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
3	3	3	3	3	3
3	3	3	3	3	4
82,000	82,000	82,000	82,000	82,000	82,000
7	7	6	6	9	9

**City of Independence, Ohio**  
*Operating Indicators by Function/Program*  
*Last Ten Years*

Function/Program	2018	2017	2016	2015
<b>General Government</b>				
Law Expenditures (in thousands)	\$223	\$200	\$286	\$282
Engineering Expenditures (in thousands)	522	540	485	452
Finance Expenditures (in thousands)	515	470	475	439
Mayor's Office Expenditures (in thousands)	328	317	317	481
Council Expenditures (in thousands)	333	296	285	263
<b>Security of Persons and Property</b>				
Police Expenditures (in thousands)	\$5,368	\$5,057	\$4,973	\$4,688
Total Arrests	4,127	3,651	3,086	2,838
Part One Offenses	180	205	220	227
OVI Arrests	44	41	76	77
Prisoners	365	364	319	363
Motor Vehicle Accidents	481	457	542	575
Calls for Service	25,857	27,510	24,797	22,073
Incidents per Citizen	3.6347	3.8670	3.4857	3.0619
Cost per Citizen	\$754.57	\$710.85	\$699.04	\$650.30
Fire Expenditures (in thousands)	\$3,370	\$3,286	\$3,179	\$3,026
Emergency Responses	1,979	1,971	2,001	1,919
Fire Safety Inspections	577	850	705	591
Fire Protection Systems Inspected	326	300	474	796
Building Fire Protection Plans Reviewed	20	21	53	452
Percentage of Business Inspected	74%	98%	98%	98%
Number of Community Programs	20	20	20	20
Emergency Responses per Citizen	0.0278	0.2771	0.0483	0.2662
Cost per Citizen	\$473.71	\$461.91	\$446.87	\$419.75
Fire Safety Education - Business	13	13	14	8
Street Lights Expenditures (in thousands)	\$268	\$258	\$279	\$295

2014	2013	2012	2011	2010	2009
\$239	\$244	\$250	\$175	\$243	\$248
448	360	244	73	71	71
452	400	388	362	366	445
506	546	510	564	544	530
246	221	260	238	242	263
\$4,650	\$4,483	\$4,495	\$4,584	\$4,749	\$4,839
3,204	3,023	2,257	5,337	5,337	4,811
214	231	222	166	166	197
83	151	65	83	83	102
378	393	353	543	543	572
597	547	578	407	407	490
25,531	29,342	22,434	28,220	28,220	30,022
3,561.3	4,1400	3,1600	3,9600	3,9600	4,2900
\$648.63	\$631.34	\$634.62	\$642.65	\$665.78	\$680.69
\$3,009	\$2,851	\$2,796	\$2,798	\$2,878	\$2,978
1,902	1,658	1,714	1,503	1,607	1,607
860	459	601	503	502	502
584	209	237	53	187	187
177	19	67	68	22	22
75%	63%	96%	74%	87%	87%
20	20	14	14	12	12
0.2666	0.2210	0.2420	0.2116	0.2300	0.2300
\$421.84	\$401.59	\$394.75	\$392.26	\$409.00	\$418.91
3	5	6	6	29	29
\$256	\$220	\$236	\$184	\$158	\$190

(continued)

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

Function/Program	2018	2017	2016	2015
<b>Leisure Time Activities</b>				
Recreational Expenditures (in thousands)	\$2,243	\$1,397	\$1,950	\$1,979
Civic Center Expenditures (in thousands)	855	1,325	972	912
Totals	\$3,098	\$2,722	\$2,922	\$2,891
Cost per Citizen	\$435.48	\$0.01	\$410.74	\$401.03
Civic Center Square Feet	82,000	82,000	82,000	82,000
Square Feet per Citizen	11.53	11.53	11.53	11.37
Total Recreational Revenue (in thousands)	\$0	\$582	\$412	\$715
Civic Center Members	7,227	7,034	7,376	9,898
Total Participations	148,678	144,842	153,546	149,001
Participations of Members Over Age 60	27,226	23,823	23,017	19,834
<b>Community Environment</b>				
Building Department Expenditures (in thousands)	\$308	\$300	\$318	\$350
Cost per Citizen	\$43.29	\$0.00	\$44.70	\$48.55
Building Permits - Residential	80	88	51	68
Dollar Value of Permits (in thousands)	\$6,872	\$11,836	\$4,391	\$6,493
Building Permits - Commercial	64	45	48	59
Dollar Value of Permits (in thousands)	\$37,363	\$4,797	\$27,133	\$25,884
<b>Transportation</b>				
Service Department Expenditures (in thousands)	\$4,279	\$3,980	\$3,218	\$3,349
Street Construction Maintenance and Repair Expenditures (in thousands)	\$930	\$914	\$841	\$750
Snow and Ice Removal Expenditures (in thousands)	\$396	\$153	\$174	\$340
Leaves, grass, chipped material (in cubic yards)	6,317	8,512	10,489	8,603

Source: City Records

2014	2013	2012	2011	2010	2009
\$2,002	\$1,948	\$1,969	\$1,927	\$1,911	\$1,874
848	855	828	825	788	859
\$2,850	\$2,803	\$2,797	\$2,752	\$2,699	\$2,733
\$397.55	\$394.71	\$394.89	\$385.81	\$378.38	\$384.44
82,000	82,000	82,000	82,000	82,000	82,000
11.44	11.55	11.58	11.50	11.50	12.00
\$676	\$519	\$631	\$663	\$695	\$645
7,243	7,208	2,740	2,840	1,676	2,445
152,187	103,243	170,399	175,750	98,362	2,454
20,792	20,513	21,236	19,798	467	678
\$343	\$338	\$464	\$564	\$523	\$487
\$47.84	\$47.59	\$65.51	\$79.07	\$73.32	\$68.50
50	65	61	48	86	58
\$4,734	\$5,839	\$2,500	\$2,300	\$5,500	\$3,100
57	45	47	56	53	45
\$12,627	\$8,082	\$8,000	\$8,200	\$12,100	\$3,300
\$3,529	\$3,295	\$3,198	\$3,239	\$3,617	\$947
\$739	\$654	\$547	\$538	\$1,088	\$2,652
\$433	\$421	\$237	\$346	\$431	\$362
9,598	10,295	12,428	11,600	11,600	11,000

