



**CITY OF INDEPENDENCE
CUYAHOGA COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2008



Mary Taylor, CPA
Auditor of State

CITY OF INDEPENDENCE
CUYAHOGA COUNTY

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Mary Taylor, CPA

Auditor of State

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

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

To the City Council:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Independence, Cuyahoga County, (the City) as of and for the year ended December 31, 2008, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 15, 2010 where in we noted the City restated the January 1, 2008 Governmental Activity net assets due to an overstatement of payments in lieu of taxes receivable and payable and an understatement in deferred revenue. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the City's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the City's internal control will not prevent or detect a material financial statement misstatement.

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

We noted certain matters that we reported to the City's management in a separate letter dated June 15, 2010.

Compliance and Other Matters

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

We did note certain noncompliance or other matters that we reported to the City's management in a separate letter dated June 15, 2010.

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

June 15, 2010

**CITY OF INDEPENDENCE
CUYAHOGA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	The City received a state highway planning grant passed through the Ohio Department of Transportation and paid directly to the vendor that was not posted as revenue and expenditure.	Yes	

CITY OF INDEPENDENCE, OHIO

COMPREHENSIVE

ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2008

John M. Veres, CPA, CPFA
Finance Director

Prepared by the City Finance Department

City of Independence, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2008
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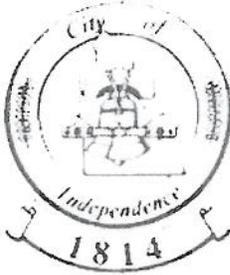
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City of Independence, Ohio

"THE HEART OF CUYAHOGA COUNTY"

6800 BRECKSVILLE ROAD

INDEPENDENCE, OHIO 44131

(216) 524-4131

June 15, 2010

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 Auditor of State within 150 days of year end.

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

State statutes require the City to be subjected to an annual examination by the Auditor of State. The Auditor of State's office rendered an opinion on the City's financial statements as of December 31, 2008, and the Independent Accountants' Report on the basic financial statements is included in the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent accountants' 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 Government

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

The current population is estimated to be 7,109 (as of the 2000 Census) indicating a comfortable average of approximately 710 persons per square mile in this City of 9.73 square miles (6,138.3 acres). Independence has the lowest property tax rate of any city in Cuyahoga County. The 2008 rate is \$2.8 per one hundred dollars of assessed valuation. The 2008 rate for Cleveland, for example, is \$10.25.

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 firefighters, all of whom are trained paramedics, and 6 part-time firefighters, 3 of whom are trained paramedics. There are 34 full-time and 2 part-time police officers on the staff of the Police Department. In addition to police officers, the Police Department has 11 full-time and 6 part-time dispatchers/clerical staff members, 2 full-time and 3 part-time jailers and 1 full-time dog warden.

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-Administrator-Council" form of government. The City's Charter can only be amended by a majority vote.

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

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

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

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

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

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

Local Economy

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

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

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

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

Even though, the population of home residents is relatively small (7,109 as of the 2000 Census), the commercial residents balloon to a 23,000-25,000 sit-down population during the daytime and when you include the vendor, customer, client, patient, and flow-through activity during the daytime the commercial population can reach 35,000-40,000.

Major Initiatives

The City is aggressively working on plans to redevelop the Downtown area that encompasses a targeted footprint of 65 acres of which approximately 35 are vacant acres. This would be the largest comprehensive overhaul of the original downtown area in decades. It will require all the stakeholders (residents, government officials, business and land owners and churches) to share their perspectives and coordinate their interests and efforts into a cohesive vision of the Downtown’s image, how it should function and respond to the needs of the community.

A recently proposed development of an addition to the Independence Technology Center will potentially increase the size of the facility by 100,000 square feet and increase the population of the facility by 500-600 Cleveland Clinic Finance Division employees once the addition is completed in 2011.

The City continued its commitment to fund infrastructure projects. These projects include road resurfacing, curbs, gutters, sidewalks, landscaping, water and sanitary sewer lines. The infrastructure of the City is well maintained and this is typified by the completion of the total rebuild and widening of the Rockside Road corridor (from 5 to 7 lanes) with the above-ground utilities placed underground and a synchronized signalization system installed.

The City, driven by the Director of Finance, has aggressively pursued the use of Tax Increment Financing (TIF) as an economic development tool. The City currently has 10 areas designated as TIF districts and most recently used TIFs to help attract the Cleveland Cavaliers practice facility.

Long-term Planning

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

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

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

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

Relevant Financial Policies

The City has been able to maintain a plan to minimize its debt. Since 2000, the City has been able to reduce short-term debt from \$15,850,000 to \$7,700,000 while paying \$6,700,000 in cash for two large capital improvement projects.

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

The City borrowed \$8,800,000 for Phase I of the project in 2003 and \$5,800,000 in 2005 for Phase II of the project. In 2008, the City collected \$770,376 in additional TIF revenue which represented 79 percent of the debt service for the TIF borrowings. Based upon TIF collections since the inception of the program, the City will soon be collecting over 100 percent of the debt service.

The City's total debt reached \$39,902,500 at December 31, 2005. A concentrated effort was made from that point forward to continue to reduce the City's total debt annually. By December 31, 2009 the City's total debt is projected to be \$32,300,500.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Independence for its Comprehensive Annual Financial Report for the year ended December 31, 2007. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement requirements and we are submitting it to GFOA for consideration.

We would like to thank 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 second Comprehensive Annual Financial Report. They were helpful, cooperative, professional, and efficient and their assistance was extremely valuable.

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

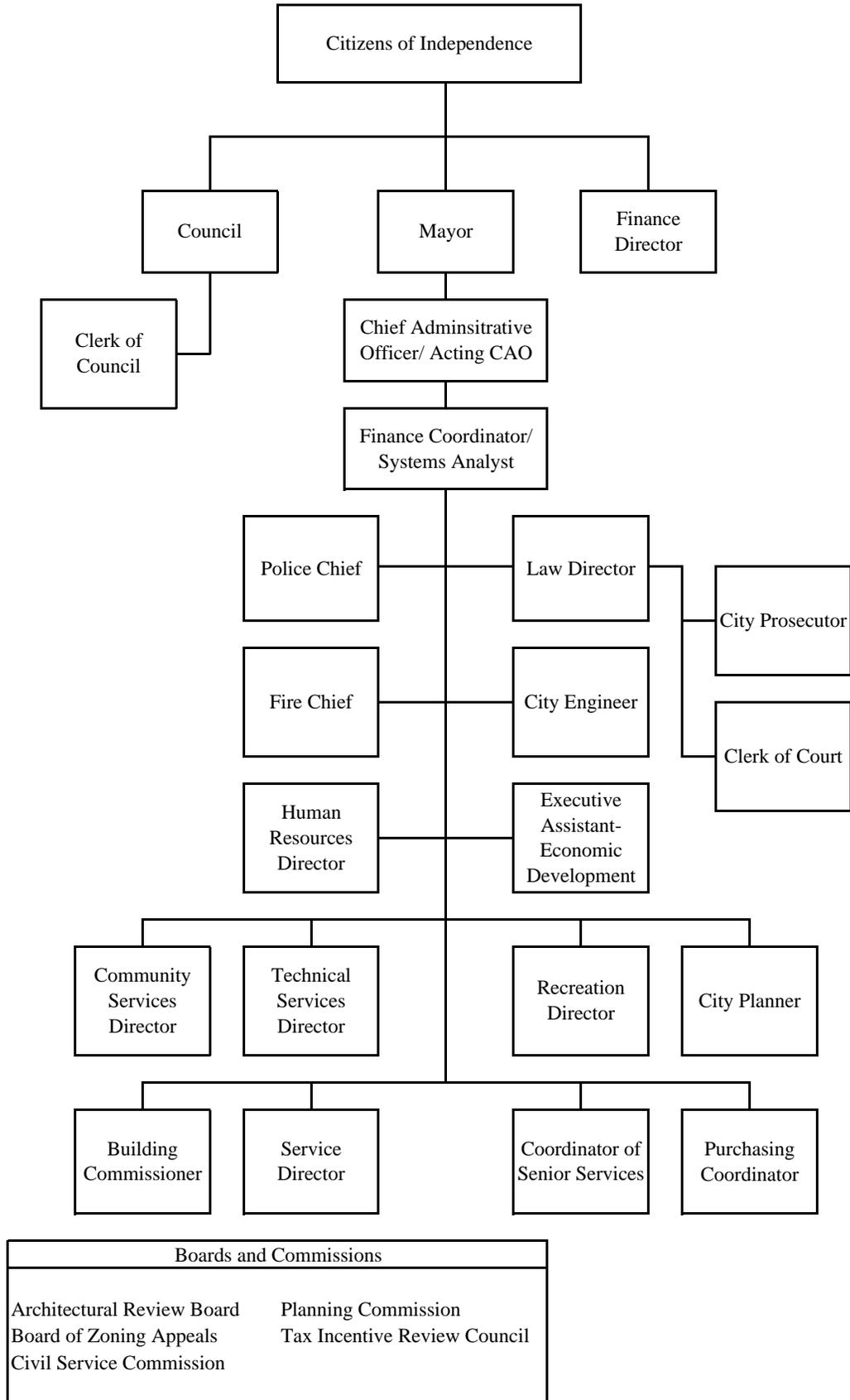
Respectfully submitted,

Gregory P. Kurtz
Mayor

John M. Veres, CPA, CPFA
Director of Finance

City of Independence

Organizational Chart



City of Independence, Ohio

List of Principal Officials

December 31, 2008

Elected Officials

Mayor.....Gregory P. Kurtz
Finance Director John M. Veres, CPA, CPFA
Council Member James Riley – Vice Mayor
Council Member James F. Crooks
Council Member David S. Grendel
Council Member George Klepacz
Council Member Thomas Narduzzi
Council Member Jim Piteo
Council Member Anthony Togliatti

Appointed Officials

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

Administration

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

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Independence
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2007

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



President

Executive Director



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the City Council:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Independence, Cuyahoga County, Ohio (the City), as of and for the year ended December 31, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Independence, Cuyahoga County, Ohio, as of December 31, 2008, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As more fully described in Note 3, the January 1, 2008 Governmental Activity net assets were restated due to an overstatement of prior year payments in lieu of taxes receivable and payable and an understatement in deferred revenue.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2010, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining nonmajor fund statements and schedules and statistical tables provide additional information and are not a required part of the basic financial statements. We subjected the combining nonmajor fund statements and schedules to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical tables to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

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

Mary Taylor, CPA
Auditor of State

June 15, 2010

City of Independence, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

The discussion and analysis of the City of Independence's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2008. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers are encouraged to consider the information presented here in conjunction with the transmittal letter, the basic financial statements, and the accompanying notes to those financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2008 are as follows:

- ❖ In 2008, the City partnered with the State in the West Creek Confluence project. This project restores the natural state of the confluence of the West Creek and the Cuyahoga River. The City was able to use a National Scenic Byway grant to help offset the costs of this project.
- ❖ The City is utilizing resources efficiently and effectively to continue providing quality services to the residents. The City remains vigilant and works together with department heads and employees to find ways to create more efficiency. The City strives to be the best community in which to live, work and raise a family.
- ❖ The City was able to bring the engineering services in house. This has saved the City approximately \$250,000. The City was also able to hire a Finance Coordinator/Systems Analyst in order to analyze current operations to review various City departments looking for cost cutting measures.

Using this Annual Financial Report

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

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

Reporting the City of Independence as a Whole

Statement of Net Assets and the Statement of Activities

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to

City of Independence, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

Reporting on the Most Significant Funds of the City of Independence

Fund Financial Statements

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

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

The City of Independence as a Whole

Statement of Net Assets

As noted earlier, the Statement of Net Assets looks at the City as a whole and can prove to be a useful indicator of the City's financial position. Table 1 provides a summary of the City's net assets for 2008 and 2007.

City of Independence, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

Table 1
 Net Assets

	2008	2007	Change
Assets			
Current and Other Assets	\$19,396,055	\$63,785,901	(\$44,389,846)
Capital Assets, Net	92,630,406	91,834,768	795,638
Total Assets	<u>112,026,461</u>	<u>155,620,669</u>	<u>(43,594,208)</u>
Liabilities			
Current and Other Liabilities	4,284,925	4,869,627	(584,702)
Long Term Liabilities			
Due Within One Year	1,700,505	2,869,669	(1,169,164)
Due in More than One Year	33,874,730	62,894,166	(29,019,436)
Total Liabilities	<u>39,860,160</u>	<u>70,633,462</u>	<u>(30,773,302)</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	58,712,220	55,982,088	2,730,132
Restricted:			
Capital Projects	5,045,601	4,749,445	296,156
State Highway	128,179	252,401	(124,222)
Street Construction Maintenance and Repair	229,877	349,348	(119,471)
Other Purposes	479,632	235,472	244,160
Unrestricted	<u>7,570,792</u>	<u>7,132,575</u>	<u>438,217</u>
Total Net Assets	<u><u>\$72,166,301</u></u>	<u><u>\$68,701,329</u></u>	<u><u>\$3,464,972</u></u>

According to State law, 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 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. These payments in lieu of taxes (PILOTS) are collected by the county treasurer in the same manner as real property taxes, but are deposited into separate public improvement tax increment equivalent funds.

As one can see from the increase in overall net assets, the City was able to reduce expenses to coincide with the decrease in revenues due to the current economic downturn while continuing to provide essential services and enhance the quality of community life. In order to further understand what makes up the changes in net assets for the current year, the following table gives readers further details regarding the results of activities for 2008 and 2007.

City of Independence, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

Table 2
Changes in Net Assets

	2008	2007	Change
Revenues			
Program Revenues			
Charges for Services and Sales	\$1,408,058	\$1,020,688	\$387,370
Operating Grants and Contributions	509,418	594,026	(84,608)
Capital Grants and Contributions	32,489	6,871,738	(6,839,249)
<i>Total Program Revenues</i>	<u>1,949,965</u>	<u>8,486,452</u>	<u>(6,536,487)</u>
General Revenues			
Taxes	2,673,492	2,788,937	(115,445)
Municipal Income Taxes	22,488,246	23,387,075	(898,829)
Grant and Entitlements, Not Restricted to Specific Programs	1,548,168	796,657	751,511
Payments in Lieu of Taxes	1,880,535	876,043	1,004,492
Interest	368,767	770,803	(402,036)
Miscellaneous	723,407	964,031	(240,624)
<i>Total General Revenues</i>	<u>29,682,615</u>	<u>29,583,546</u>	<u>99,069</u>
<i>Total Revenues</i>	<u>31,632,580</u>	<u>38,069,998</u>	<u>(6,437,418)</u>
Program Expenses			
General Government	6,550,823	6,994,963	(444,140)
Security of Persons and Property	8,812,839	8,396,575	416,264
Public Health and Welfare	146,451	51,713	94,738
Leisure Time Activities	3,350,070	3,178,450	171,620
Community Environment	2,514,940	2,375,832	139,108
Basic Utility Services	705,039	699,018	6,021
Transportation	4,669,006	6,222,871	(1,553,865)
Intergovernmental	0	6,777,393	(6,777,393)
Interest and Fiscal Charges	1,418,440	1,578,292	(159,852)
<i>Total Expenses</i>	<u>28,167,608</u>	<u>36,275,107</u>	<u>(8,107,499)</u>
<i>Increase in Net Assets</i>	3,464,972	1,794,891	1,670,081
<i>Net Assets Beginning of Year</i>	<u>68,701,329</u>	<u>66,906,438</u>	<u>1,794,891</u>
<i>Net Assets End of Year</i>	<u>\$72,166,301</u>	<u>\$68,701,329</u>	<u>\$3,464,972</u>

Governmental Activities

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

The City's strong commercial employment tax base has provided for a consistent level of withholding tax collections. This strong base has enabled the City to enjoy increased collections during economically strong

City of Independence, Ohio
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periods, while at the same time maintaining fairly level collections during economic downturns. Although income taxes decreased from 2007, 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 adversely affected by the loss of a major employer. In an effort to maintain and increase the commercial tax base, the City has completed Phase II of the Rockside Road Widening project (a TIF project), which will improve the infrastructure to allow for future growth in the area.

The decrease in property tax revenue was due to the elimination of tangible personal property tax for businesses that was effective in January 2006 offset by new construction coming on to the tax duplicate.

The City received \$6.8 million in State Highway Federal grant monies from the Ohio Department of Transportation for the renovation of Rockside Road Phase II in 2007. Due to the nature of the asset, this asset has not been retained by the City. Therefore, this expense was reflected as transportation-intergovernmental expense on the Statement of Activities and the corresponding grant money was reflected as a capital grant and contribution program revenue. No such grant monies was received in 2008 which accounts for the decrease in revenues and expenses.

Contrary to the healthcare industry trend, the City was able to reduce their healthcare premium by an average of 7 percent. City employees are still able to enjoy the benefits of great insurance coverage at a reduced cost to the City.

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 has applied for the federal economic stimulus package in order to keep the City moving in a positive direction.

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

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2008	2007	2008	2007
General Government	\$6,550,823	\$6,994,963	\$6,322,158	\$6,830,988
Security of Persons and Property	8,812,839	8,396,575	8,374,409	8,101,573
Public Health and Welfare	146,451	51,713	65,932	50,108
Leisure Time Activities	3,350,070	3,178,450	2,852,231	2,729,142
Community Environment	2,514,940	2,375,832	2,403,975	2,302,752
Basic Utility Services	705,039	699,018	680,562	679,817
Transportation	4,669,006	6,222,871	4,099,936	5,515,983
Intergovernmental	0	6,777,393	0	0
Interest and Fiscal Charges	1,418,440	1,578,292	1,418,440	1,578,292
Total Expenses	\$28,167,608	\$36,275,107	\$26,217,643	\$27,788,655

The negative amounts indicated in Table 3 should not be construed as something bad; they are merely indicative of whether a particular function of government relies on general revenues for financing or is a net contributor of resources to the general government.

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The City's Funds

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

As of the end of the current year, the City's governmental funds reported combined ending fund balances of \$8,558,640. Unreserved fund balance is available for appropriation at the government's discretion within certain legal constraints and purpose restrictions. The remainder of the fund balance is reserved to indicate that it is not available for new spending. While the bulk of the governmental fund balances are not reserved in the governmental fund statement, they lead to restricted net assets on the Statement of Net Assets due to their being restricted for use for a particular purpose mandated by the source of the resources such as the State or Federal government or the tax levy.

As reflected in the \$360,050 increase in the general fund balance, the City was able to provide the services that the City residents expect while controlling the costs of providing those services. The City continues to put a premium on City services without reducing the City's workforce. But, 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. With these cost cutting measures and the 7 percent reduction in healthcare costs, the City was able to provide approximately 3.5 percent in wage increases. The City's dedicated public servants strive to keep the City of Independence among the finest in Northeast Ohio.

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

The capital improvements capital projects fund had an increase in fund balance due to an increase in transfers received.

Other Governmental Funds had an increase in fund balance as the City continues to use grant money to provide residents with dynamic services in an ever changing world.

