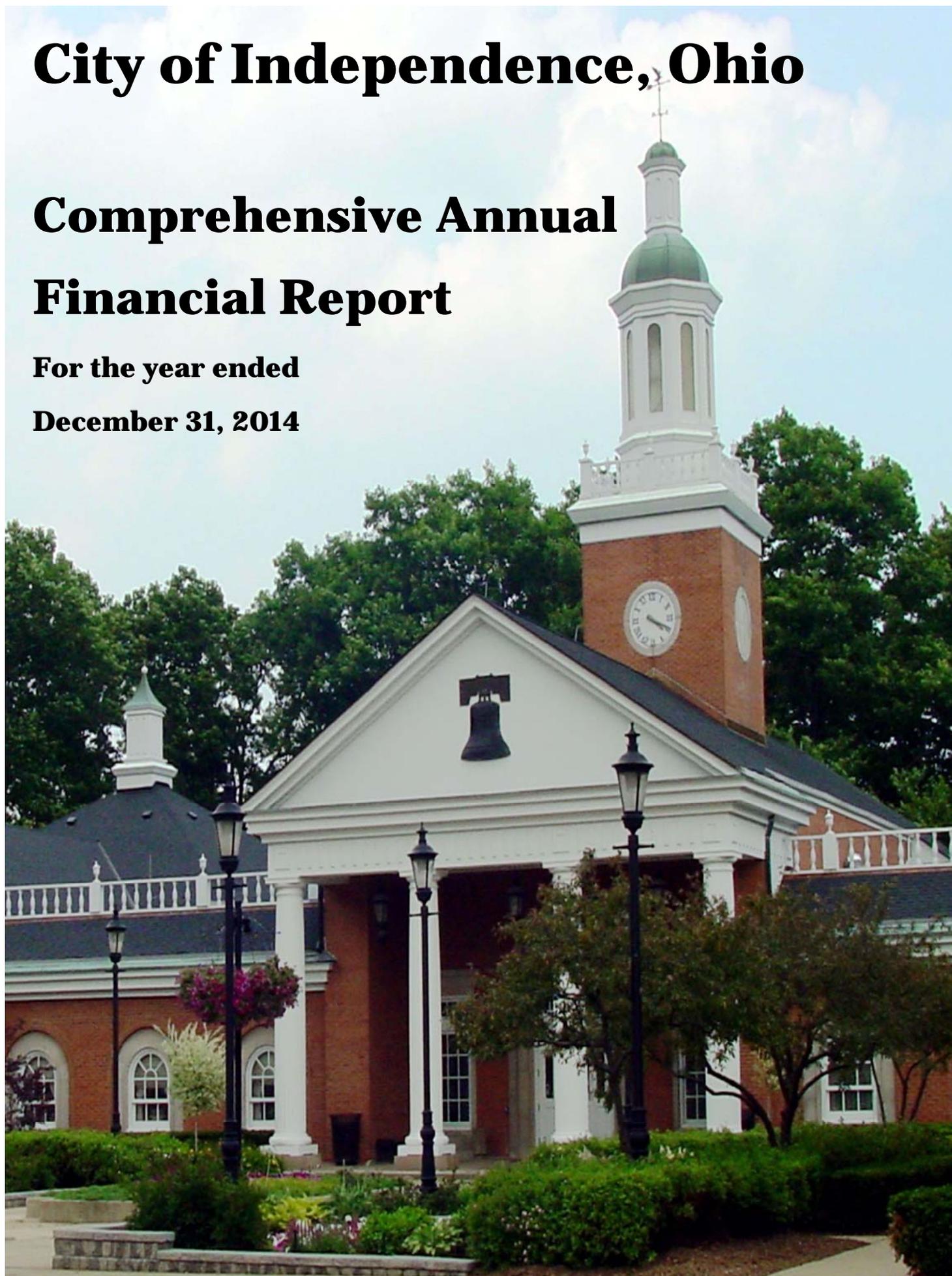


City of Independence, Ohio

Comprehensive Annual Financial Report

For the year ended

December 31, 2014





Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the City of Independence, Cuyahoga County, prepared by Ciuni & Panichi, Inc., for the audit period January 1, 2014 through December 31, 2014. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

August 4, 2015

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CITY OF INDEPENDENCE, OHIO

COMPREHENSIVE

ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2014

John M. Veres, CPA, CPFA
Finance Director

Prepared by the City Finance Department

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Introductory Section



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City of Independence, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2014
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City of Independence, Ohio

"THE HEART OF CUYAHOGA COUNTY"

6800 BRECKSVILLE ROAD

INDEPENDENCE, OHIO 44131

(216) 524-4131

June 26, 2015

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

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

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

Ciuni & Panichi, Inc., a Certified Public Accounting firm, has issued an unmodified ("clean") opinion of the City of Independence's financial statements for the year ended December 31, 2014. The Independent Auditor's Report is located at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the Independent Auditor's Report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the City

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

The current population is estimated to be 7,133 (as of the 2010 Census) indicating a comfortable average of approximately 733 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 2013 residential rate paid in 2014 is \$62.73 per one thousand dollars of assessed valuation. The 2013 rate for Cleveland, for example, is \$119.33.