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# **City of Independence, Ohio**

**Single Audit Reports**

**For the Year Ended December 31, 2018**

**City of Independence, Ohio**

**For the Year Ended December 31, 2018**

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

Members of the City Council  
City of Independence, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Independence, Ohio (the "City"), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 1, 2019, wherein we noted that the City implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, and as a result restated their December 31, 2017 net position of the governmental activities, as disclosed in Note 20.

**Internal Control over Financial Reporting**

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

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

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

Members of the City Council  
City of Independence, Ohio

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

*Cimini + Panichi, PC*

Cleveland, Ohio  
July 1, 2019

**Independent Auditor’s Report on Compliance for Each Major Program; Internal Control  
over Compliance Required by the Uniform Guidance; and Report on the Schedule of  
Expenditures of Federal Awards Required by the Uniform Guidance**

Members of the City Council  
City of Independence, Ohio

**Report on Compliance for Each Major Federal Program**

We have audited the City of Independence, Ohio’s (the “City”) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City’s major federal programs for the year ended December 31, 2018. The City’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

***Management’s Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor’s Responsibility***

Our responsibility is to express an opinion on compliance for each of the City’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City’s compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended December 31, 2018.

### **Report on Internal Control over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Members of the City Council  
City of Independence, Ohio

**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated, July 1, 2019, which contained unmodified opinions on those financial statements, wherein we noted that the City implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, and as a result restated their December 31, 2017 net position of the governmental activities, as disclosed in Note 20. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

*Cimini & Panichi, PC*

Cleveland, Ohio  
July 1, 2019

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# City of Independence

## Schedule of Expenditures of Federal Awards

**For the Year Ended December 31, 2018**

<u>Federal Grantor/Pass-Through Grantor Program Title</u>	<u>Catalog of Federal Domestic Assistance No.</u>	<u>Pass-Through or Identifying Number</u>	<u>Federal Expenditures</u>
<b><u>U.S. Department of Transportation:</u></b>			
Passed through Ohio Department of Transportation			
<u>Highway Planning and Construction Cluster</u>			
Highway Planning and Construction	20.205	N/A	\$ 1,409,785
<b><u>Executive Office of the President – Office of National Drug Control Policy:</u></b>			
Direct Awards			
High Intensity Drug Trafficking Areas Program (2016)	95.001	G16OH0003A	128,871
High Intensity Drug Trafficking Areas Program (2017)	95.001	G17OH0003A	1,858,732
High Intensity Drug Trafficking Areas Program (2018)	95.001	G18OH0003A	<u>1,922,099</u>
Total Executive Office of the President – Office of National Drug Control Policy, High Intensity Drug Trafficking Areas Program - Ohio			3,909,702
<b><u>U.S. Department of Homeland Security (FEMA):</u></b>			
Direct Award			
Assistance to Firefighters Grant - Fire Prevention and Safety Grants	97.044	N/A	<u>45,660</u>
Total Federal Expenditures			\$ <u>5,365,147</u>

The accompanying notes are an integral part of this schedule

# City of Independence

## Notes to the Schedule of Expenditures of Federal Awards

**For the Year Ended December 31, 2018**

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### **Note 1: Significant Accounting Policies**

#### ***Basis of Presentation***

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Independence, Ohio, and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

### **Note 2: Indirect Cost Rate**

The City has not elected to use the 10 percent de minimis indirect cost rate to recover indirect costs as allowed under the Uniform Guidance.

# City of Independence, Ohio

## Schedule of Findings and Questioned Costs

### For the Year Ended December 31, 2018

#### 1. Summary of Auditor's Results

(d)(I)(i)	Type of Financial Statement Opinion	Unmodified
(d)(I)(ii)	Were there any significant deficiencies reported at the financial statement level (GAGAS)?	No
(d)(I)(ii)	Were there any material weaknesses reported at the financial statement level (GAGAS)?	No
(d)(I)(iii)	Was there any material noncompliance reported at the financial statement level (GAGAS)?	No
(d)(I)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(I)(iv)	Were there any other significant control deficiencies reported for major federal programs?	No
(d)(I)(v)	Type of Major Program's Compliance Opinion	Unmodified
(d)(I)(vi)	Are there any reportable findings under 2 CFR Section 200.516(a)?	No
(d)(I)(vii)	Major Programs	U.S. Department of Transportation, CDFA # 20.205, Highway Planning and Construction Cluster  Executive Office of the President – Office of National Drug Control Policy, CFDA # 95.001, High Intensity Drug Trafficking Areas
(d)(I)(viii)	Dollar Threshold: Type A/B Programs	Type A: >\$750,000 Type B: All Others
(d)(I)(ix)	Low Risk Auditee?	No

#### 2. Findings Related to the Financial Statements Required to be Reported in Accordance With GAGAS

None noted.

#### 3. Findings for Federal Awards

None noted.

# **City of Independence, Ohio**

Schedule of Prior Audit Findings and Questioned Costs

**For the Year Ended December 31, 2018**

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No prior year findings or questioned costs.

OHIO AUDITOR OF STATE  
**KEITH FABER**



**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  
AUGUST 27, 2019**