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 2008, 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 \$530,229 higher than certification primarily due to conservative estimates in property taxes, hotel/motel taxes and intergovernmental revenues. Actual expenditures were \$312,866 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 better plan for the upcoming year.

City of Independence, Ohio
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Capital Assets and Debt Administration

Capital Assets

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

The City continues to work through their five year capital asset replacement plan. The City continued the annual replacement of police cars. The City completed the reconstruction of Wisnieski Parkway at a cost of \$529,351. This improvement removed the worn asphalt section and replaced it with concrete joining the existing north-south concrete sections along with mounding, lighting and fencing improvements to Elmwood Pond. See Note 11 in the notes to the basic financial statements for more information regarding the City's capital assets. Table 4 compares capital assets as of December 31, 2008 to balances at December 31, 2007.

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

	2008	2007
Land	\$16,471,861	\$15,696,861
Construction in Progress	51,132	18,351
Buildings and Improvements	30,320,521	31,038,151
Machinery and Equipment	1,164,959	1,138,084
Furniture and Fixtures	311,047	385,523
Vehicles	2,501,409	2,003,519
Infrastructure	41,809,477	41,554,279
<i>Total</i>	\$92,630,406	\$91,834,768

Debt

Table 5 summarizes outstanding long-term debt at December 31, 2008 compared to December 31, 2007.

Table 5
Outstanding Long-Term Debt at Year End

	2008	2007
Special Assessment Bonds	\$585,926	\$617,778
Various Improvement Notes	7,100,000	7,700,000
OPWC Loans	37,219	43,986
Police and Fire Pension Liability	67,291	70,772
OPERS Liability	184,375	252,677
General Obligation Bonds	26,840,541	28,216,359
<i>Total</i>	\$34,815,352	\$36,901,572

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The City's overall legal debt margin decreased to \$31,959,397. The legal debt margin is determined by multiplying the total assessed value of taxable real property in the City by 10.50% minus current and exempted debt. The debt margin decreased \$2,429,785 from 2007 to 2008 due to decreasing property valuations offset by the City paying down current debt.

The City continues to monitor its outstanding debt and is committed to reducing its overall debt on an annual basis. Information relative to debt is identified in 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 2008, City Council has decided to closely monitor revenue and expenditures to preserve the integrity of the general fund's unencumbered cash balance. As with all cities in the State of Ohio, State funding issues are constantly monitored to determine the impact on the City. The City's management team remains mindful of keeping an eye out for ways to become more efficient and better stewards of our taxpayers' money. Major entities in Northeast Ohio still regard the City of Independence as one of the top places to relocate or expand their businesses. All of the City's financial abilities will be needed to meet the challenges of the future.

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

Contacting the City's Finance Department

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

Basic Financial Statements

City of Independence, Ohio

Statement of Net Assets

December 31, 2008

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$9,085,642
Cash and Cash Equivalents In Segregated Accounts	27,490
Materials and Supplies Inventory	190,935
Accounts Receivable	27,197
Hotel/Motel Taxes Receivable	55,530
Intergovernmental Receivable	645,555
Prepaid Items	57,956
Municipal Income Taxes Receivable	3,943,047
Property Taxes Receivable	1,845,066
Special Assessments Receivable	612,191
Payments in Lieu of Taxes Receivable	2,546,955
Deferred Charges	358,491
Nondepreciable Capital Assets	16,522,993
Depreciable Capital Assets, Net	<u>76,107,413</u>
<i>Total Assets</i>	<u>112,026,461</u>
Liabilities	
Accounts Payable	356,971
Accrued Wages	140,526
Contracts Payable	49,535
Intergovernmental Payable	458,560
Accrued Interest Payable	204,728
Notes Payable	600,000
Deferred Revenue	2,449,050
Retainage Payable	25,555
Long-Term Liabilities:	
Due Within One Year	1,700,505
Due In More Than One Year	<u>33,874,730</u>
<i>Total Liabilities</i>	<u>39,860,160</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	58,712,220
Restricted for:	
Capital Projects	5,045,601
State Highway	128,179
Street Construction Maintenance and Repair	229,877
Other Purposes	479,632
Unrestricted	<u>7,570,792</u>
<i>Total Net Assets</i>	<u><u>\$72,166,301</u></u>

See accompanying notes to the basic financial statements

City of Independence, Ohio
Statement of Activities
For the Year Ended December 31, 2008

	Expenses	Program Revenues			Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
Governmental Activities:					
General Government	\$6,550,823	\$228,665	\$0	\$0	(\$6,322,158)
Security of Persons and Property	8,812,839	426,786	11,644	0	(8,374,409)
Public Health and Welfare	146,451	80,519	0	0	(65,932)
Leisure Time Activities	3,350,070	497,839	0	0	(2,852,231)
Community Environment	2,514,940	110,965	0	0	(2,403,975)
Basic Utility Services	705,039	24,477	0	0	(680,562)
Transportation	4,669,006	38,807	497,774	32,489	(4,099,936)
Interest and Fiscal Charges	1,418,440	0	0	0	(1,418,440)
<i>Totals</i>	<u>\$28,167,608</u>	<u>\$1,408,058</u>	<u>\$509,418</u>	<u>\$32,489</u>	<u>(26,217,643)</u>
General Revenues					
Property Taxes Levied for:					
General Purposes					1,016,192
Debt Service					318,699
Police Pension					170,232
Municipal Income Tax Levied For General Purposes					22,488,246
Hotel/Motel Tax Levied For General Purposes					1,150,342
Amusement Tax Levied For General Purposes					18,027
Grants and Entitlements not Restricted to Specific Programs					1,548,168
Investment Income					368,767
Payments in Lieu of Taxes					1,880,535
Miscellaneous					723,407
<i>Total General Revenues</i>					<u>29,682,615</u>
Change in Net Assets					3,464,972
<i>Net Assets Beginning of Year (Restated - See Note 3)</i>					<u>68,701,329</u>
<i>Net Assets End of Year</i>					<u><u>\$72,166,301</u></u>

See accompanying notes to the basic financial statements

City of Independence, Ohio

Balance Sheet

Governmental Funds

December 31, 2008

	General	Quadrant Tax Increment Financing	Capital Improvements	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$1,837,148	\$268,642	\$1,783,580	\$2,049,189	\$5,938,559
Cash and Cash Equivalents					
In Segregated Accounts	27,490	0	0	0	27,490
Materials and Supplies Inventory	190,935	0	0	0	190,935
Accounts Receivable	26,447	0	0	750	27,197
Hotel/Motel Taxes Receivable	55,530	0	0	0	55,530
Interfund Receivable	5,844,000	0	1,875,000	125,000	7,844,000
Intergovernmental Receivable	336,605	25,000	0	283,950	645,555
Prepaid Items	55,414	0	0	0	55,414
Special Assessments Receivable	0	0	0	612,191	612,191
Payments in Lieu of Taxes Receivable	0	2,546,955	0	0	2,546,955
Property Taxes Receivable	1,252,009	0	0	593,057	1,845,066
Municipal Income Taxes Receivable	3,943,047	0	0	0	3,943,047
<i>Total Assets</i>	<u>\$13,568,625</u>	<u>\$2,840,597</u>	<u>\$3,658,580</u>	<u>\$3,664,137</u>	<u>\$23,731,939</u>
Liabilities					
Accounts Payable	\$191,604	\$6,318	\$83,685	\$75,364	\$356,971
Accrued Wages	127,090	0	0	13,436	140,526
Contracts Payable	5,392	0	0	44,143	49,535
Intergovernmental Payable	286,254	0	0	172,306	458,560
Retainage Payable	0	0	0	25,555	25,555
Accrued Interest Payable	0	0	4,200	4,200	8,400
Notes Payable	0	0	300,000	300,000	600,000
Interfund Payable	0	7,758,500	0	85,500	7,844,000
Deferred Revenue	1,677,967	2,571,955	0	1,439,830	5,689,752
<i>Total Liabilities</i>	<u>2,288,307</u>	<u>10,336,773</u>	<u>387,885</u>	<u>2,160,334</u>	<u>15,173,299</u>
Fund Balances					
Reserved for Encumbrances	729,898	55,417	1,634,703	439,757	2,859,775
Reserved for Long-Term Advances	5,739,500	0	1,875,000	0	7,614,500
Unreserved, Undesignated (Deficit), Reported in:					
General Fund	4,810,920	0	0	0	4,810,920
Special Revenue Funds	0	0	0	573,411	573,411
Debt Service Funds	0	(7,551,593)	0	284,309	(7,267,284)
Capital Projects Funds	0	0	(239,008)	206,326	(32,682)
<i>Total Fund Balances (Deficit)</i>	<u>11,280,318</u>	<u>(7,496,176)</u>	<u>3,270,695</u>	<u>1,503,803</u>	<u>8,558,640</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$13,568,625</u>	<u>\$2,840,597</u>	<u>\$3,658,580</u>	<u>\$3,664,137</u>	<u>\$23,731,939</u>

See accompanying notes to the basic financial statements

City of Independence, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 December 31, 2008*

Total Governmental Funds Balances	\$8,558,640
 <i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	92,630,406
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
Property Taxes	668,817
Municipal Income Taxes	142,327
Intergovernmental	543,213
Payments in Lieu of Taxes	1,274,154
Special Assessments	612,191
Total	3,240,702
Bond Issuance costs are considered deferred charges and will be amortized over the life of the bonds on the statement of net assets.	358,491
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported due.	(196,328)
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.	3,149,625
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
General Obligation Bonds	(26,840,541)
Special Assessment Bonds	(585,926)
OPWC Loan Payable	(37,219)
Police and Fire Pension Liability	(67,291)
Notes Payable	(7,100,000)
OPERS Liability	(184,375)
Claims Payable	(76,319)
Compensated Absences	(683,564)
Total	(35,575,235)
<i>Net Assets of Governmental Activities</i>	\$72,166,301

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, 2008

	General	Quadrant Tax Increment Financing	Capital Improvements	Other Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	\$847,971	\$0	\$0	\$409,245	\$1,257,216
Municipal Income Taxes	23,220,039	0	0	0	23,220,039
Hotel/Motel Taxes	1,150,342	0	0	0	1,150,342
Amusement Taxes	18,027	0	0	0	18,027
Intergovernmental	1,136,668	400,000	0	492,243	2,028,911
Investment Income	130,672	0	22,788	91,884	245,344
Fees, Licenses and Permits	317,985	0	0	373,142	691,127
Fines and Forfeitures	304,009	0	0	74,846	378,855
Charges for Services	3,806	0	0	79,399	83,205
Rentals	254,871	0	0	0	254,871
Special Assessments	0	0	0	54,539	54,539
Payments in Lieu of Taxes	0	770,376	0	0	770,376
Miscellaneous	412,057	0	16,239	295,111	723,407
<i>Total Revenues</i>	<u>27,796,447</u>	<u>1,170,376</u>	<u>39,027</u>	<u>1,870,409</u>	<u>30,876,259</u>
Expenditures					
Current:					
General Government	5,294,631	0	0	61,666	5,356,297
Security of Persons and Property	7,762,685	0	0	687,907	8,450,592
Public Health and Welfare	25,355	0	0	71,442	96,797
Leisure Time Activities	2,798,839	0	0	514,998	3,313,837
Community Environment	2,472,765	0	0	0	2,472,765
Basic Utility Services	552,082	0	0	0	552,082
Transportation	864,976	0	0	1,860,908	2,725,884
Capital Outlay	0	979,650	1,253,805	2,277,970	4,511,425
Debt Service:					
Principal Retirement	0	395,000	630,000	340,248	1,365,248
Principal Retirement - Current Refunding	0	0	300,000	300,000	600,000
Interest and Fiscal Charges	0	580,736	856,885	141,964	1,579,585
<i>Total Expenditures</i>	<u>19,771,333</u>	<u>1,955,386</u>	<u>3,040,690</u>	<u>6,257,103</u>	<u>31,024,512</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>8,025,114</u>	<u>(785,010)</u>	<u>(3,001,663)</u>	<u>(4,386,694)</u>	<u>(148,253)</u>
Other Financing Sources (Uses)					
Sale of Capital Assets	3,936	0	0	0	3,936
Current Refunding	0	0	(5,900,000)	(1,200,000)	(7,100,000)
Refunding Notes Issued	0	0	5,900,000	1,200,000	7,100,000
Transfers In	0	0	3,650,000	4,019,000	7,669,000
Transfers Out	(7,669,000)	0	0	0	(7,669,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(7,665,064)</u>	<u>0</u>	<u>3,650,000</u>	<u>4,019,000</u>	<u>3,936</u>
<i>Net Change in Fund Balances</i>	<u>360,050</u>	<u>(785,010)</u>	<u>648,337</u>	<u>(367,694)</u>	<u>(144,317)</u>
<i>Fund Balances (Deficit)</i>					
<i>Beginning of Year</i>	<u>10,920,268</u>	<u>(6,711,166)</u>	<u>2,622,358</u>	<u>1,871,497</u>	<u>8,702,957</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$11,280,318</u>	<u>(\$7,496,176)</u>	<u>\$3,270,695</u>	<u>\$1,503,803</u>	<u>\$8,558,640</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, 2008*

Net Change in Fund Balances - Total Governmental Funds (\$144,317)

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 outlays exceeded depreciation in the current period.

Capital Outlay	4,499,951	
Depreciation	(3,667,411)	
Total		832,540

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. (36,902)

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

Property Taxes	247,907	
Municipal Income Taxes	(731,793)	
Intergovernmental	28,675	
Payments in Lieu of Taxes	1,110,159	
Special Assessments	(22,050)	
Total		632,898

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

Accrued Interest	132,235	
Amortization of Bond Issuance Costs	(23,760)	
Amortization of Accounting Loss	(5,333)	
Amortization of Bond Premium	58,003	
Total		161,145

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

Compensated Absences	(129,035)	
Claims Payable	177,163	
OPERS Liability	68,302	
Totals		116,430

Repayment of long term obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 9,065,248

Other financing sources, such as refunding notes, in the governmental funds increase long-term liabilities in the statement of net assets. (7,100,000)

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. (62,070)

Change in Net Assets of Governmental Activities \$3,464,972

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, 2008

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
Revenues				
Property Taxes	\$855,477	\$855,477	\$909,900	\$54,423
Municipal Income Taxes	23,000,000	23,000,000	23,020,713	20,713
Hotel/Motel Taxes	952,322	947,568	1,094,812	147,244
Amusement Taxes	15,681	15,603	18,027	2,424
Intergovernmental	1,068,628	1,064,573	1,190,178	125,605
Investment Income	154,276	153,506	177,360	23,854
Fees, Licenses and Permits	272,229	270,870	312,961	42,091
Fines and Forfeitures	245,580	244,354	282,325	37,971
Charges for Services	4,347	4,325	4,997	672
Rentals	226,292	225,163	254,871	29,708
Miscellaneous	321,903	363,296	408,820	45,524
<i>Total Revenues</i>	27,116,735	27,144,735	27,674,964	530,229
Expenditures				
Current:				
General Government	5,827,954	5,965,654	5,811,654	154,000
Security of Persons and Property	7,616,629	7,857,629	7,835,386	22,243
Public Health and Welfare	109,427	32,427	28,984	3,443
Leisure Time Activities	2,798,311	2,893,411	2,817,975	75,436
Community Environment	2,511,133	2,605,231	2,578,527	26,704
Basic Utility Services	649,660	683,360	665,562	17,798
Transportation	976,966	1,031,568	1,018,326	13,242
<i>Total Expenditures</i>	20,490,080	21,069,280	20,756,414	312,866
<i>Excess of Revenues Over Expenditures</i>	6,626,655	6,075,455	6,918,550	843,095
Other Financing Sources (Uses)				
Sale of Capital Assets	0	0	3,936	3,936
Advances In	1,085,000	1,557,000	1,557,000	0
Advances Out	(1,199,500)	(1,435,000)	(1,435,000)	0
Transfers Out	(7,367,000)	(7,669,000)	(7,669,000)	0
<i>Total Other Financing Sources (Uses)</i>	(7,481,500)	(7,547,000)	(7,543,064)	3,936
<i>Net Change in Fund Balance</i>	(854,845)	(1,471,545)	(624,514)	847,031
<i>Fund Balance Beginning of Year</i>	1,163,208	1,163,208	1,163,208	0
Prior Year Encumbrances Appropriated	826,580	826,580	826,580	0
<i>Fund Balance End of Year</i>	\$1,134,943	\$518,243	\$1,365,274	\$847,031

See accompanying notes to the basic financial statements

City of Independence, Ohio

Statement of Fund Net Assets

Internal Service Fund

December 31, 2008

	<u>Insurance</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$3,147,083
Prepaid Items	<u>2,542</u>
<i>Total Assets</i>	<u>3,149,625</u>
Net Assets	
Unrestricted	<u><u>\$3,149,625</u></u>

See accompanying notes to the basic financial statements

City of Independence, Ohio
*Statement of Revenues,
Expenses and Changes in Fund Net Assets
Internal Service Fund
For the Year Ended December 31, 2008*

	Insurance
Operating Revenues	\$0
Operating Expenses	
Contractual Services	9,728
Claims	175,765
<i>Total Operating Expenses</i>	185,493
<i>Operating Loss</i>	(185,493)
Non-Operating Revenues	
Investment Income	123,423
<i>Change in Net Assets</i>	(62,070)
<i>Net Assets Beginning of Year</i>	3,211,695
<i>Net Assets End of Year</i>	\$3,149,625

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, 2008

	Insurance
<i>Increase (Decrease) in Cash and Cash Equivalents</i>	
Cash Flows from Operating Activities	
Cash Payments for Services	(\$9,738)
Cash Payments for Claims	(175,765)
	(185,503)
<i>Net Cash Used in Operating Activities</i>	(185,503)
Cash Flows from Investing Activities	
Interest on Investments	123,423
	123,423
<i>Net Decrease in Cash and Cash Equivalents</i>	(62,080)
<i>Cash and Cash Equivalents Beginning of Year</i>	3,209,163
	3,209,163
<i>Cash and Cash Equivalents End of Year</i>	\$3,147,083
Reconciliation of Operating Loss to Net Cash Used in Operating Activities	
<i>Operating Loss</i>	(\$185,493)
Adjustment:	
Increase in Prepaid Items	(10)
	(10)
<i>Net Cash Used In Operating Activities</i>	(\$185,503)

See accompanying notes to the basic financial statements

City of Independence, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Fund
December 31, 2008

Assets	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$88,641</u></u>
Liabilities	
Deposits Held and Due to Others	<u><u>\$88,641</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, 2008

Note 1 - Reporting Entity

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

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

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

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

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

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

Note 2 - Summary of Significant Accounting Policies

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

A. Basis of Presentation

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

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

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

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

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

B. Fund Accounting

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

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

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

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

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

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

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

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

Internal Service Fund The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The internal service fund reports on the activity of the self-insured general liability program of the City.

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

C. Measurement Focus

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

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

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

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

D. Basis of Accounting

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

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

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

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

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

Property taxes for which there is an enforceable legal claim as of December 31, 2008, but which were levied to finance year 2009 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

E. Budgetary Process

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

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

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

F. 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 2008, investments were limited to STAROhio, federal national mortgage association notes, freddie mac bonds, fannie mae bonds and federal home loan bank notes.

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

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on December 31, 2008.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2008 amounted to \$130,672, which includes \$22,728 assigned from other City funds.

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

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.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2008, 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.

H. Inventory

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

I. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The City was able to estimate the historical cost for the initial reporting of infrastructure by backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of one thousand dollars with the exception of land as land was listed regardless of cost. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

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

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

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

J. Interfund Balances

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

K. 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.

L. Accrued Liabilities and Long-Term Obligations

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

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

M. Fund Balance Reserves

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

N. Net Assets

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

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

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

O. 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.

P. Bond Issuance Costs

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

Q. Deferred Loss on Refunding

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

R. Bond Premiums

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

S. 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. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

T. Extraordinary and Special Items

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

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

U. Estimates

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

Note 3 - Change in Accounting Principles and Restatement of Fund Balance/Net Assets

A. Change in Accounting Principles

For 2008, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations." GASB Statement No. 49 addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effect of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The implementation of this Statement did not result in any change to the City's financial statements.

B. Restatement of Prior Year Net Assets

During 2008, it was determined that the payments in lieu of taxes receivable and the Independence Local School District liability were overstated as of January 1, 2008. It was also determined that deferred revenue was understated as of January 1, 2008. These restatements had the following effect on net assets as they were previously reported.

	Governmental Activities
Net Assets, January 1, 2008	\$84,987,207
Overstatement of Payment in Lieu of Taxes Receivable	(43,569,754)
Understatement of Deferred Revenue	(770,376)
Overstatement of Independence Local School District Long-term Liability	28,054,252
Restated Net Assets, January 1, 2008	\$68,701,329

Note 4 - Budgetary Basis of Accounting

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

- a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

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

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

Net Change in Fund Balance	
	General
GAAP Basis	\$360,050
Net Adjustment for Revenue Accruals	(167,789)
Beginning Fair Value Adjustment for Investments	46,170
Ending Fair Value Adjustment for Investments	(353)
Advances In	1,557,000
Advances Out	(1,435,000)
Net Adjustment for Expenditure Accruals	(514,348)
Beginning Unrecorded Cash	1,277
Ending Unrecorded Cash	424,954
Encumbrances	(896,475)
Budget Basis	(\$624,514)

Note 5 – Accountability and Compliance

A. Accountability

Fund deficits in the quadrant tax increment financing bond retirement fund and the drain water, the rockside woods and the Issue II capital projects funds of \$7,496,176, \$9,414, \$32,490 and \$8,051, respectively, are due to adjustments for accrued liabilities. The general fund is liable for any deficit in these funds and provides transfers when cash is required, rather than when accruals occur.

B. Compliance

The street resurfacing, drain water and rockside woods capital projects funds had original appropriations in excess of estimated resources and carryover balances in the amounts of \$52,887, \$584,338 and \$850, respectively, contrary to Section 5705.39, Ohio Revised Code. This oversight was identified and corrected by year end.

City of Independence, Ohio
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For the Year Ended December 31, 2008

Note 6 - Deposits and Investments

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

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

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

1. Bonds of the State of Ohio;

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

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

Deposits

Custodial Credit Risk Custodial credit risk for deposits is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in possession of an outside party. At year end, \$5,217,756 of the City's bank balance of \$6,346,119 was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the Federal Deposit Insurance Corporation.

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

Investments

As of December 31, 2008, the City had the following investments:

	<u>Fair Value</u>	<u>Average Maturity</u>
STAROhio	\$27,747	55 days
Federal National Mortgage Association Notes	199,560	203 days
Freddie Mac Bonds	506,407	88 days
Fannie Mae Bonds	1,719,222	322 days
Federal Home Loan Bank Notes	720,994	300 days
Total	<u>\$3,173,930</u>	

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.

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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 Bank Notes, Federal National Mortgage Association Notes, Freddie Mac Bonds and Fannie Mae Bonds are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty. The City has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the finance director or qualified trustee.

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

Concentration of Credit Risk The City places no limit on the amount it may invest in any one issuer. The following is the City's allocation as of December 31, 2008:

Investment Issuer	Percentage of Investments
Federal Home Loan Bank Notes	22.72 %
Fannie Mae Bonds	54.17
Freddie Mac Bonds	15.95
Federal National Mortgage Association Notes	6.29

Note 7 – Receivables

Receivables at December 31, 2008, consisted primarily of payments in lieu of taxes, property taxes, municipal income taxes, accounts (billings for user charged services), special assessments, hotel/motel taxes and intergovernmental receivables arising from grants, entitlements and shared revenues.

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

Special assessments expected to be collected in more than one year amount to \$530,000. At December 31, 2008, there was \$51,933 in delinquent special assessments.

A. Property Taxes

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2008 for real and public utility property taxes represents collections of the 2007 taxes. Property tax payments received during 2008 for tangible personal property (other than public utility property) is for 2008 taxes.

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2008 real property taxes are levied after October 1, 2008 on the assessed value as of January 1, 2008, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2008 real property taxes are collected in and intended to finance 2009.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2008 public utility property taxes became a lien December 31, 2007, are levied after October 1, 2008, and are collected in 2009 with real property taxes.

2008 tangible personal property taxes are levied after October 1, 2007, on the value as of December 31, 2007. Collections are made in 2008. Tangible personal property tax assessments are being phased out – the assessment percentage for all property including inventory for 2008 is 6.25 percent. This will be reduced to zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may be annually or semiannually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30; with the remainder payable September 20.

The full tax rate for all City operations for the year ended December 31, 2008 was \$2.80 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2008 property tax receipts were based are as follows:

Real Property:	
Residential/Agricultural	\$247,400,130
Other Real Estate	233,371,680
Public Utility Personal Property	11,424,750
Tangible Personal Property	8,866,450
Total	<u><u>\$501,063,010</u></u>

The County Treasurer collects property tax on behalf of all taxing districts within the County, including the City of Independence. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2008 and for which there is an enforceable legal claim. In the governmental funds, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2008 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while the remainder of the receivable is deferred.

B. 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 2008, the proceeds were allocated entirely to the general fund.

City of Independence, Ohio
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For the Year Ended December 31, 2008

C. Intergovernmental Receivable

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

	Amount
Local Government	\$284,877
Gasoline Excise Tax	144,382
Auto Registration	107,272
Homestead and Rollback	49,921
Competitive Municipal Grant Program	25,000
Permissive Tax	16,250
Public Utility Reimbursement	5,972
Liquor Fees	5,024
Training & Equipment Grant	4,000
Prisoner Housing	2,857
Total Intergovernmental Receivables	\$645,555

D. 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

A. 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 2008, the City contracted with St. Paul Travelers Insurance Agency for various types of insurance as follows:

Type	Coverage	Deductible
Inland Marine		
Contractor's Equipment	\$607,588	\$2,500
Property	44,373,449	10,000
Crime	25,000	1,000
Automobile	1,000,000	1,000

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.

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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, 2008. Changes in the fund's claims liability amount for 2007 and 2008 were:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2007	\$0	\$88,667	\$88,667	\$0
2008	0	175,765	175,765	0

B. Workers' Compensation

The City participates in the State Workers' Compensation retrospective rating and payment system. This plan involves the payment of a minimum premium for administrative services and stop-loss coverage plus the actual claims cost for injured employees in 2008. The maintenance of these benefits is accounted for in the general fund. Incurred but not reported claims of \$76,319 have been accrued as a liability at December 31, 2008, based on an estimate by the City's third party administrator.

The claims liability of \$76,319, reported at December 31, 2008 for workers' compensation is based on the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenditures and does not include other allocated or unallocated claims adjustment expenditures. Changes in claims activity for 2007 and 2008 are as follows:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Change in Workers' Compensation Estimate	Balance at End of Year
2007	\$121,616	\$278,700	\$57,925	(\$88,909)	\$253,482
2008	253,482	24,957	72,269	(129,851)	76,319

Note 9 - Contingencies

A. 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.

B. 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.

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Note 10 – Compensated Absences

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

Note 11 - Capital Assets

Capital asset activity for the year ended December 31, 2008, was as follows:

	Balance 12/31/07	Additions	Reductions	Balance 12/31/08
Governmental Activities:				
Capital Assets, Not Being Depreciated				
Land	\$15,696,861	\$775,000	\$0	\$16,471,861
Construction in progress	18,351	32,781	0	51,132
<i>Total Capital Assets, Not Being Depreciated</i>	<u>15,715,212</u>	<u>807,781</u>	<u>0</u>	<u>16,522,993</u>
Capital Assets, Being Depreciated				
Buildings and Improvements	38,889,628	78,008	0	38,967,636
Machinery and Equipment	3,552,269	274,675	(34,704)	3,792,240
Furniture and Fixtures	1,728,368	5,931	0	1,734,299
Vehicles	5,530,216	922,883	(150,919)	6,302,180
Infrastructure				
Roads	41,316,871	2,366,773	(2,151,005)	41,532,639
Water Lines	5,432,820	0	0	5,432,820
Sanitary Sewers	2,670,596	0	0	2,670,596
Storm Sewers	9,388,296	43,900	0	9,432,196
<i>Total Capital Assets, Being Depreciated</i>	<u>108,509,064</u>	<u>3,692,170</u>	<u>(2,336,628)</u>	<u>109,864,606</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(7,851,477)	(795,638)	0	(8,647,115)
Machinery and Equipment	(2,414,185)	(244,075)	30,979	(2,627,281)
Furniture and Fixtures	(1,342,845)	(80,407)	0	(1,423,252)
Vehicles	(3,526,697)	(391,816)	117,742	(3,800,771)
Infrastructure				
Roads	(13,286,646)	(1,876,676)	2,151,005	(13,012,317)
Water Lines	(881,449)	(54,328)	0	(935,777)
Sanitary Sewers	(527,667)	(35,608)	0	(563,275)
Storm Sewers	(2,558,542)	(188,863)	0	(2,747,405)
<i>Total Accumulated Depreciation</i>	<u>(32,389,508)</u>	<u>(3,667,411) *</u>	<u>2,299,726</u>	<u>(33,757,193)</u>
Total Capital Assets, Being Depreciated, Net	<u>76,119,556</u>	<u>24,759</u>	<u>(36,902)</u>	<u>76,107,413</u>
Governmental Activities Capital Assets, Net	<u>\$91,834,768</u>	<u>\$832,540</u>	<u>(\$36,902)</u>	<u>\$92,630,406</u>

City of Independence, Ohio
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*Depreciation expense was charged to governmental activities as follows:

General Government	\$1,193,621
Security of Persons and Property	289,654
Leisure Time Activities	50,128
Community Environment	37,233
Basic Utility Services	14,980
Transportation	<u>2,081,795</u>
Total	<u><u>\$3,667,411</u></u>

Note 12 - Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

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

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the traditional pension and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2008, members in state and local classifications contributed 10.0 percent of covered payroll and public safety and law enforcement members contributed 10.1 percent.

The City's contribution rate for 2008 was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the City's contribution was 17.4 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The City's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2008, 2007, and 2006 were \$496,492, \$570,788, and \$561,091, respectively; 91.02 percent has been contributed for 2008 and 100 percent for 2007 and 2006. Contributions to the member-directed plan for 2008 were \$28,849 made by the City and \$20,606 made by the plan members.

City of Independence, Ohio
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B. Ohio Police and Fire Pension Fund

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

Funding Policy – Plan members are required to contribute 10.0 percent of their annual covered salary to fund pension obligations. The City’s contribution was 19.5 percent for police officers and 24.0 percent for firefighters. Contribution rates are established by State statute. For 2008, a portion of the City’s contributions equal to 6.75 percent of covered payroll was allocated to fund the post-employment health care plan. The City’s contributions to OP&F for police and firefighters were \$355,338 and \$311,060 for the year ended December 31, 2008, \$339,966 and \$301,069 for the year ended December 31, 2007, and \$295,373 and \$273,641 for the year ended December 31, 2006. 70.84 percent for police and 69.94 percent for firefighters has been contributed for 2008. The full amount has been contributed for 2007 and 2006.

In addition to current contributions, the City pays installments on the accrued liability incurred when the State of Ohio established the statewide pension system for police and fire fighters in 1967. As of December 31, 2008, the unfunded liability of the City was \$67,291 payable in semi-annual payments through the year 2022. This is an accounting liability of the City which will not vary.

C. Social Security System

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

Note 13 - Postemployment Benefits

A. Ohio Public Employees Retirement System

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

To qualify for post-employment health care coverage, age-and-service retirees under the traditional and combined plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not require, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

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

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Funding Policy – The post-employment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). State Statute requires that public employers fund post-employment health care through contributions to OPERS. A portion of each employer’s contribution to the traditional and combined plans is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2008, state and local employers contributed at a rate of 14.0 percent of covered payroll (17.40 percent for public safety and law enforcement). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding post-employment health care benefits. For 2008, the amount of the employer contributions which was allocated to fund post-employment health care was 7.0 percent of covered payroll.

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

The City’s contributions allocated to fund post-employment health care benefits for the years ended December 31, 2008, 2007, and 2006 were \$496,492, \$375,968, \$295,311 respectively, 91.02 percent has been contributed for 2008 and 100 percent for 2007 and 2006.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

B. Ohio Police and Fire Pension Fund

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

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person.

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

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – OP&F’s post-employment health care plan was established and is administered as an Internal Revenue Code 401(h) account within the defined benefit plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees. The Ohio Revised Code sets the contribution rates for participating employers and for plan members to the OP&F. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.50 percent and 24.00 percent of covered payroll for police and fire employers, respectively.

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Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

The Board of Trustees is authorized to allocate a portion of the total employer contributions made to the pension plan to the 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2008, the employer contribution allocated to the health care plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Section 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 contributions to OP&F which were allocated to fund post-employment health care benefits for police and firefighters were \$188,120 and \$121,719 for the year ended December 31, 2008, \$179,982 and \$117,810 for the year ended December 31, 2007, and \$194,821 and \$130,506 for the year ended December 31, 2006. The full amount has been contributed for 2007 and 2006. 70.84 percent has been contributed for police and 69.94 percent has been contributed for firefighters for 2008.

Note 14 – Note Debt

During 2008, the City paid \$600,000 of the outstanding \$8,300,000 in bond anticipation notes and reissued \$7,700,000. The \$7,700,000 liability outstanding at December 31, 2008 will be split with \$7,100,000 presented as a long-term liability and \$600,000 presented as a fund liability in the financial statements.

Types / Issues	Balance 12/31/07	Additions	Deletions	Balance 12/31/08
2007 - 4.50% General Purpose Bond Anticipation Notes	\$600,000	\$0	\$600,000	\$0
2008 - 2.10% General Purpose Bond Anticipation Notes	0	600,000	0	600,000
Total Governmental Funds	<u>\$600,000</u>	<u>\$600,000</u>	<u>\$600,000</u>	<u>\$600,000</u>

The notes are backed by the full faith and credit of the City of Independence and mature within one year. The maturity date for all outstanding notes is April 30, 2009. The note liability is reflected in the funds which received the proceeds. All note proceeds have been fully expended. The notes will be paid from the capital improvement, street resurfacing and drain water capital projects funds.

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

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

Note 15 – Interfund Transactions

A. Interfund Balances

Interfund Payable	Interfund Receivable			Totals
	General	Capital Improvements	Other Governmental Funds	
Quadrant Tax Increment Financing	\$5,758,500	\$1,875,000	\$125,000	\$7,758,500
Other Governmental Funds	85,500	0	0	85,500
Total	\$5,844,000	\$1,875,000	\$125,000	\$7,844,000

The interfund receivables and payables are advances for grant monies and payment in lieu of taxes 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 TIF related balances, are expected to be repaid within one year.

B. Interfund Transfers

The general fund transferred \$7,669,000 to the other governmental funds. This transfer was made to move unrestricted balances to support programs and projects accounted for in other funds.

Note 16 - Long-Term Obligations

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

Debt Issue	Interest Rate	Original Issue Amount	Date of Maturity
General Obligation Bonds			
2003 Civic Center Refunding	2.00-3.00 %	\$2,520,000	December 1, 2011
2003 Shared Facilities Serial	2.00-5.00	15,000,000	December 1, 2022
2003 Northwest Quadrant TIF Serial	2.00-5.00	7,125,000	December 1, 2028
2003 Southwest Quadrant TIF Serial	2.00-5.00	1,675,000	December 1, 2028
2005 Northeast Quadrant TIF Serial	2.00-5.00	5,800,000	December 1, 2030
Special Assessments			
2003 Oaktree Serial	2.00-5.00	700,000	December 1, 2022
Ohio Public Works Commission Loan			
1994 Quarry Road Bridge Project	0.00	335,095	December 1, 2014
Long-Term Notes Payable			
2008 General Purpose	2.10	7,100,000	April 30, 2009
Police and Fire Pension			
	2.12	129,053	November 1, 2022

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

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

	Balance 12/31/07	Additions	Reductions	Balance 12/31/08	Amounts Due in One Year
Governmental Activities					
General Obligation Bonds					
2003 Civic Center Refunding					
Refunding Bonds	\$1,240,000	\$0	(\$300,000)	\$940,000	\$305,000
Unamortized Premium	7,279	0	(1,820)	5,459	0
Unamortized Accounting Loss	(21,334)	0	5,333	(16,001)	0
Total 2003 Civic Center Refunding	1,225,945	0	(296,487)	929,458	305,000
2003 Shared Facilities Serial					
Serial Bonds	12,605,000	0	(630,000)	11,975,000	645,000
Unamortized Premium	592,281	0	(39,485)	552,796	0
Total 2003 Shared Facilities Serial	13,197,281	0	(669,485)	12,527,796	645,000
2003 Northwest Quadrant TIF					
Serial Bonds	6,375,000	0	(195,000)	6,180,000	200,000
Unamortized Premium	156,183	0	(7,437)	148,746	0
Total 2003 Northwest Quadrant TIF	6,531,183	0	(202,437)	6,328,746	200,000
2003 Southwest Quadrant TIF					
Serial Bonds	1,495,000	0	(45,000)	1,450,000	45,000
Unamortized Premium	36,380	0	(1,732)	34,648	0
Total 2003 Southwest Quadrant TIF	1,531,380	0	(46,732)	1,484,648	45,000
2005 Northeast Quadrant TIF					
Serial Bonds	5,600,000	0	(155,000)	5,445,000	155,000
Unamortized Premium	130,570	0	(5,677)	124,893	0
Total 2005 Northeast Quadrant TIF	5,730,570	0	(160,677)	5,569,893	155,000
Total General Obligation Bonds	28,216,359	0	(1,375,818)	26,840,541	1,350,000
Special Assessment Bonds					
2003 Oaktree					
Serial Bonds	590,000	0	(30,000)	560,000	30,000
Unamortized Premium	27,778	0	(1,852)	25,926	0
Total Special Assessment Bonds	617,778	0	(31,852)	585,926	30,000
Other Long-term Obligations					
1994 OPWC Loan - Quarry Road Bridge	43,986	0	(6,767)	37,219	6,767
Notes Payable	7,700,000	7,100,000	(7,700,000)	7,100,000	0
Police and Fire Pension	70,772	0	(3,481)	67,291	3,631
Claim Payable	253,482	24,957	(202,120)	76,319	70,498
OPERS Liability	252,677	0	(68,302)	184,375	69,671
Compensated Absences	554,529	290,627	(161,592)	683,564	169,938
Total Other Long-term Obligations	8,875,446	7,415,584	(8,142,262)	8,148,768	320,505
Total General Long-term Obligations	\$37,709,583	\$7,415,584	(\$9,549,932)	\$35,575,235	\$1,700,505

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

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

The Civic Center Refunding general obligation bonds will be paid from the general bond retirement debt service fund from property taxes. The Shared Facilities Serial general obligation bonds will be paid from the capital improvement capital projects fund from property taxes. The various quadrant tax increment financing (TIF) bonds will be paid from the quadrant tax increment financing debt service fund with payments in lieu of taxes. The Oaktree special assessment bonds will be paid from the Issue II capital projects fund. Special assessment bonds were paid from the proceeds of special assessments levied against benefited property owners. In the event that a property owner would fail to pay the assessment, payment would be made by the City. The OPWC loans will be paid from the street resurfacing capital projects fund. The long-term bond anticipation notes will be paid from the capital improvements and drain water capital project funds.

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

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

The City's overall legal debt margin was \$31,959,397 at December 31, 2008. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2008 are as follows:

	General Obligation Bonds		Special Assessment Bonds		OPWC Loan
	Principal	Interest	Principal	Interest	Principal
2009	\$1,350,000	\$1,132,310	\$30,000	\$25,100	\$6,767
2010	1,405,000	1,075,586	30,000	23,900	6,767
2011	1,440,000	1,044,950	30,000	23,075	6,767
2012	1,150,000	787,050	35,000	22,175	6,767
2013	1,210,000	944,351	35,000	20,725	6,767
2014-2018	6,960,000	3,813,127	200,000	74,975	3,384
2019-2023	7,560,000	2,021,887	200,000	22,813	0
2024-2028	4,175,000	711,187	0	0	0
2029-2030	740,000	47,600	0	0	0
Total	\$25,990,000	\$11,578,048	\$560,000	\$212,763	\$37,219

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

	Police and Fire Pension Loan		OPERS
	Principal	Interest	
2009	\$3,631	\$2,822	\$69,671
2010	3,787	2,666	114,704
2011	3,950	2,503	0
2012	4,119	2,333	0
2013	4,296	2,157	0
2014-2018	24,413	7,850	0
2019-2023	23,095	2,229	0
Total	\$67,291	\$22,560	\$184,375

Note 17 – Jointly Governed Organizations

A. Southwest Council of Governments

The Southwest Council of Governments helps foster cooperation between municipalities in areas affecting health, safety, welfare, education, economic conditions and regional development. The board is comprised of one member from each of the nineteen participating entities. The board exercises total control over the operation of the Council including budgeting, appropriating, contracting and designating management. Budgets are adopted by the Board. Each City’s degree of control is limited to its representation on the board. In 2008, the City contributed \$7,500 which represents 5.2 percent of total contributions.

The Council has established two subsidiary organizations, the Hazardous Material Response Team (“HAZ MAT”) which provides hazardous material protection and assistance and the Southwest Enforcement Bureau which provides extra assistance to cities in the form of a SWAT Team. The Council’s financial statements may be obtained by contacting the Southwest Council of Governments, Parma Heights, Ohio 44130.

B. Northeast Ohio Public Energy Council (NOPEC)

The City is a member of The Northeast Ohio Public Energy Council (NOPEC). NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity. NOPEC is currently comprised of 126 communities who have been authorized by ballot to purchase electricity on behalf of their citizens. The intent of NOPEC is to provide electricity at the lowest possible rates while at the same time insuring 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 2007. Financial information can be obtained by contacting Joseph Migliorini, Board Chairman, 175 South Main Street, Akron, Ohio 44308 or at the website www.nopecinfo.org.

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

Note 18 – Shared Facilities Joint Operating Agreement

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

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

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

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

Note 19 – Subsequent Event

On April 29, 2009, the City reissued the various purpose bond anticipation notes in the amount of \$7,100,000 at a rate of 2.125 percent. The notes matured on April 28, 2010.

On April 27, 2010, the City reissued the various purpose bond anticipation notes in the amount of \$7,700,000 at a rate of 1.875 percent. The notes will mature on April 26, 2011.

**Combining and Individual
Fund Statements and Schedules**

Combining Statements – Non-major Governmental Funds

Non-major Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(continued)

Combining Statements – Non-major Governmental Funds (continued)

Non-major Special Revenue Funds (continued)

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

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

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

Non-major Debt Service Fund

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

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

Non-major Capital Projects Funds

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

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

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

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

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

City of Independence, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2008

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$772,701	\$284,309	\$992,179	\$2,049,189
Accounts Receivable	750	0	0	750
Interfund Receivable	125,000	0	0	125,000
Intergovernmental Receivable	273,253	10,697	0	283,950
Special Assessments Receivable	0	0	612,191	612,191
Property Taxes Receivable	197,686	395,371	0	593,057
<i>Total Assets</i>	<u>\$1,369,390</u>	<u>\$690,377</u>	<u>\$1,604,370</u>	<u>\$3,664,137</u>
Liabilities				
Accounts Payable	\$67,230	\$0	\$8,134	\$75,364
Accrued Wages	13,436	0	0	13,436
Contracts Payable	38,068	0	6,075	44,143
Intergovernmental Payable	172,306	0	0	172,306
Retainage Payable	0	0	25,555	25,555
Accrued Interest Payable	0	0	4,200	4,200
Notes Payable	0	0	300,000	300,000
Interfund Payable	0	0	85,500	85,500
Deferred Revenue	421,571	406,068	612,191	1,439,830
<i>Total Liabilities</i>	<u>712,611</u>	<u>406,068</u>	<u>1,041,655</u>	<u>2,160,334</u>
Fund Balances				
Reserved for Encumbrances	83,368	0	356,389	439,757
Reserved for Long-Term Advances	0	0	0	0
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	573,411	0	0	573,411
Debt Service Fund	0	284,309	0	284,309
Capital Projects Funds (Deficit)	0	0	206,326	206,326
<i>Total Fund Balances</i>	<u>656,779</u>	<u>284,309</u>	<u>562,715</u>	<u>1,503,803</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$1,369,390</u>	<u>\$690,377</u>	<u>\$1,604,370</u>	<u>\$3,664,137</u>

City of Independence, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2008

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Property Taxes	\$143,669	\$265,576	\$0	\$409,245
Intergovernmental	467,076	25,167	0	492,243
Investment Income	0	0	91,884	91,884
Fees, Licenses and Permits	373,142	0	0	373,142
Fines and Forfeitures	74,846	0	0	74,846
Charges for Services	79,399	0	0	79,399
Special Assessments	0	0	54,539	54,539
Miscellaneous	160,455	0	134,656	295,111
<i>Total Revenues</i>	<u>1,298,587</u>	<u>290,743</u>	<u>281,079</u>	<u>1,870,409</u>
Expenditures				
Current:				
General Government	61,666		0	61,666
Security of Persons and Property	687,907	0	0	687,907
Public Health and Welfare	71,442	0	0	71,442
Leisure Time Activities	514,998	0	0	514,998
Transportation	1,860,908	0	0	1,860,908
Capital Outlay	0	0	2,277,970	2,277,970
Debt Service:				
Principal Retirement	3,481	300,000	36,767	340,248
Principal Retirement - Current Refunding	0	0	300,000	300,000
Interest and Fiscal Charges	2,971	32,185	106,808	141,964
<i>Total Expenditures</i>	<u>3,203,373</u>	<u>332,185</u>	<u>2,721,545</u>	<u>6,257,103</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(1,904,786)</u>	<u>(41,442)</u>	<u>(2,440,466)</u>	<u>(4,386,694)</u>
Other Financing Sources (Uses)				
Current Refunding	0	0	(1,200,000)	(1,200,000)
Refunding Notes Issued	0	0	1,200,000	1,200,000
Transfers In	1,844,000	0	2,175,000	4,019,000
<i>Total Other Financing Sources (Uses)</i>	<u>1,844,000</u>	<u>0</u>	<u>2,175,000</u>	<u>4,019,000</u>
<i>Net Change in Fund Balances</i>	(60,786)	(41,442)	(265,466)	(367,694)
<i>Fund Balances Beginning of Year</i>	<u>717,565</u>	<u>325,751</u>	<u>828,181</u>	<u>1,871,497</u>
<i>Fund Balances End of Year</i>	<u><u>\$656,779</u></u>	<u><u>\$284,309</u></u>	<u><u>\$562,715</u></u>	<u><u>\$1,503,803</u></u>

City of Independence, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2008

	State Highway	Motor Vehicle License Tax	Street Construction, Maintenance and Repair	Enforcement and Education
Assets				
Equity in Pooled Cash and Cash Equivalents	\$76,805	\$70,768	\$119,009	\$2,056
Accounts Receivable	0	0	0	250
Interfund Receivable	75,000	50,000	0	0
Intergovernmental Receivable	18,874	16,250	232,780	0
Property Taxes Receivable	0	0	0	0
<i>Total Assets</i>	<u>\$170,679</u>	<u>\$137,018</u>	<u>\$351,789</u>	<u>\$2,306</u>
Liabilities				
Accounts Payable	\$42,500	\$0	\$17,453	\$0
Accrued Wages	0	0	10,988	0
Contracts Payable	0	0	38,068	0
Intergovernmental Payable	0	0	11,237	0
Deferred Revenue	15,329	14,145	189,062	0
<i>Total Liabilities</i>	<u>57,829</u>	<u>14,145</u>	<u>266,808</u>	<u>0</u>
Fund Balances				
Reserved for Encumbrances	0	0	57,462	0
Unreserved, Undesignated	112,850	122,873	27,519	2,306
<i>Total Fund Balances</i>	<u>112,850</u>	<u>122,873</u>	<u>84,981</u>	<u>2,306</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$170,679</u>	<u>\$137,018</u>	<u>\$351,789</u>	<u>\$2,306</u>

<u>Drug Offense</u>	<u>Law Enforcement</u>	<u>Federal Forfeiture</u>	<u>FEMA Grant</u>	<u>Handicap Parking</u>	<u>Friends for Life</u>
\$23,341	\$7,825	\$59,930	\$555	\$2,000	\$2,085
500	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$23,841</u>	<u>\$7,825</u>	<u>\$59,930</u>	<u>\$555</u>	<u>\$2,000</u>	<u>\$2,085</u>
\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
0	0	0	0	0	0
23,841	7,825	59,930	555	2,000	2,085
<u>23,841</u>	<u>7,825</u>	<u>59,930</u>	<u>555</u>	<u>2,000</u>	<u>2,085</u>
<u>\$23,841</u>	<u>\$7,825</u>	<u>\$59,930</u>	<u>\$555</u>	<u>\$2,000</u>	<u>\$2,085</u>

(continued)

City of Independence, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2008

	Twenty- Five and Alive	Home Days	I Can	Tree
Assets				
Equity in Pooled Cash and Cash Equivalents	\$7,826	\$16,750	\$2,370	\$12,609
Accounts Receivable	0	0	0	0
Interfund Receivable	0	0	0	0
Intergovernmental Receivable	0	0	0	0
Property Taxes Receivable	0	0	0	0
<i>Total Assets</i>	<u>\$7,826</u>	<u>\$16,750</u>	<u>\$2,370</u>	<u>\$12,609</u>
Liabilities				
Accounts Payable	\$0	\$0	\$0	\$0
Accrued Wages	0	0	0	0
Contracts Payable	0	0	0	0
Intergovernmental Payable	0	0	0	0
Deferred Revenue	0	0	0	0
<i>Total Liabilities</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances				
Reserved for Encumbrances	953	0	0	11,232
Unreserved, Undesignated	6,873	16,750	2,370	1,377
<i>Total Fund Balances</i>	<u>7,826</u>	<u>16,750</u>	<u>2,370</u>	<u>12,609</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$7,826</u>	<u>\$16,750</u>	<u>\$2,370</u>	<u>\$12,609</u>

<u>Cemetery</u>	<u>Recreation</u>	<u>Police Pension</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$109,649	\$84,771	\$174,352	\$772,701
0	0	0	750
0	0	0	125,000
0	0	5,349	273,253
0	0	197,686	197,686
<u>\$109,649</u>	<u>\$84,771</u>	<u>\$377,387</u>	<u>\$1,369,390</u>
\$0	\$7,277	\$0	\$67,230
840	1,608	0	13,436
0	0	0	38,068
852	1,758	158,459	172,306
0	0	203,035	421,571
<u>1,692</u>	<u>10,643</u>	<u>361,494</u>	<u>712,611</u>
1,000	12,721	0	83,368
106,957	61,407	15,893	573,411
<u>107,957</u>	<u>74,128</u>	<u>15,893</u>	<u>656,779</u>
<u>\$109,649</u>	<u>\$84,771</u>	<u>\$377,387</u>	<u>\$1,369,390</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, 2008

	State Highway	Motor Vehicle License Tax	Street Construction, Maintenance and Repair	Enforcement and Education
Revenues				
Property Taxes	\$0	\$0	\$0	\$0
Intergovernmental	32,709	20,270	403,400	0
Fees, Licenses and Permits	0	0	0	0
Fines and Forfeitures	0	0	0	2,512
Charges for Services	0	0	0	0
Miscellaneous	0	0	48,393	0
<i>Total Revenues</i>	<u>32,709</u>	<u>20,270</u>	<u>451,793</u>	<u>2,512</u>
Expenditures				
Current:				
General Government	0	0	0	0
Security of Persons and Property	0	0	0	9,748
Public Health and Welfare	0	0	0	0
Leisure Time Activities	0	0	0	0
Transportation	50,000	0	1,810,908	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
<i>Total Expenditures</i>	<u>50,000</u>	<u>0</u>	<u>1,810,908</u>	<u>9,748</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(17,291)	20,270	(1,359,115)	(7,236)
Other Financing Sources				
Transfers In	0	0	1,200,000	0
<i>Net Change in Fund Balances</i>	(17,291)	20,270	(159,115)	(7,236)
<i>Fund Balances Beginning of Year</i>	<u>130,141</u>	<u>102,603</u>	<u>244,096</u>	<u>9,542</u>
<i>Fund Balances End of Year</i>	<u>\$112,850</u>	<u>\$122,873</u>	<u>\$84,981</u>	<u>\$2,306</u>

Drug Offense	Law Enforcement	Federal Forfeiture	FEMA Grant	Handicap Parking	Friends for Life
\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0
0	0	0	0	0	0
6,605	7,338	58,391	0	0	0
0	0	0	0	0	0
0	30,491	0	0	2,000	0
6,605	37,829	58,391	0	2,000	0
0	0	0	0	0	0
2,500	69,977	71,897	10,451	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
2,500	69,977	71,897	10,451	0	0
4,105	(32,148)	(13,506)	(10,451)	2,000	0
0	0	0	0	0	0
4,105	(32,148)	(13,506)	(10,451)	2,000	0
19,736	39,973	73,436	11,006	0	2,085
\$23,841	\$7,825	\$59,930	\$555	\$2,000	\$2,085

(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, 2008

	Twenty- Five and Alive	Home Days	I Can	Tree
Revenues				
Property Taxes	\$0	\$0	\$0	\$0
Intergovernmental	0	0	0	0
Fees, Licenses and Permits	0	0	0	0
Fines and Forfeitures	0	0	0	0
Charges for Services	0	0	0	0
Miscellaneous	2,724	72,293	370	0
<i>Total Revenues</i>	<u>2,724</u>	<u>72,293</u>	<u>370</u>	<u>0</u>
Expenditures				
Current:				
General Government	3,230	55,543	0	2,893
Security of Persons and Property	0	0	0	0
Public Health and Welfare	0	0	0	0
Leisure Time Activities	0	0	0	0
Transportation	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
<i>Total Expenditures</i>	<u>3,230</u>	<u>55,543</u>	<u>0</u>	<u>2,893</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(506)	16,750	370	(2,893)
Other Financing Sources				
Transfers In	2,000	0	2,000	0
<i>Net Change in Fund Balances</i>	1,494	16,750	2,370	(2,893)
<i>Fund Balances Beginning of Year</i>	<u>6,332</u>	<u>0</u>	<u>0</u>	<u>15,502</u>
<i>Fund Balances End of Year</i>	<u><u>\$7,826</u></u>	<u><u>\$16,750</u></u>	<u><u>\$2,370</u></u>	<u><u>\$12,609</u></u>

Cemetery	Recreation	Police Pension	Total Nonmajor Special Revenue Funds
\$0	\$0	\$143,669	\$143,669
0	0	10,697	467,076
0	373,142	0	373,142
0	0	0	74,846
79,399	0	0	79,399
0	4,184	0	160,455
<u>79,399</u>	<u>377,326</u>	<u>154,366</u>	<u>1,298,587</u>
0	0	0	61,666
0	0	523,334	687,907
71,442	0	0	71,442
0	514,998	0	514,998
0	0	0	1,860,908
0	0	3,481	3,481
0	0	2,971	2,971
<u>71,442</u>	<u>514,998</u>	<u>529,786</u>	<u>3,203,373</u>
7,957	(137,672)	(375,420)	(1,904,786)
<u>100,000</u>	<u>150,000</u>	<u>390,000</u>	<u>1,844,000</u>
107,957	12,328	14,580	(60,786)
0	61,800	1,313	717,565
<u>\$107,957</u>	<u>\$74,128</u>	<u>\$15,893</u>	<u>\$656,779</u>

City of Independence, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2008

	<u>Street Resurfacing</u>	<u>Drain Water</u>	<u>Rockside Woods</u>
Assets			
Equity in Pooled Cash and			
Cash Equivalents	\$849,648	\$97,572	\$23,010
Interfund Receivable	0	0	0
Special Assessments Receivable	0	0	0
<i>Total Assets</i>	<u>\$849,648</u>	<u>\$97,572</u>	<u>\$23,010</u>
Liabilities			
Accounts Payable	\$8,134	\$0	\$0
Contracts Payable	6,075	0	0
Retainage Payable	19,969	5,586	0
Accrued Interest Payable	2,800	1,400	0
Notes Payable	200,000	100,000	0
Interfund Payable	0	0	55,500
Deferred Revenue	0	0	0
<i>Total Liabilities</i>	<u>236,978</u>	<u>106,986</u>	<u>55,500</u>
Fund Balances			
Reserved for Encumbrances	301,753	54,636	0
Reserved for Long-Term Advances	0	0	0
Unreserved, Undesignated (Deficit)	310,917	(64,050)	(32,490)
<i>Total Fund Balances (Deficit)</i>	<u>612,670</u>	<u>(9,414)</u>	<u>(32,490)</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$849,648</u>	<u>\$97,572</u>	<u>\$23,010</u>

<u>Issue II</u>	<u>Total Nonmajor Capital Projects Funds</u>
\$21,949	\$992,179
0	0
<u>612,191</u>	<u>612,191</u>
<u>\$634,140</u>	<u>\$1,604,370</u>
\$0	\$8,134
0	6,075
0	25,555
0	4,200
0	300,000
30,000	85,500
<u>612,191</u>	<u>612,191</u>
<u>642,191</u>	<u>1,041,655</u>
0	356,389
0	0
<u>(8,051)</u>	<u>206,326</u>
<u>(8,051)</u>	<u>562,715</u>
<u>\$634,140</u>	<u>\$1,604,370</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, 2008

	<u>Street Resurfacing</u>	<u>Drain Water</u>	<u>Rockside Woods</u>
Revenues			
Investment Income	\$88,075	\$3,809	\$0
Special Assessments	0	0	32,489
Miscellaneous	134,656	0	0
<i>Total Revenues</i>	<u>222,731</u>	<u>3,809</u>	<u>32,489</u>
Expenditures			
Capital Outlay	2,090,014	187,424	314
Debt Service:			
Principal Retirement	6,767	0	0
Principal Retirement - Current Refunding	200,000	100,000	0
Interest and Fiscal Charges	15,469	65,594	0
<i>Total Expenditures</i>	<u>2,312,250</u>	<u>353,018</u>	<u>314</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(2,089,519)</u>	<u>(349,209)</u>	<u>32,175</u>
Other Financing Sources (Uses)			
Current Refunding	0	(1,200,000)	0
Refunding Notes Issued	0	1,200,000	0
Transfers In	1,800,000	375,000	0
<i>Total Other Financing Sources (Uses)</i>	<u>1,800,000</u>	<u>375,000</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(289,519)	25,791	32,175
<i>Fund Balances (Deficit)</i>			
<i>Beginning of Year</i>	<u>902,189</u>	<u>(35,205)</u>	<u>(64,665)</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>\$612,670</u></u>	<u><u>(\$9,414)</u></u>	<u><u>(\$32,490)</u></u>

Issue II	Total Nonmajor Capital Projects Funds
\$0	\$91,884
22,050	54,539
<u>0</u>	<u>134,656</u>
<u>22,050</u>	<u>281,079</u>
218	2,277,970
30,000	36,767
0	300,000
<u>25,745</u>	<u>106,808</u>
<u>55,963</u>	<u>2,721,545</u>
<u>(33,913)</u>	<u>(2,440,466)</u>
0	(1,200,000)
0	1,200,000
<u>0</u>	<u>2,175,000</u>
<u>0</u>	<u>2,175,000</u>
(33,913)	(265,466)
<u>25,862</u>	<u>828,181</u>
<u>(\$8,051)</u>	<u>\$562,715</u>

Fiduciary Fund

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

Agency Fund

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

City of Independence, Ohio
Statement of Changes in Assets and Liabilities
Agency Fund
For the Year Ended December 31, 2008

	Beginning Balance <u>12/31/07</u>	<u>Additions</u>	<u>Deductions</u>	Ending Balance <u>12/31/08</u>
<i>Deposits and Fees</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	<u>\$158,511</u>	<u>\$96,385</u>	<u>\$166,255</u>	<u>\$88,641</u>
Liabilities				
Deposits Held and Due to Others	<u>\$158,511</u>	<u>\$96,385</u>	<u>\$166,255</u>	<u>\$88,641</u>

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

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$855,477	\$855,477	\$909,900	\$54,423
Municipal Income Taxes	23,000,000	23,000,000	23,020,713	20,713
Hotel/Motel Taxes	952,322	947,568	1,094,812	147,244
Amusement Taxes	15,681	15,603	18,027	2,424
Intergovernmental	1,068,628	1,064,573	1,190,178	125,605
Investment Income	154,276	153,506	177,360	23,854
Fees, Licenses and Permits	272,229	270,870	312,961	42,091
Fines and Forfeitures	245,580	244,354	282,325	37,971
Charges for Services	4,347	4,325	4,997	672
Rentals	226,292	225,163	254,871	29,708
Miscellaneous	321,903	363,296	408,820	45,524
<i>Total Revenues</i>	27,116,735	27,144,735	27,674,964	530,229
Expenditures				
Current:				
General Government:				
Legislative and Executive:				
Mayor:				
Salaries and Wages	305,500	331,100	329,147	1,953
Benefits	118,700	102,300	101,826	474
Other	44,537	44,537	30,186	14,351
Total Mayor	468,737	477,937	461,159	16,778
Finance Department:				
Salaries and Wages	294,600	316,100	312,861	3,239
Benefits	100,500	100,500	100,242	258
Other	25,070	25,070	18,691	6,379
Total Finance Department	420,170	441,670	431,794	9,876
Council:				
Salaries and Wages	169,600	160,600	159,981	619
Benefits	128,200	146,200	145,214	986
Other	13,789	18,789	13,497	5,292
Total Council	311,589	325,589	318,692	6,897
Law Director:				
Salaries and Wages	54,100	1,200	0	1,200
Benefits	7,200	700	550	150
Other	223,901	223,001	216,536	6,465
Total Law Director	\$285,201	\$224,901	\$217,086	\$7,815

(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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Other:				
Salaries and Wages	\$94,800	\$101,800	\$101,636	\$164
Benefits	174,600	172,200	171,125	1,075
Insurance	410,241	401,541	394,607	6,934
Professional Fees	649,584	659,584	647,464	12,120
Other	1,394,488	1,483,388	1,482,437	951
Total Other	2,723,713	2,818,513	2,797,269	21,244
Court:				
Salaries and Wages	138,600	144,100	143,698	402
Benefits	57,900	58,600	58,090	510
Other	131,983	131,983	84,241	47,742
Total Court	328,483	334,683	286,029	48,654
Service Administration:				
Salaries and Wages	392,900	404,900	397,164	7,736
Benefits	143,922	149,222	146,361	2,861
Other	18,239	18,239	16,268	1,971
Total Service Administration	555,061	572,361	559,793	12,568
Income Tax Collection:				
Other	650,000	700,000	676,756	23,244
Inaugural Ball				
Other	85,000	70,000	63,076	6,924
Total General Government	5,827,954	5,965,654	5,811,654	154,000
Security of Persons and Property:				
Police:				
Salaries and Wages	3,583,700	3,667,700	3,665,712	1,988
Benefits	827,342	857,842	849,825	8,017
Other	314,821	359,721	358,266	1,455
Total Police	4,725,863	4,885,263	4,873,803	11,460
Fire:				
Salaries and Wages	1,839,600	1,907,200	1,901,064	6,136
Benefits	812,300	815,700	814,329	1,371
Other	238,866	249,466	246,190	3,276
Total Fire	2,890,766	2,972,366	2,961,583	10,783
Total Security of Persons and Property	\$7,616,629	\$7,857,629	\$7,835,386	\$22,243

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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Public Health and Welfare:				
Cemetary:				
Salaries and Wages	\$56,300	\$13,300	\$10,853	\$2,447
Benefits	22,600	3,600	3,163	437
Other	30,527	15,527	14,968	559
Total Public Health and Welfare	109,427	32,427	28,984	3,443
Leisure Time Activities:				
Parks and Playgrounds:				
Salaries and Wages	152,300	189,300	187,117	2,183
Benefits	37,630	53,008	53,008	0
Other	117,390	113,612	97,633	15,979
Total Parks and Playgrounds	307,320	355,920	337,758	18,162
Pools:				
Salaries and Wages	290,800	297,300	296,716	584
Benefits	44,000	58,500	49,694	8,806
Other	50,508	54,508	50,778	3,730
Total Pools	385,308	410,308	397,188	13,120
Little Theatre:				
Other	4,900	4,900	0	4,900
Arts Council:				
Other	7,000	7,000	7,000	0
Golden Agers:				
Other	20,000	20,000	20,000	0
July 4th Celebration:				
Other	25,000	25,000	25,000	0
Concession Stand:				
Salaries and Wages	34,800	38,600	32,932	5,668
Other	41,700	41,700	39,801	1,899
Total Concession Stand	76,500	80,300	72,733	7,567
Field House:				
Salaries and Wages	59,300	60,300	59,817	483
Benefits	23,500	22,400	22,206	194
Other	34,339	34,339	28,736	5,603
Total Field House	\$117,139	\$117,039	\$110,759	\$6,280

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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Administration:				
Salaries and Wages	\$531,700	\$555,200	\$551,583	\$3,617
Benefits	186,500	184,500	184,223	277
Other	7,433	7,433	1,288	6,145
Total Administration	725,633	747,133	737,094	10,039
Civic Center:				
Salaries and Wages	695,700	713,700	708,057	5,643
Benefits	244,499	244,099	242,931	1,168
Other	185,312	162,012	153,512	8,500
Total Civic Center	1,125,511	1,119,811	1,104,500	15,311
Civic Center Recreation:				
Other	4,000	6,000	5,943	57
Total Leisure Time Activities	2,798,311	2,893,411	2,817,975	75,436
Community Environment:				
Building and Lands:				
Salaries and Wages	309,300	349,300	349,252	48
Benefits	96,700	101,200	100,977	223
Other	522,385	551,885	550,580	1,305
Total Building and Lands	928,385	1,002,385	1,000,809	1,576
Technical Services:				
Salaries and Wages	477,900	474,900	473,144	1,756
Benefits	169,902	163,902	159,162	4,740
Other	353,756	368,756	365,442	3,314
Total Technical Services	1,001,558	1,007,558	997,748	9,810
Building Department:				
Salaries and Wages	320,700	323,200	323,026	174
Benefits	131,000	126,900	126,694	206
Other	76,474	79,974	74,798	5,176
Total Building Department	\$528,174	\$530,074	\$524,518	\$5,556

(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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Planning Commission:				
Salaries and Wages	\$8,400	\$8,400	\$6,577	\$1,823
Benefits	6,616	7,814	7,150	664
Total Planning Commission	15,016	16,214	13,727	2,487
Architect Board:				
Salaries and Wages	18,000	18,000	15,476	2,524
Zoning Board of Appeals:				
Salaries and Wages	8,800	8,800	8,504	296
Civil Service:				
Salaries and Wages	11,200	22,200	17,745	4,455
Total Community Environment	2,511,133	2,605,231	2,578,527	26,704
Basic Utility Services				
Rubbish:				
Salaries and Wages	92,200	74,700	74,265	435
Benefits	11,800	10,800	10,707	93
Other	217,822	257,822	254,683	3,139
Total Rubbish	321,822	343,322	339,655	3,667
Sewer/Water Control:				
Salaries and Wages	222,800	211,800	204,065	7,735
Benefits	81,000	74,200	72,668	1,532
Other	24,038	54,038	49,174	4,864
Total Sewer/Water Control	327,838	340,038	325,907	14,131
Total Basic Utility Services	649,660	683,360	665,562	17,798
Transportation:				
Equipment and Motor Pool				
Salaries and Wages	356,300	348,800	340,994	7,806
Benefits	104,100	101,200	101,081	119
Other	516,566	581,568	576,251	5,317
Total Transportation	976,966	1,031,568	1,018,326	13,242
Total Expenditures	20,490,080	21,069,280	20,756,414	312,866
Excess of Revenues Over Expenditures	\$6,626,655	\$6,075,455	\$6,918,550	\$843,095

(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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Other Financing Sources (Uses)				
Sale of Capital Assets	\$0	\$0	\$3,936	\$3,936
Avances In	1,085,000	1,557,000	1,557,000	0
Advances Out	(1,199,500)	(1,435,000)	(1,435,000)	0
Transfers Out	(7,367,000)	(7,669,000)	(7,669,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(7,481,500)</u>	<u>(7,547,000)</u>	<u>(7,543,064)</u>	<u>3,936</u>
<i>Net Change in Fund Balance</i>	(854,845)	(1,471,545)	(624,514)	847,031
<i>Fund Balance Beginning of Year</i>	1,163,208	1,163,208	1,163,208	0
Prior Year Encumbrances Appropriated	<u>826,580</u>	<u>826,580</u>	<u>826,580</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$1,134,943</u></u>	<u><u>\$518,243</u></u>	<u><u>\$1,365,274</u></u>	<u><u>\$847,031</u></u>

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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$200,000	\$625,000	\$400,000	(\$225,000)
Payments in Lieu of Taxes	680,000	588,000	770,376	182,376
<i>Total Revenues</i>	<u>880,000</u>	<u>1,213,000</u>	<u>1,170,376</u>	<u>(42,624)</u>
Expenditures				
Capital Outlay:				
Capital Outlay	865,620	1,108,284	1,035,067	73,217
Debt Service:				
Principal Retirement	395,000	395,000	395,000	0
Interest and Fiscal Charges	581,400	580,736	580,736	0
<i>Total Debt Service</i>	<u>976,400</u>	<u>975,736</u>	<u>975,736</u>	<u>0</u>
<i>Total Expenditures</i>	<u>1,842,020</u>	<u>2,084,020</u>	<u>2,010,803</u>	<u>73,217</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(962,020)</u>	<u>(871,020)</u>	<u>(840,427)</u>	<u>30,593</u>
Other Financing Sources (Uses)				
Advances In	1,200,000	1,405,000	1,405,000	0
Advances Out	(170,000)	(707,500)	(707,500)	0
<i>Total Other Financing Sources (Uses)</i>	<u>1,030,000</u>	<u>697,500</u>	<u>697,500</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	67,980	(173,520)	(142,927)	30,593
<i>Fund Balance Beginning of Year</i>	203,815	203,815	203,815	0
Prior Year Encumbrances Appropriated	146,020	146,020	146,020	0
<i>Fund Balance End of Year</i>	<u><u>\$417,815</u></u>	<u><u>\$176,315</u></u>	<u><u>\$206,908</u></u>	<u><u>\$30,593</u></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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$30,000	\$32,500	\$34,999	\$2,499
Expenditures				
Current:				
Transportation:				
Streets, Sidewalks, and Maintenance:				
Other	5,000	75,000	50,000	25,000
<i>Excess of Revenues Over (Under) Expenditures</i>	25,000	(42,500)	(15,001)	27,499
Other Financing Sources				
Advances In	0	25,000	25,000	0
<i>Net Change in Fund Balance</i>	25,000	(17,500)	9,999	27,499
<i>Fund Balance Beginning of Year</i>	87,155	87,155	87,155	0
<i>Fund Balance End of Year</i>	<u>\$112,155</u>	<u>\$69,655</u>	<u>\$97,154</u>	<u>\$27,499</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, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$25,000	\$25,000	\$21,337	(\$3,663)
Expenditures				
Current:				
Transportation:				
Streets, Sidewalks, and Maintenance:				
Other	5,000	5,000	0	5,000
<i>Excess of Revenues Over Expenditures</i>	20,000	20,000	21,337	1,337
Other Financing Sources				
Advances In	0	40,000	40,000	0
<i>Net Change in Fund Balance</i>	20,000	60,000	61,337	1,337
<i>Fund Balance Beginning of Year</i>	9,431	9,431	9,431	0
<i>Fund Balance End of Year</i>	<u>\$29,431</u>	<u>\$69,431</u>	<u>\$70,768</u>	<u>\$1,337</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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$450,000	\$450,000	\$431,657	(\$18,343)
Miscellaneous	0	0	48,393	48,393
<i>Total Revenues</i>	450,000	450,000	480,050	30,050
Expenditures				
Current:				
Transportation:				
Streets, Sidewalks, and Maintenance:				
Salaries and Wages	718,654	800,700	800,287	413
Benefits	225,550	251,300	250,860	440
Other	789,855	880,059	879,722	337
<i>Total Expenditures</i>	1,734,059	1,932,059	1,930,869	1,190
<i>Excess of Revenues Under Expenditures</i>	(1,284,059)	(1,482,059)	(1,450,819)	31,240
Other Financing Sources				
Transfers In	1,100,000	1,200,000	1,200,000	0
<i>Net Change in Fund Balance</i>	(184,059)	(282,059)	(250,819)	31,240
<i>Fund Balance Beginning of Year</i>	132,006	132,006	132,006	0
Prior Year Encumbrances Appropriated	176,559	176,559	176,559	0
<i>Fund Balance End of Year</i>	\$124,506	\$26,506	\$57,746	\$31,240

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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeitures	\$2,500	\$2,500	\$2,322	(\$178)
Expenditures				
Current:				
Security of Persons and Property:				
Police Department:				
Other	10,000	10,000	9,749	251
<i>Net Change in Fund Balance</i>	(7,500)	(7,500)	(7,427)	73
<i>Fund Balance Beginning of Year</i>	9,483	9,483	9,483	0
<i>Fund Balance End of Year</i>	<u>\$1,983</u>	<u>\$1,983</u>	<u>\$2,056</u>	<u>\$73</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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeitures	\$2,500	\$2,500	\$6,105	\$3,605
Expenditures				
Current:				
Security of Persons and Property:				
Police Department:				
Other	2,500	2,500	2,500	0
<i>Net Change in Fund Balance</i>	0	0	3,605	3,605
<i>Fund Balance Beginning of Year</i>	19,736	19,736	19,736	0
<i>Fund Balance End of Year</i>	<u>\$19,736</u>	<u>\$19,736</u>	<u>\$23,341</u>	<u>\$3,605</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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeitures	\$25,000	\$55,000	\$7,338	(\$47,662)
Miscellaneous	0	0	30,491	30,491
<i>Total Revenues</i>	25,000	55,000	37,829	(17,171)
Expenditures				
Current:				
Security of Persons and Property:				
Police Department:				
Other	47,200	77,200	69,977	7,223
<i>Net Change in Fund Balance</i>	(22,200)	(22,200)	(32,148)	(9,948)
<i>Fund Balance Beginning of Year</i>	21,973	21,973	21,973	0
Prior Year Encumbrances Appropriated	18,000	18,000	18,000	0
<i>Fund Balance End of Year</i>	<u>\$17,773</u>	<u>\$17,773</u>	<u>\$7,825</u>	<u>(\$9,948)</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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeitures	\$50,000	\$50,000	\$58,391	\$8,391
Expenditures				
Current:				
Security of Persons and Property:				
Police Department:				
Other	80,368	78,868	75,795	3,073
<i>Net Change in Fund Balance</i>	(30,368)	(28,868)	(17,404)	11,464
<i>Fund Balance Beginning of Year</i>	46,966	46,966	46,966	0
Prior Year Encumbrances Appropriated	30,368	30,368	30,368	0
<i>Fund Balance End of Year</i>	<u>\$46,966</u>	<u>\$48,466</u>	<u>\$59,930</u>	<u>\$11,464</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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Miscellaneous	\$100	\$0	\$0	\$0
Expenditures				
Current:				
Security of Persons and Property:				
Fire Department:				
Other	4,471	14,871	14,822	49
<i>Net Change in Fund Balance</i>	(4,371)	(14,871)	(14,822)	49
<i>Fund Balance Beginning of Year</i>	11,006	11,006	11,006	0
Prior Year Encumbrances Appropriated	4,371	4,371	4,371	0
<i>Fund Balance End of Year</i>	<u>\$11,006</u>	<u>\$506</u>	<u>\$555</u>	<u>\$49</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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Miscellaneous	\$1,000	\$1,000	\$2,000	\$1,000
Expenditures				
Current:				
General Government:				
Other General Government:				
Other	1,000	1,000	0	1,000
<i>Net Change in Fund Balance</i>	0	0	2,000	2,000
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$2,000	\$2,000

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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Miscellaneous	\$2,000	\$0	\$0	\$0
Expenditures				
Current:				
General Government:				
Other General Government:				
Other	2,000	0	0	0
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	2,085	2,085	2,085	0
<i>Fund Balance End of Year</i>	<u>\$2,085</u>	<u>\$2,085</u>	<u>\$2,085</u>	<u>\$0</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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Miscellaneous	\$2,500	\$2,500	\$2,724	\$224
Expenditures				
Current:				
General Government:				
Other General Government:				
Other	3,125	7,125	4,183	2,942
<i>Excess of Revenues Under Expenditures</i>	(625)	(4,625)	(1,459)	3,166
Other Financing Sources				
Transfers In	2,000	2,000	2,000	0
<i>Net Change in Fund Balance</i>	1,375	(2,625)	541	3,166
<i>Fund Balance Beginning of Year</i>	6,207	6,207	6,207	0
Prior Year Encumbrances Appropriated	125	125	125	0
<i>Fund Balance End of Year</i>	<u>\$7,707</u>	<u>\$3,707</u>	<u>\$6,873</u>	<u>\$3,166</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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Miscellaneous	\$50,000	\$70,000	\$72,293	\$2,293
Expenditures				
Current:				
General Government:				
Other General Government:				
Other	25,000	60,000	55,543	4,457
<i>Net Change in Fund Balance</i>	25,000	10,000	16,750	6,750
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	<u>\$25,000</u>	<u>\$10,000</u>	<u>\$16,750</u>	<u>\$6,750</u>

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
I Can Fund
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Miscellaneous	\$500	\$500	\$370	(\$130)
Expenditures				
Current:				
General Government:				
Other General Government:				
Other	500	500	0	500
<i>Excess of Revenues Over Expenditures</i>	0	0	370	370
Other Financing Sources				
Transfers In	2,000	2,000	2,000	0
<i>Net Change in Fund Balance</i>	2,000	2,000	2,370	370
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	<u>\$2,000</u>	<u>\$2,000</u>	<u>\$2,370</u>	<u>\$370</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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Miscellaneous	\$3,000	\$0	\$0	\$0
Expenditures				
Current:				
General Government:				
Other General Government:				
Other	4,625	14,125	14,125	0
<i>Net Change in Fund Balance</i>	(1,625)	(14,125)	(14,125)	0
<i>Fund Balance Beginning of Year</i>	13,377	13,377	13,377	0
Prior Year Encumbrances Appropriated	2,125	2,125	2,125	0
<i>Fund Balance End of Year</i>	<u>\$13,877</u>	<u>\$1,377</u>	<u>\$1,377</u>	<u>\$0</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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$70,000	\$75,000	\$79,399	\$4,399
Expenditures				
Current:				
Public Health and Welfare:				
Cemetery:				
Other	100,000	75,000	67,819	7,181
<i>Excess of Revenues Over (Under) Expenditures</i>	(30,000)	0	11,580	11,580
Other Financing Sources				
Transfers In	100,000	100,000	100,000	0
<i>Net Change in Fund Balance</i>	70,000	100,000	111,580	11,580
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	<u>\$70,000</u>	<u>\$100,000</u>	<u>\$111,580</u>	<u>\$11,580</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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fees, Licenses and Permits	\$350,000	\$380,000	\$373,142	(\$6,858)
Miscellaneous	0	0	4,184	4,184
<i>Total Revenues</i>	350,000	380,000	377,326	(2,674)
Expenditures				
Current:				
Leisure Time Activities				
Recreation:				
Other	477,877	552,877	526,572	26,305
<i>Excess of Revenues Under Expenditures</i>	(127,877)	(172,877)	(149,246)	23,631
Other Financing Sources				
Transfers In	150,000	150,000	150,000	0
<i>Net Change in Fund Balance</i>	22,123	(22,877)	754	23,631
<i>Fund Balance Beginning of Year</i>	45,639	45,639	45,639	0
Prior Year Encumbrances Appropriated	22,877	22,877	22,877	0
<i>Fund Balance End of Year</i>	<u>\$90,639</u>	<u>\$45,639</u>	<u>\$69,270</u>	<u>\$23,631</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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$135,075	\$135,075	\$143,669	\$8,594
Intergovernmental	10,697	10,697	10,697	0
<i>Total Revenues</i>	145,772	145,772	154,366	8,594
Expenditures				
Current:				
Security of Persons and Property:				
Police Department:				
Other	525,000	550,000	547,042	2,958
<i>Excess of Revenues Under Expenditures</i>	(379,228)	(404,228)	(392,676)	11,552
Other Financing Sources				
Transfers In	390,000	390,000	390,000	0
<i>Net Change in Fund Balance</i>	10,772	(14,228)	(2,676)	11,552
<i>Fund Balance Beginning of Year</i>	177,029	177,029	177,029	0
<i>Fund Balance End of Year</i>	<u>\$187,801</u>	<u>\$162,801</u>	<u>\$174,353</u>	<u>\$11,552</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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$270,151	\$270,151	\$265,576	(\$4,575)
Intergovernmental	21,395	21,395	25,167	3,772
<i>Total Revenues</i>	291,546	291,546	290,743	(803)
Expenditures				
Debt Service:				
Principal Retirement	300,000	300,000	300,000	0
Interest and Fiscal Charges	37,200	37,200	32,185	5,015
<i>Total Expenditures</i>	337,200	337,200	332,185	5,015
<i>Net Change in Fund Balance</i>	(45,654)	(45,654)	(41,442)	4,212
<i>Fund Balance Beginning of Year</i>	325,751	325,751	325,751	0
<i>Fund Balance End of Year</i>	\$280,097	\$280,097	\$284,309	\$4,212

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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Investment Income	\$0	\$0	\$22,788	\$22,788
Miscellaneous	50,000	50,000	16,239	(33,761)
<i>Total Revenues</i>	50,000	50,000	39,027	(10,973)
Expenditures				
Capital Outlay:				
Capital Outlay	2,652,507	2,907,507	2,903,174	4,333
Debt Service:				
Principal Retirement	7,130,000	7,130,000	7,130,000	0
Interest and Fiscal Charges	864,700	864,700	861,610	3,090
<i>Total Debt Service</i>	7,994,700	7,994,700	7,991,610	3,090
<i>Total Expenditures</i>	10,647,207	10,902,207	10,894,784	7,423
<i>Excess of Revenues</i>				
<i> Under Expenditures</i>	(10,597,207)	(10,852,207)	(10,855,757)	(3,550)
Other Financing Sources				
General Obligation Notes Issued	6,200,000	6,200,000	6,200,000	0
Transfers In	3,400,000	3,650,000	3,650,000	0
<i>Total Other Financing Sources</i>	9,600,000	9,850,000	9,850,000	0
<i>Net Change in Fund Balance</i>	(997,207)	(1,002,207)	(1,005,757)	(3,550)
<i>Fund Balance Beginning of Year</i>	143,442	143,442	143,442	0
Prior Year Encumbrances Appropriated	927,507	927,507	927,507	0
<i>Fund Balance End of Year</i>	\$73,742	\$68,742	\$65,192	(\$3,550)

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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Investment Income	\$0	\$0	\$88,075	\$88,075
Miscellaneous	50,000	825,000	134,656	(690,344)
<i>Total Revenues</i>	50,000	825,000	222,731	(602,269)
Expenditures				
Capital Outlay:				
Capital Outlay	4,104,278	4,379,278	3,490,650	888,628
Debt Service:				
Principal Retirement	406,800	406,800	406,767	33
Interest and Fiscal Charges	18,800	18,800	18,619	181
<i>Total Debt Service</i>	425,600	425,600	425,386	214
<i>Total Expenditures</i>	4,529,878	4,804,878	3,916,036	888,842
<i>Excess of Revenues Under Expenditures</i>	(4,479,878)	(3,979,878)	(3,693,305)	286,573
Other Financing Sources (Uses)				
General Obligation Notes Issued	200,000	200,000	200,000	0
Advances Out	(900,000)	(900,000)	(900,000)	0
Transfers In	2,000,000	1,800,000	1,800,000	0
<i>Total Other Financing Sources (Uses)</i>	1,300,000	1,100,000	1,100,000	0
<i>Net Change in Fund Balance</i>	(3,179,878)	(2,879,878)	(2,593,305)	286,573
<i>Fund Balance Beginning of Year</i>	372,713	372,713	372,713	0
Prior Year Encumbrances Appropriated	2,754,278	2,754,278	2,754,278	0
<i>Fund Balance (Deficit) End of Year</i>	(\$52,887)	\$247,113	\$533,686	\$286,573

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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Investment Income	\$50,000	\$50,000	\$3,809	(\$46,191)
Expenditures				
Capital Outlay:				
Capital Outlay	326,001	326,001	313,367	12,634
Debt Service:				
Principal Retirement	1,400,000	1,400,000	1,400,000	0
Interest and Fiscal Charges	67,800	67,800	67,169	631
Total Debt Service	1,467,800	1,467,800	1,467,169	631
<i>Total Expenditures</i>	1,793,801	1,793,801	1,780,536	13,265
<i>Excess of Revenues Under Expenditures</i>	(1,743,801)	(1,743,801)	(1,776,727)	(32,926)
Other Financing Sources				
General Obligation Notes Issued	1,300,000	1,300,000	1,300,000	0
Transfers In	325,000	375,000	375,000	0
<i>Total Other Financing Sources</i>	1,625,000	1,675,000	1,675,000	0
<i>Net Change in Fund Balance</i>	(118,801)	(68,801)	(101,727)	(32,926)
<i>Fund Balance Beginning of Year</i>	18,662	18,662	18,662	0
Prior Year Encumbrances Appropriated	126,001	126,001	126,001	0
<i>Fund Balance (Deficit) End of Year</i>	\$25,862	\$75,862	\$42,936	(\$32,926)

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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Special Assessments	\$15,000	\$32,000	\$32,489	\$489
Expenditures				
Capital Outlay:				
Capital Outlay	6,185	5,785	314	5,471
<i>Excess of Revenues Over Expenditures</i>	8,815	26,215	32,175	5,960
Other Financing Uses				
Advances Out	(15,000)	(14,500)	(14,500)	0
<i>Net Change in Fund Balance</i>	(6,185)	11,715	17,675	5,960
<i>Fund Balance Beginning of Year</i>	150	150	150	0
Prior Year Encumbrances Appropriated	5,185	5,185	5,185	0
<i>Fund Balance (Deficit) End of Year</i>	(\$850)	\$17,050	\$23,010	\$5,960

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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Special Assessments	\$25,800	\$25,800	\$22,050	(\$3,750)
Expenditures				
Capital Outlay:				
Capital Outlay	1,000	1,000	218	782
Debt Service:				
Principal Retirement	30,000	30,000	30,000	0
Interest and Fiscal Charges	25,800	25,800	25,745	55
Total Debt Service	55,800	55,800	55,745	55
<i>Total Expenditures</i>	56,800	56,800	55,963	837
<i>Excess of Revenues</i> <i>Under Expenditures</i>	(31,000)	(31,000)	(33,913)	(2,913)
Other Financing Sources				
Advances In	30,000	30,000	30,000	0
<i>Net Change in Fund Balance</i>	(1,000)	(1,000)	(3,913)	(2,913)
<i>Fund Balance Beginning of Year</i>	25,862	25,862	25,862	0
<i>Fund Balance End of Year</i>	\$24,862	\$24,862	\$21,949	(\$2,913)

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, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment Income	\$150,000	\$150,000	\$133,591	(\$16,409)
Expenses				
Contractual Services	9,738	9,738	9,738	0
Claims	100,413	320,413	187,505	132,908
<i>Total Expenses</i>	<u>110,151</u>	<u>330,151</u>	<u>197,243</u>	<u>132,908</u>
<i>Net Change in Fund Equity</i>	39,849	(180,151)	(63,652)	116,499
<i>Fund Equity Beginning of Year</i>	3,173,223	3,173,223	3,173,223	0
Prior Year Encumbrances Appropriated	<u>10,151</u>	<u>10,151</u>	<u>10,151</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u><u>\$3,223,223</u></u>	<u><u>\$3,003,223</u></u>	<u><u>\$3,119,722</u></u>	<u><u>\$116,499</u></u>

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Statistical Section

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

Contents	Pages(s)
<i>Financial Trends</i>	<i>S2 – S9</i>
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
<i>Revenue Capacity</i>	<i>S10 – S18</i>
These schedules contain information to help the reader assess the City's most significant local revenue sources, the property tax and the municipal income tax.	
<i>Debt Capacity</i>	<i>S19 – S24</i>
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
<i>Economic and Demographic Information</i>	<i>S26 – S27</i>
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	
<i>Operating Information</i>	<i>S28 – S35</i>
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

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

City of Independence, Ohio

Net Assets By Component

Last Six Years

(Accrual Basis of Accounting)

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Governmental Activities			
Invested in Capital Assets, Net of Related Debt	\$58,712,220	\$55,982,088	\$51,169,988
Restricted:			
Capital Projects	5,045,601	4,749,445	4,666,275
State Highway	128,179	252,401	102,812
Federal Forfeiture	0	0	0
Street Construction, Repair and Maintenance	229,877	349,348	319,972
Other Purposes	479,632	235,472	313,121
Unrestricted	<u>7,570,792</u>	<u>7,132,575</u>	<u>10,334,270</u>
<i>Total Governmental Activities Net Assets</i>	<u><u>\$72,166,301</u></u>	<u><u>\$68,701,329</u></u>	<u><u>\$66,906,438</u></u>

<u>2005</u>	<u>2004</u>	<u>2003</u>
\$44,444,252	\$53,026,762	\$56,892,794
8,822,024	4,847,751	9,747,148
68,799	183,949	147,633
0	0	100,677
335,249	263,556	204,126
31,478	306,066	76,757
<u>11,502,487</u>	<u>10,617,441</u>	<u>(108,221)</u>
<u>\$65,204,289</u>	<u>\$69,245,525</u>	<u>\$67,060,914</u>

City of Independence, Ohio

Changes in Net Assets

Last Six Years

(Accrual Basis of Accounting)

	2008	2007	2006
Program Revenues			
Governmental Activities:			
Charges for Services:			
General Government	\$228,665	\$163,975	\$186,680
Security of Persons and Property	426,786	285,474	380,208
Public Health and Welfare	80,519	1,605	5,601
Leisure Time Activities	497,839	449,308	388,899
Community Environment	110,965	73,080	74,654
Basic Utility Services	24,477	19,201	19,305
Transportation	38,807	28,045	28,936
Operating Grants and Contributions:	509,418	594,026	474,954
Capital Grants and Contributions:	32,489	6,871,738	425,251
<i>Total Government Activities Program Revenues</i>	<u>1,949,965</u>	<u>8,486,452</u>	<u>1,984,488</u>
Expenses			
Governmental Activities:			
General Government	6,550,823	6,994,963	8,191,861
Security of Persons and Property	8,812,839	8,396,575	7,642,209
Public Health and Welfare	146,451	51,713	150,106
Leisure Time Activities	3,350,070	3,178,450	2,780,531
Community Environment	2,514,940	2,375,832	2,020,142
Basic Utility Services	705,039	699,018	938,050
Transportation	4,669,006	6,222,871	3,459,425
Intergovernmental	0	6,777,393	0
Interest and Fiscal Charges	1,418,440	1,578,292	1,618,688
<i>Total Governmental Activities Expenses</i>	<u>28,167,608</u>	<u>36,275,107</u>	<u>26,801,012</u>
Net (Expense)/Revenue			
Governmental Activities	<u>(26,217,643)</u>	<u>(27,788,655)</u>	<u>(24,816,524)</u>
General Revenues and Other Changes in Net Assets			
Governmental Activities			
Property and Other Local Taxes Levied For (1):			
General Purposes	1,016,192	1,151,317	2,024,599
Debt Service	318,699	326,369	313,916
Police Pension	170,232	203,220	160,227
Municipal Income Taxes levied for General Purposes	22,488,246	23,387,075	21,378,552
Hotel/Motel Tax Levied for General Purposes	1,150,342	1,088,235	0
Amusement Tax Levied for General Purposes	18,027	19,796	0
Grants and Entitlements not Restricted to Specific Programs	1,548,168	796,657	859,930
Payments in Lieu of Taxes	1,880,535	876,043	226,583
Investment Earnings	368,767	770,803	604,679
Miscellaneous	723,407	964,031	950,187
<i>Total Governmental Activities</i>	<u>29,682,615</u>	<u>29,583,546</u>	<u>26,518,673</u>
Change in Governmental Activities Net Assets	<u><u>\$3,464,972</u></u>	<u><u>\$1,794,891</u></u>	<u><u>\$1,702,149</u></u>

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

2005	2004	2003
\$165,776	\$192,538	\$178,670
322,733	479,047	463,883
4,084	3,963	6,111
428,089	442,750	425,365
98,546	109,565	115,533
21,415	21,994	23,580
35,394	37,771	43,852
506,166	511,867	265,923
254,184	2,730,500	5,262,736
1,836,387	4,529,995	6,785,653
9,116,223	4,985,297	4,326,525
8,103,488	8,054,485	7,590,926
99,259	86,338	124,341
3,224,755	2,979,761	2,823,516
2,412,397	2,413,794	2,399,740
1,031,008	992,297	967,790
5,101,022	5,340,467	3,607,364
0	0	0
1,489,443	1,244,926	885,485
30,577,595	26,097,365	22,725,687
(28,741,208)	(21,567,370)	(15,940,034)
1,685,417	1,846,133	1,872,814
271,231	288,416	522,549
103,473	142,208	141,826
19,588,902	19,452,865	18,142,284
0	0	0
0	0	0
939,083	892,046	1,140,063
0	0	0
992,603	516,584	361,782
1,119,263	613,729	362,688
24,699,972	23,751,981	22,544,006
(\$4,041,236)	\$2,184,611	\$6,603,972

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

	2008	2007	2006	2005
General Fund				
Reserved	\$6,469,398	\$5,685,909	\$2,319,792	\$2,155,243
Unreserved	4,810,920	5,234,359	8,859,983	7,156,832
Total General Fund	<u>11,280,318</u>	<u>10,920,268</u>	<u>11,179,775</u>	<u>9,312,075</u>
All Other Governmental Funds				
Reserved	4,004,877	6,058,850	3,077,867	3,851,968
Unreserved, Undesignated, Reported in:				
Special Revenue funds	573,411	364,175	457,896	251,256
Debt Service funds	(7,267,284)	(6,531,435)	364,832	278,323
Capital Projects funds	<u>(32,682)</u>	<u>(2,108,901)</u>	<u>(2,719,260)</u>	<u>3,913,934</u>
Total All Other Governmental Funds	<u>(2,721,678)</u>	<u>(2,217,311)</u>	<u>1,181,335</u>	<u>8,295,481</u>
Total Governmental Funds	<u><u>\$8,558,640</u></u>	<u><u>\$8,702,957</u></u>	<u><u>\$12,361,110</u></u>	<u><u>\$17,607,556</u></u>

2004	2003	2002	2001	2000	1999
\$422,535	\$355,631	\$290,755	\$351,645	\$823,080	\$690,545
7,382,659	6,924,808	6,164,224	6,867,235	8,795,411	7,978,963
7,805,194	7,280,439	6,454,979	7,218,880	9,618,491	8,669,508
9,977,491	12,013,645	1,636,665	1,359,853	1,277,783	6,498,817
311,525	591,485	534,274	832,949	633,321	382,125
285,846	996,507	458,503	423,804	307,386	236,326
1,688,663	12,233,503	(89,375)	(199,577)	4,397,157	(5,728,676)
12,263,525	25,835,140	2,540,067	2,417,029	6,615,647	1,388,592
\$20,068,719	\$33,115,579	\$8,995,046	\$9,635,909	\$16,234,138	\$10,058,100

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

	2008	2007	2006	2005	2004
Revenues					
Taxes (1)	\$25,645,624	\$25,700,104	\$23,702,165	\$22,112,467	\$21,450,696
Intergovernmental	2,028,911	8,039,065	1,819,536	1,656,582	4,096,896
Investment Income	245,344	590,439	466,309	913,835	472,951
Fees, Licenses and Permits	691,127	709,936	681,069	662,272	735,203
Fines and Forfeitures	378,855	298,541	394,785	363,501	515,736
Charges for Services	83,205	12,211	18,021	38,864	36,689
Rentals	254,871	0	1,808	0	0
Special Assessments	54,539	88,289	54,674	38,970	25,000
Payment in Lieu of Taxes	770,376	712,048	226,583	0	0
Miscellaneous	723,407	873,393	950,187	1,119,263	613,729
<i>Total Revenues</i>	<u>30,876,259</u>	<u>37,024,026</u>	<u>28,315,137</u>	<u>26,905,754</u>	<u>27,946,900</u>
Expenditures					
Current:					
General Government	5,356,297	5,534,996	5,233,963	4,048,540	4,833,510
Security of Persons and Property	8,450,592	8,024,379	7,684,493	7,773,464	7,676,970
Public Health and Welfare	96,797	49,480	156,935	99,105	86,338
Leisure Time Activities	3,313,837	3,065,576	2,843,285	3,165,517	2,946,376
Community Environment	2,472,765	2,315,832	2,098,700	2,394,982	2,391,832
Basic Utility Services	552,082	592,856	540,928	519,660	475,860
Transportation					
Intergovernmental	0	6,777,393	0	0	0
Other	2,725,884	2,450,069	2,118,211	2,514,550	2,129,507
Capital Outlay	4,511,425	8,292,293	9,286,939	11,188,741	17,660,524
Debt Service:					
Principal Retirement	1,365,248	1,359,148	1,247,070	1,172,783	11,529,050
Principal Retirement - Current Refunding	600,000	600,000	600,000	500,000	0
Interest and Fiscal Charges	1,579,585	1,620,157	1,751,059	1,301,228	1,224,777
Bond Issuance Costs	0	0	0	157,525	0
<i>Total Expenditures</i>	<u>31,024,512</u>	<u>40,682,179</u>	<u>33,561,583</u>	<u>34,836,095</u>	<u>50,954,744</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(148,253)</u>	<u>(3,658,153)</u>	<u>(5,246,446)</u>	<u>(7,930,341)</u>	<u>(23,007,844)</u>
Other Financing Sources (Uses)					
Sale of Capital Assets	3,936	0	0	0	0
Bond Anticipation Notes Issued	0	0	0	8,400,000	9,900,000
Current Refunding	(7,100,000)	(7,700,000)	(8,300,000)	(8,900,000)	0
Refunding Notes Issued	7,100,000	7,700,000	8,300,000	0	0
General Obligation Bonds Issued	0	0	0	5,800,000	0
Special Assessment Bonds Issued	0	0	0	0	0
Premium on Issuance of Debt	0	0	0	147,601	0
Payment to Refunded Bond Escrow Agent	0	0	0	0	0
Inception of Capital Lease	0	0	0	21,577	60,984
Transfers In	7,669,000	11,268,134	5,557,000	10,543,376	5,006,541
Transfers Out	(7,669,000)	(11,268,134)	(5,557,000)	(10,543,376)	(5,006,541)
<i>Total Other Financing Sources (Uses)</i>	<u>3,936</u>	<u>0</u>	<u>0</u>	<u>5,469,178</u>	<u>9,960,984</u>
<i>Net Change in Fund Balances</i>	<u>(\$144,317)</u>	<u>(\$3,658,153)</u>	<u>(\$5,246,446)</u>	<u>(\$2,461,163)</u>	<u>(\$13,046,860)</u>
Debt Service as a Percentage of Noncapital Expenditures	13.4%	10.4%	14.3%	12.5%	36.0%

(1) Includes All Taxes

2003	2002	2001	2000	1999
\$20,752,589	\$20,026,548	\$22,090,195	\$21,057,453	\$22,391,102
5,693,128	1,955,153	850,390	1,708,315	734,273
361,782	241,041	545,895	1,033,880	678,986
718,605	693,295	691,704	634,589	727,295
496,741	300,889	309,045	231,792	276,622
41,648	168,400	496,034	61,600	27,371
0	109,222	90,019	83,204	50,236
362,736	93,877	44,580	135,367	34,138
0	0	0	0	0
362,688	412,160	0	126,017	263,252
<u>28,789,917</u>	<u>24,000,585</u>	<u>25,117,862</u>	<u>25,072,217</u>	<u>25,183,275</u>
5,062,317	4,327,195	4,360,115	4,130,992	3,554,765
7,228,353	7,205,207	6,580,235	6,246,895	5,708,545
94,848	84,143	115,192	132,462	138,728
2,758,908	2,830,344	1,679,081	1,437,934	1,156,384
2,378,175	2,263,419	3,389,729	3,132,194	2,883,401
473,105	479,706	457,337	460,959	434,941
0	0	0	0	0
2,047,996	1,703,730	1,720,366	1,958,885	1,815,370
8,702,345	3,820,532	10,359,863	10,634,815	10,957,714
10,550,091	23,120,839	13,668,884	3,457,531	5,954,950
0	0	0	0	0
795,370	633,605	700,617	569,377	482,698
331,409	0	0	0	0
<u>40,422,917</u>	<u>46,468,720</u>	<u>43,031,419</u>	<u>32,162,044</u>	<u>33,087,496</u>
<u>(11,633,000)</u>	<u>(22,468,135)</u>	<u>(17,913,557)</u>	<u>(7,089,827)</u>	<u>(7,904,221)</u>
0	9,634	15,328	15,865	4,000
10,400,000	21,800,000	11,400,000	13,350,000	3,100,000
0	0	0	0	0
0	0	0	0	0
26,320,000	0	0	0	0
700,000	0	0	0	0
1,081,533	0	0	0	0
(2,748,000)	0	0	0	0
0	17,638	0	0	9,873
10,800,000	4,794,659	10,425,500	6,550,000	7,055,000
<u>(10,800,000)</u>	<u>(4,794,659)</u>	<u>(10,525,500)</u>	<u>(6,650,000)</u>	<u>(7,155,000)</u>
<u>35,753,533</u>	<u>21,827,272</u>	<u>11,315,328</u>	<u>13,265,865</u>	<u>3,013,873</u>
<u>\$24,120,533</u>	<u>(\$640,863)</u>	<u>(\$6,598,229)</u>	<u>\$6,176,038</u>	<u>(\$4,890,348)</u>
36.2%	55.7%	44.0%	18.7%	29.1%

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
2008	\$247,400,130	\$233,371,680	\$1,373,633,743	\$11,424,750	\$12,982,670
2007	246,146,200	249,354,240	1,415,715,543	11,074,010	12,584,102
2006	243,061,090	242,628,230	1,387,683,771	19,920,220	22,636,614
2005	219,661,670	244,877,290	1,327,254,171	20,241,990	23,002,261
2004	217,259,750	255,391,400	1,350,431,857	25,368,400	28,827,727
2003	212,846,750	253,773,710	1,333,201,314	22,120,190	25,136,580
2002	264,140,960	192,864,210	1,305,729,057	16,012,173	18,195,651
2001	189,810,990	240,430,230	1,229,260,629	18,026,050	20,484,148
2000	186,531,910	227,004,330	1,181,532,114	24,252,740	27,559,932
1999	167,431,580	187,195,620	1,013,220,571	24,444,450	27,777,784

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

The assessed value of real property (including public utility real property) is 35 percent of estimated true value. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property was assessed in previous years at 25 percent for machinery and equipment and 23 percent for inventories. General business tangible personal property tax started being phased out in 2006. For collection year 2007 both types of general business tangible personal property were assessed at 12.50 percent. The percentage will be 6.25 percent for 2008 and zero for 2009.

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

Source: Cuyahoga County, Ohio; County Auditor

Tangible Personal Property					
General Business		Total		Ratio	Tax Rate
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
\$8,866,450	\$141,863,200	\$501,063,010	\$1,528,479,613	32.78%	\$2.80
32,265,242	258,121,936	538,839,692	1,686,421,581	31.95	2.80
31,350,145	167,200,773	536,959,685	1,577,521,158	34.04	2.80
40,970,389	163,881,556	525,751,339	1,514,137,989	34.72	2.80
42,971,606	171,886,424	540,991,156	1,551,146,008	34.88	2.80
49,910,985	199,643,940	538,651,635	1,557,981,834	34.57	3.20
42,820,707	171,282,828	515,838,050	1,495,207,536	34.50	3.20
63,851,343	255,405,372	512,118,613	1,505,150,149	34.02	3.30
57,941,478	231,765,912	495,730,458	1,440,857,958	34.41	3.50
53,400,026	213,600,104	432,471,676	1,254,598,459	34.47	3.50

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

	2008	2007	2006	2005
Unvoted Millage				
Operating	\$1.9000	\$1.9000	\$1.9000	\$1.9000
Police Pension	0.3000	0.3000	0.3000	0.3000
<i>Total Unvoted Millage</i>	2.2000	2.2000	2.2000	2.2000
Charter Millage				
1990 Civic Center	0.6000	0.6000	0.6000	0.6000
Total Millage	\$2.8000	\$2.8000	\$2.8000	\$2.8000
Overlapping Rates by Taxing District				
Independence Local School District				
Residential/Agricultural Real	\$29.2736	\$29.3470	\$28.5895	\$28.7260
Commerical/Industrial and Public Utility Real	29.7397	29.8339	29.9017	29.3792
General Business and Public Utility Personal	31.4000	31.5000	31.5000	31.5000
Cuyahoga Valley Career Center				
Residential/Agricultural Real	2.0000	2.0000	2.0000	2.0000
Commerical/Industrial and Public Utility Real	2.0000	2.0000	2.0000	2.0000
General Business and Public Utility Personal	2.0000	2.0000	2.0000	2.0000
Cuyahoga County				
Residential/Agricultural Real	12.6607	11.8688	11.7227	11.7227
Commerical/Industrial and Public Utility Real	12.8153	12.4535	12.5880	12.5762
General Business and Public Utility Personal	13.3200	13.4200	13.5200	13.5200
Special Taxing Districts (1)				
Residential/Agricultural Real	6.6597	5.9676	6.2900	6.2900
Commerical/Industrial and Public Utility Real	6.8911	6.2519	6.5596	6.5552
General Business and Public Utility Personal	7.2800	6.7800	6.7800	6.7800

Source: Cuyahoga County Auditor

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

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

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

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

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

2004	2003	2002	2001	2000	1999
\$1.9000 0.3000	\$1.9000 0.3000	\$1.9000 0.3000	\$1.9000 0.3000	\$1.9000 0.3000	\$1.9000 0.3000
2.2000	2.2000	2.2000	2.2000	2.2000	2.2000
0.6000	1.0000	1.0000	1.1000	1.3000	1.3000
\$2.8000	\$3.2000	\$3.2000	\$3.3000	\$3.5000	\$3.5000

\$23.1340	\$22.8398	\$22.8802	\$20.5804	\$20.5826	\$20.6366
23.3597	23.0598	23.1101	20.7785	20.7803	20.9040
26.0000	25.7000	25.7000	23.4000	23.4000	23.4000

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

10.9754	10.9899	12.4609	11.3815	11.3967	11.4114
11.9846	12.0433	12.8764	12.0023	11.9298	12.3736
13.5200	13.5200	14.6500	14.6500	14.6500	13.7500

6.2880	4.7783	2.5323	2.5354	2.5422	2.8242
6.5067	5.1811	2.5497	2.5320	2.5253	2.8923
6.7800	5.8800	2.9500	2.9500	2.9500	2.9500

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
2008	\$2,734,423	\$2,076,969	75.96%	\$32,721
2007	2,561,471	2,091,154	81.64	86,313
2006	1,588,927	1,514,941	95.34	66,720
2005	1,760,464	1,601,235	90.96	36,810
2004	1,670,293	1,432,500	85.76	64,124
2003	1,779,784	1,563,809	87.87	65,300
2002	1,720,734	1,537,752	89.37	60,752
2001	1,772,482	1,619,184	91.35	54,766
2000	1,615,317	1,494,829	92.54	61,213
1999	1,681,365	1,497,156	89.04	118,701

Source: Cuyahoga County, Ohio; County Auditor

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

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

<u>Total Tax Collections (1)</u>	<u>Percent of Total Tax Collections To Tax Levy</u>	<u>Accumulated Outstanding Delinquent Taxes</u>	<u>Percentage of Delinquent Taxes to Total Tax Levy</u>
\$2,109,690	77.15%	\$668,816	24.46%
2,177,467	85.01	420,910	16.43
1,581,661	99.54	237,114	14.92
1,638,045	93.05	223,009	12.67
1,496,624	89.60	173,430	10.38
1,629,109	91.53	159,400	8.96
1,598,504	92.90	113,714	6.61
1,673,950	94.44	94,783	5.35
1,556,042	96.33	74,404	4.61
1,615,857	96.10	45,633	2.71

City of Independence, Ohio
Principal Real Property Taxpayers
 2008 and 2007 (1)

Taxpayer	2008	
	Real Property Assessed Valuation	Percentage of Total Assessed Valuation
Duke Realty Ohio	\$27,330,260	5.68 %
Cleveland Clinic	12,940,730	2.69
Rockside-77 Properties LTD	12,822,680	2.67
Cleveland Electric Illuminating Company	8,183,120	1.70
Summit Office Park LTD	7,746,840	1.61
JDI Oak Tree Holdings LLC	7,390,290	1.54
AP/AM Independence Suites	7,012,010	1.46
Jagi Cleveland	6,865,090	1.43
Ohio College of Podiatric	6,599,010	1.37
Independence Research	6,475,010	1.35
Total	\$103,365,040	21.50 %
Total Real Property Assessed Valuation	\$480,771,810	

Taxpayer	2007	
	Real Property Assessed Valuation	Percentage of Total Assessed Valuation
Duke Realty Ohio	\$27,306,600	5.51 %
Cleveland Clinic	12,940,730	2.61
Rockside-77 Properties LTD	12,822,680	2.59
Cleveland Electric Illuminating Company	7,810,650	1.58
Summit Office Park LTD	7,750,160	1.56
JDI Oak Tree Holdings LLC	7,390,290	1.49
AP/AM Independence Suites	7,012,010	1.42
Jagi Cleveland	6,865,090	1.39
Independence Research	6,475,010	1.31
6055 Properties LTD	5,754,740	1.15
Total	\$102,127,960	20.61 %
Total Real Property Assessed Valuation	\$495,500,440	

Source: Cuyahoga County Auditor

(1) Information prior to 2007 is not available.

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

<u>Tax Year</u>	<u>Tax Rate (1)</u>	<u>Total Tax Collected (2)</u>	<u>Taxes from Withholding</u>	<u>Percentage of Taxes from Withholding</u>	<u>Taxes From Net Profits</u>	<u>Percentage of Taxes from Net Profits</u>	<u>Taxes From Individuals</u>	<u>Percentage of Taxes from Individuals</u>
2008	2.00	\$22,488,246	\$19,307,516	85.86%	\$2,228,793	9.91%	\$951,937	4.23%
2007	2.00	23,387,075	20,393,529	87.20	2,128,224	9.10	865,322	3.70
2006	2.00	21,378,552	18,218,802	85.22	2,261,851	10.58	897,899	4.20
2005	2.00	19,588,902	16,901,304	86.28	1,951,055	9.96	736,543	3.76
2004	2.00	19,452,865	16,674,996	85.72	2,089,238	10.74	688,631	3.54
2003	2.00	18,142,284	15,807,372	87.13	1,542,094	8.50	792,818	4.37
2002	2.00	17,641,640	15,490,153	87.80	896,500	5.08	762,717	4.32
2001	2.00	18,714,234	16,364,299	87.44	1,233,402	6.59	766,577	4.10
2000	2.00	18,731,813	15,953,953	85.17	1,467,460	7.83	718,693	3.84
1999	2.00	19,046,206	14,963,369	78.56	1,683,948	8.84	753,138	3.95

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

(2) 2003 through 2008 are on an accrual basis
 1999 through 2002 are on a modified accrual basis

City of Independence, Ohio
Income Tax Filers by Income Level
Tax Years 2008 and 1999

Tax Year 2008				
Income Range	Number of Filers	Percent of Filers	Taxable Income	Percent of Taxable Income
Over \$100,000	602	22.40 %	\$100,035,559	56.03 %
75,001-100,000	297	11.05	27,198,494	15.23
50,001-75,000	397	14.77	25,123,120	14.07
25,000-50,000	492	18.32	17,909,476	10.03
Under 25,000	899	33.46	8,266,973	4.64
Total	<u>2,687</u>	<u>100.00 %</u>	<u>\$178,533,622</u>	<u>100.00 %</u>

Tax Year 1999				
Income Range	Number of Filers	Percent of Filers	Taxable Income	Percent of Taxable Income
Over \$100,000	354	13.88 %	\$59,271,488	42.45 %
75,001-100,000	276	10.82	22,662,602	16.23
50,001-75,000	474	18.58	28,083,344	20.11
25,000-50,000	526	20.62	20,724,277	14.84
Under 25,000	921	36.10	8,873,790	6.37
Total	<u>2,551</u>	<u>100.00 %</u>	<u>\$139,615,501</u>	<u>100.00 %</u>

Source: Regional Income Tax Agency

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
2008	\$26,840,541	\$1,528,479,613	1.76%	\$3,776
2007	28,216,359	1,686,421,581	1.67	3,969
2006	29,567,177	1,577,521,158	1.87	4,159
2005	30,797,995	1,514,137,989	2.03	4,332
2004	26,011,213	1,551,146,008	1.68	3,659
2003	27,136,353	1,557,981,834	1.74	3,817
2002	2,700,000	1,495,207,536	0.18	380
2001	3,000,000	1,505,150,149	0.20	422
2000	3,300,000	1,440,857,958	0.23	464
1999	3,600,000	1,254,598,460	0.29	506

Note: Estimated Actual Values of Taxable Property data is presented on pages S10 and S11.
 Population is presented on page S26.

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

Fiscal Year	General Obligation Bonds	Special Assessment Bonds	OPWC Loans	Notes Payable	Capital Leases
2008	\$26,840,541	\$585,926	\$37,219	\$7,100,000	\$0
2007	28,216,359	617,778	43,986	7,700,000	0
2006	29,567,177	649,630	50,753	8,300,000	19,042
2005	30,797,995	681,482	57,520	8,900,000	46,144
2004	26,011,213	708,334	64,287	9,400,000	52,514
2003	27,136,353	735,186	71,054	10,400,000	5,871
2002	2,700,000	0	77,821	10,400,000	11,374
2001	3,000,000	0	84,588	11,400,000	5,124
2000	3,300,000	0	91,355	13,350,000	14,647
1999	3,600,000	35,000	98,122	3,100,000	27,924

Note: Population and Personal Income data are presented on page S26.

Police and Fire Pension Liability	Total	Percentage of Personal Income	Per Capita
\$67,291	\$34,630,977	12.15 %	\$4,871
70,772	36,648,895	12.86	5,155
74,111	38,660,713	13.57	5,438
77,312	40,560,453	14.37	5,706
80,381	36,316,729	12.94	5,109
83,323	38,431,787	13.69	5,406
86,144	13,275,339	4.79	1,867
88,849	14,578,561	5.27	2,051
91,443	16,847,445	6.22	2,370
93,930	6,954,976	N/A	978

City of Independence, Ohio

Legal Debt Margin

Last Ten Years

	2008	2007	2006	2005
Total Assessed Property Value	<u>\$501,063,010</u>	<u>\$538,839,692</u>	<u>\$536,959,685</u>	<u>\$525,751,339</u>
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	<u>52,611,616</u>	<u>56,578,168</u>	<u>56,380,767</u>	<u>55,203,891</u>
Debt Outstanding:				
General Obligation Bonds	\$25,990,000	\$27,315,000	\$28,615,000	\$29,795,000
Special Assessment Bonds	560,000	590,000	620,000	650,000
OPWC Loans	37,219	43,986	50,753	57,520
Notes	<u>7,700,000</u>	<u>8,300,000</u>	<u>8,900,000</u>	<u>9,400,000</u>
Total Gross Indebtedness	34,287,219	36,248,986	38,185,753	39,902,520
Less:				
General Obligation Bonds	(13,075,000)	(13,470,000)	(13,860,000)	(14,145,000)
Special Assessment Bonds	<u>(560,000)</u>	<u>(590,000)</u>	<u>(620,000)</u>	<u>(650,000)</u>
Total Net Debt Applicable to Debt Limit	<u>20,652,219</u>	<u>22,188,986</u>	<u>23,705,753</u>	<u>25,107,520</u>
Legal Debt Margin Within 10 ½ % Limitations	<u>\$31,959,397</u>	<u>\$34,389,182</u>	<u>\$32,675,014</u>	<u>\$30,096,371</u>
Legal Debt Margin as a Percentage of the Debt Limit	60.75%	60.78%	57.95%	54.52%
Unvoted Debt Limitation (5 ½ % of Assessed Valuation)	<u>\$27,558,466</u>	<u>\$29,636,183</u>	<u>\$29,532,783</u>	<u>\$28,916,324</u>
Gross Indebtedness	34,287,219	36,248,986	38,185,753	39,902,520
Less:				
General Obligation Bonds	(13,075,000)	(13,470,000)	(13,860,000)	(14,145,000)
Special Assessment Bonds	<u>(560,000)</u>	<u>(590,000)</u>	<u>(620,000)</u>	<u>(650,000)</u>
Net Debt Within 5 ½ % Limitations	<u>20,652,219</u>	<u>22,188,986</u>	<u>23,705,753</u>	<u>25,107,520</u>
Unvoted Legal Debt Margin Within 5 ½ % Limitations	<u>\$6,906,247</u>	<u>\$7,447,197</u>	<u>\$5,827,030</u>	<u>\$3,808,804</u>
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	25.06%	25.13%	19.73%	13.17%

Source: City Financial Records

2004	2003	2002	2001	2000	1999
<u>\$540,991,156</u>	<u>\$538,651,635</u>	<u>\$515,838,050</u>	<u>\$512,118,613</u>	<u>\$495,730,458</u>	<u>\$432,471,676</u>
56,804,071	56,558,422	54,162,995	53,772,454	52,051,698	45,409,526
\$25,105,000	\$26,185,000	\$2,700,000	\$3,000,000	\$3,300,000	\$3,600,000
675,000	700,000	0	0	0	35,000
64,287	71,054	77,821	84,588	91,355	98,122
<u>9,900,000</u>	<u>10,400,000</u>	<u>10,400,000</u>	<u>11,400,000</u>	<u>13,350,000</u>	<u>3,100,000</u>
35,744,287	37,356,054	13,177,821	14,484,588	16,741,355	6,833,122
(8,575,000)	(23,800,000)	0	0	0	(35,000)
<u>(675,000)</u>	<u>(700,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(35,000)</u>
26,494,287	12,856,054	13,177,821	14,484,588	16,741,355	6,763,122
<u>\$30,309,784</u>	<u>\$43,702,368</u>	<u>\$40,985,174</u>	<u>\$39,287,866</u>	<u>\$35,310,343</u>	<u>\$38,646,404</u>
53.36%	77.27%	75.67%	73.06%	67.84%	85.11%
<u>\$29,754,514</u>	<u>\$29,625,840</u>	<u>\$28,371,093</u>	<u>\$28,166,524</u>	<u>\$27,265,175</u>	<u>\$23,785,942</u>
35,744,287	37,356,054	13,177,821	14,484,588	16,741,355	6,833,122
(8,575,000)	(23,800,000)	0	0	0	(35,000)
<u>(675,000)</u>	<u>(700,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(35,000)</u>
26,494,287	12,856,054	13,177,821	14,484,588	16,741,355	6,763,122
<u>\$3,260,227</u>	<u>\$16,769,786</u>	<u>\$15,193,272</u>	<u>\$13,681,936</u>	<u>\$10,523,820</u>	<u>\$17,022,820</u>
10.96%	56.61%	53.55%	48.58%	38.60%	71.57%

City of Independence, Ohio
*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
December 31, 2008*

	Debt Attributable to Governmental Activities	Percentage Applicable to City (1)	Amount of Direct and Overlapping Debt
Direct Debt:			
City of Independence			
General Obligation Bonds	\$26,840,541	100.00 %	\$26,840,541
Special Assessment Bonds	585,926	100.00	585,926
OPWC Loans	37,219	100.00	37,219
Notes Payable	<u>7,100,000</u>	100.00	<u>7,100,000</u>
<i>Total Direct Debt</i>	<u>34,563,686</u>		<u>34,563,686</u>
Overlapping Debt:			
Payable from Property Taxes			
Cuyahoga County Bonds	271,076,000	1.66	4,499,862
Regional Transit Authority Bonds	138,030,000	1.66	2,291,298
Independence Local School District Bonds	15,620,000	100.00	15,620,000
Payable from Other Sources:			
Cuyahoga County Capital Leases	24,919,000	1.66	413,655
Cuyahoga County Installment Purchase Agreement	2,269,000	1.66	37,665
Cuyahoga County Loans	6,551,000	1.66	108,747
Regional Transit Authority Capital Leases	23,684,005	1.66	393,154
Regional Transit Authority Loan	3,575,318	1.66	59,350
Independence Local School District Notes Payable	<u>500,000</u>	100.00	<u>500,000</u>
<i>Total Overlapping Debt</i>	<u>486,224,323</u>		<u>23,923,732</u>
<i>Total Direct and Overlapping Debt</i>	<u>\$520,788,009</u>		<u>\$58,487,418</u>

Source: Office of the Auditor, Cuyahoga County, Ohio

(1) Percentages were determined by dividing the assessed valuation of the overlapping government located within the boundaries of the City by the total assessed valuation of the government. The valuations used were for the 2008 collection year.

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City of Independence, Ohio
Demographic and Economic Statistics
Last Nine Years (1)

Year	Population (2)	Total Personal Income (3)	Personal Income Per Capita (3)	Median Family Income (2)	Unemployment Rate (4)		City Square Miles (5)
					Cuyahoga County	State of Ohio	
2008	7,109	\$285,000,000	\$40,090	\$65,059	6.8%	6.5%	9.73
2007	7,109	285,000,000	40,090	65,059	6.3	5.6	9.73
2006	7,109	285,000,000	40,090	65,059	6.1	5.6	9.73
2005	7,109	282,239,200	39,702	65,059	5.9	5.9	9.73
2004	7,109	280,698,500	39,485	65,059	6.6	5.9	9.73
2003	7,109	280,812,100	39,501	65,059	6.2	6.1	9.73
2002	7,109	277,184,000	38,991	65,059	6.6	5.7	9.73
2001	7,109	276,601,800	38,909	65,059	4.6	4.2	9.73
2000	7,109	270,959,600	38,115	65,059	4.5	4.1	9.73

(1) Information prior to 2000 is not available

(2) U.S. Census Bureau 2000

(3) City estimates

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

(5) City Records

City of Independence, Ohio

Principal Employers

Last Two Years (1)

2008			
Employer	Nature of Activity	Employees	Percentage of Total City Employment
Cleveland Clinic Foundation	Health Care	1,667	9.18%
L D Kichler Co	Lighting Products	471	2.59
Bristol West Insurance Service	Insurance	309	1.70
Avtron Manufacturing Incorporated	Manufacturing	303	1.67
ADP Incorporated	Payroll Processing	280	1.54
Farmers Underwriters Association	Insurance	271	1.49
City of Independence	Municipality	224	1.23
Novastar	Mortgage Company	147	0.81
Oracle USA	Sales and Servicing	133	0.73
Ferro Corporation & Subsidiary	Manufacturing	131	0.72
Total		<u>3,936</u>	<u>21.66%</u>
Total Employment within the City		<u>18,168</u>	

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

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

(1) Information prior to 2007 is not available

City of Independence, Ohio
Full-Time Equivalent City Government Employees by Function/Program
Last Eight Years (1)

Function/Program	2008	2007	2006	2005
General Government				
Council	5.50	5.50	5.50	5.50
Mayor	2.50	2.50	2.50	2.50
Finance	4.00	3.50	3.50	3.50
Purchasing	1.00	1.50	1.50	1.50
Mayor's Court	3.00	3.50	3.50	3.50
Technology	1.00	1.00	1.00	1.00
Engineering	1.50	0.50	0.50	0.50
Administrative Support	4.00	3.50	3.50	3.50
Security of Persons and Property				
Police	53.50	56.50	54.00	53.00
Fire	27.00	28.00	28.00	27.50
Leisure Time Activities				
Community Center	47.00	43.00	40.50	35.00
Senior/Community Services	22.00	22.50	21.00	20.50
Community Environment				
Building Inspection	5.00	6.00	6.00	6.00
Transportation				
Service	47.00	50.00	50.00	51.00
Totals:	<u>224.00</u>	<u>227.50</u>	<u>221.00</u>	<u>214.50</u>

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

(1) Information prior to 2001 is not available

2004	2003	2002	2001
5.50	5.00	5.00	4.50
3.00	3.00	3.00	3.50
4.50	5.00	3.00	4.50
1.50	1.50	1.50	1.50
3.00	3.00	4.50	4.50
1.00	1.00	1.00	1.00
0.50	0.50	0.50	0.50
3.50	3.50	3.50	3.50
57.00	53.50	54.50	54.50
27.50	29.00	26.50	28.00
34.50	35.00	32.00	35.00
17.50	17.50	19.50	19.00
5.50	5.50	7.00	7.00
49.00	52.50	48.50	53.00
<u>213.50</u>	<u>215.50</u>	<u>210.00</u>	<u>220.00</u>

City of Independence, Ohio
Capital Assets Statistics by Function/Program
Last Nine Years (1)

Function/Program	2008	2007	2006
General Government			
Square Footage of Building (2)	35,200	35,200	35,200
Building Department Vehicles	3	3	3
Other Department Vehicles	0	0	0
Police			
Stations	1	1	1
Square Footage of Building (2)	35,200	35,200	35,200
Vehicles	45	44	44
Fire			
Stations	1	1	1
Square Footage of Building	19,350	19,350	19,350
Vehicles	12	12	12
Service Department			
Streets (miles)	52	52	52
Vehicles	62	59	59
Recreation			
Recreation Centers	2	2	2
New Recreation Center Square Footage (3)	8,200	82,000	82,000
Old Recreation Facility Square Footage	7,570	7,570	7,570
Number of Parks	1	1	1
Number of Baseball Diamonds	6	6	6
Number of Playgrounds	2	2	2
Number of Tennis Courts	5	5	5
Number of Full Sized Soccer Fields	3	3	3
Vehicles	4	3	3
Community Services			
Community Services Center Square Footage (3)	82,000	82,000	82,000
Vehicles	9	6	6

(1) Information is not available prior to 2000.

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

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

Sources: City Records

2005	2004	2003	2002	2001	2000
35,200	35,200	35,200	35,200	35,200	35,200
3	3	3	3	3	3
1	1	1	1	1	1
1	1	1	1	1	1
35,200	35,200	35,200	35,200	35,200	35,200
40	40	40	40	40	40
1	1	1	1	1	1
19,350	19,350	19,350	19,350	19,350	19,350
13	13	13	13	13	13
52	52	52	52	52	52
66	66	66	66	66	66
2	2	2	2	2	2
82,000	82,000	82,000	82,000	82,000	82,000
7,570	7,570	7,570	7,570	7,570	7,570
1	1	1	1	1	1
6	6	6	6	6	6
2	2	2	2	2	2
5	5	5	5	5	5
3	3	3	3	3	3
1	1	1	1	1	1
82,000	82,000	82,000	82,000	82,000	82,000
7	7	7	7	7	7

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

Function/Program	2008	2007	2006
General Government			
Law Expenditures (in thousands)	\$217	\$282	\$274
Engineering Expenditures (in thousands)	\$212	\$287	\$294
Finance Expenditures (in thousands)	\$425	\$405	\$397
Mayor's Office Expenditures (in thousands)	\$460	\$454	\$431
Council Expenditures (in thousands)	\$312	\$306	\$287
Security of Persons and Property			
Police Expenditures (in thousands)	\$4,782	\$4,618	\$4,411
Total Arrests	4,326	3,453	4,377
Part One Offenses	248	248	275
OVI Arrests	108	103	94
Prisoners	681	813	780
Motor Vehicle Accidents	572	558	544
Calls for Service	31,104	26,491	29,001
Incidents per Citizen	4.3753	3.7264	4.0795
Cost per Citizen	\$672.67	\$649.60	\$620.48
Fire Expenditures (in thousands)	\$2,916	\$2,800	\$2,702
Emergency Responses	1,637	1,530	1,482
Fire Safety Inspections	575	590	604
Fire Protection Systems Inspected	239	258	251
Building Fire Protection Plans Reviewed	11	10	18
Percentage of Business Inspected	94%	100%	100%
Number of Community Programs	13	13	12
Emergency Responses per Citizen	0.2303	0.2152	0.2085
Cost per Citizen	\$410.18	\$393.87	\$380.08
Fire Safety Education - Business	46	48	44
Street Lights Expenditures (in thousands)	\$190	\$183	\$203

2005	2004	2003	2002
\$264	\$184	\$193	\$302
\$227	\$364	\$295	\$397
\$386	\$394	\$406	\$431
\$414	\$412	\$429	\$441
\$285	\$281	\$267	\$261
\$4,583	\$4,381	\$4,378	\$3,930
4,895	4,605	4,374	3,680
287	335	310	252
112	146	116	143
897	851	692	623
634	646	555	607
32,889	36,811	38,024	31,678
4.6264	5.1781	5.3487	4.4560
\$644.68	\$616.26	\$615.84	\$552.82
\$2,592	\$2,458	\$2,386	\$2,385
1,433	1,258	1,104	1,099
576	619	612	584
242	268	232	254
16	14	21	12
100%	100%	92%	90%
11	10	10	8
0.2016	0.1770	0.1553	0.1546
\$364.61	\$345.76	\$335.63	\$335.49
48	59	42	39
\$193	\$178	\$168	\$214

(continued)

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

Function/Program	2008	2007	2006
Leisure Time Activities			
Recreational Expenditures (in thousands)	\$1,584	\$1,585	\$1,553
Civic Center Expenditures (in thousands)	1,076	1,098	944
Totals	\$2,660	\$2,683	\$2,497
Cost per Citizen	\$0.37	\$0.38	\$0.35
Civic Center Square Feet	82,000	82,000	82,000
Square Feet per Citizen	11.53	11.53	11.53
Total Recreational Revenue (in thousands)	\$99	\$93	\$95
Civic Center Members	3,798	2,563	2,586
Total Participations	83,636	93,227	94,673
Participations of Members Over Age 60	18,790	18,869	19,790
Community Environment			
Building Department Expenditures (in thousands)	\$497	\$510	\$489
Cost per Citizen	\$0.07	\$0.07	\$0.07
Building Permits - Residential	68	91	97
Dollar Value of Permits (in thousands)	\$20,000	\$33,000	\$45,000
Building Permits - Commercial	91	62	72
Dollar Value of Permits (in thousands)	\$33,000	\$71,000	\$171,000
Transportation			
Service Department Expenditures (in thousands)	\$3,975	\$2,970	\$2,732
Street Construction Maintenance and Repair Expenditures (in thousands)	\$1,835	\$1,490	\$1,374
Snow and Ice Removal Expenditures (in thousands)	\$376	\$289	\$148
Leaves, grass, chipped material (in cubic yards)	10,000	14,428	12,744

(1) Information prior to 2002 is not available

2005	2004	2003	2002
\$1,580	\$1,398	\$1,358	\$1,383
1,099	1,070	1,024	1,047
\$2,679	\$2,468	\$2,382	\$2,430
\$0.38	\$0.35	\$0.34	\$0.34
82,000	82,000	82,000	82,000
11.53	11.53	11.53	11.53
\$101	\$106	\$117	\$123
2,881	2,616	2,683	2,777
100,238	93,675	91,379	101,090
19,626	19,856	19,452	18,790
\$455	\$455	\$424	\$453
\$0.06	\$0.06	\$0.06	\$0.06
92	84	106	97
\$48,000	\$45,000	\$54,000	\$33,000
62	81	49	54
\$86,000	\$127,000	\$67,000	\$111,000
\$3,015	\$2,834	\$2,907	\$3,128
\$1,517	\$1,180	\$1,244	\$871
\$357	\$267	\$333	\$133
13,520	10,216	7,932	3,240

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Mary Taylor, CPA
Auditor of State

CITY OF INDEPENDENCE

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 12, 2010**