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 21 full-time firefighters. There are 31 full-time and 2 part-time police officers on the staff of the Police Department.

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

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

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

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

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

The Law Director and the Service Director are appointed by the Mayor with the consent of a majority of the members elected to 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 sets maximum pay grade limits for City officials and employees, and enacts legislation in the form of ordinances and resolutions relative to City services, tax levies, appropriating and borrowing monies, and other municipal purposes.

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

The City of Independence is centrally located eight miles south of the City of Cleveland. The northern part of the City of Independence, known as the Rockside Road area, has great access to the largest road network in Northern Ohio. Interstate-77 (the route to Columbia, South Carolina from Cleveland) intersects with Interstate-480, which is the outer belt south highway, connecting the east with the west across the County. Interstate-480 connects with Interstate-271 to the east and Interstate-71 to the west. The Ohio Turnpike connection is 10 miles south by Interstate-77 and Cleveland Hopkins Airport is 12 miles west 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, America’s Best Value Inn, Doubletree, Embassy Suites, Hampton Inn and Suites, Holiday Inn, Hyatt Place, LaQuinta, Red Roof Inn, Residence Inn by Marriott, and the Crowne Plaza – all with convenient access to the Interstates.

Some of the prestigious businesses of over 700 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; CBIZ; ADP; Nidec Avtron Automation; Independence Excavating; Novar Controls-Honeywell International, Inc.; CSA International; Wegman, Hessler, and Vanderburg; Hylant Group; Dayton Heidelberg Distributing; Fedeli Group, Inc.; Kent State University College of Podiatric Medicine; All Erection Crane Rental Co.; and UTC Aerospace Systems.

Even though the City’s resident population is relatively small (7,133 as of the 2010 Census), the daytime population approaches 21,000 during the work week; and when the vendor, customer, client, patient, and flow-through activity during the daytime are included, the commercial population can reach 35,000-40,000.

Major Initiatives

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

One of the EDSP action items was land banking vacant property in the Rockside Road corridor. Acting on this recommendation, the City purchased 33 acres of vacant commercial property adjacent to Rockside Road in May, 2014. The City will make improvements to increase the property’s attractiveness to possible owners. Preliminary plans are to make it shovel ready by completing infrastructure updates such as the extension of Oak Tree Boulevard, utilities (sewer, water, electric and gas), and rough grading at the site.

Another result of the EDSP was a recommendation for the City’s downtown area. Ten years ago the City purchased the old middle school and surrounding land. The site sits right in the middle of downtown, and an extensive redevelopment plan is now being discussed for the site to revitalize the City’s downtown. In fact, the City Council passed a resolution in 2014 for the \$1.4 million purchase of land that is adjacent to the City site to allow for a larger development to occur in the near future.

The City continued its commitment to fund infrastructure projects. These projects include road resurfacing, curbs, gutters, sidewalks, landscaping, and water, sanitary and storm sewer lines, along with fiber optic technology. The infrastructure of the City is well maintained and this is typified by the pavement maintenance and rehabilitation projects on Rockside Woods Boulevard North and South, West Creek Drive, and Jefferson Road.

The expansion and rehabilitation of East Pleasant Valley Road, a \$5,866,061 OPWC project which includes a \$1,701,900 grant and a \$4,164,161 20-year interest-free loan, also started in 2014. The project includes the installation of a new water main, storm sewer, and sidewalks, along with an expansion of the road from three to five lanes.

The City, driven by the Director of Finance, has aggressively pursued the use of Tax Increment Financing (TIF Financing) as an economic development tool. The City currently has 11 areas designated as TIF Financing districts and most recently used TIF Financing to help the Cleveland Clinic expansion at the Independence Technology Center by expanding the Selig Drive / Brecksville Road intersection.

Long-term Planning

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

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

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

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

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

Relevant Financial Policies

The City has been able to maintain a plan to minimize its debt. Since 2000 the City has been able to reduce its notes payable debt from \$15,850,000 to \$4,700,000 while paying a total of \$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 2014 the City advance refunded the 2005 Quadrant TIF bond series and saved the City \$405,576. In 2014 the City collected \$1,290,392 in TIF revenue, which represented 140 percent of the debt service for its TIF borrowings. Total TIF revenue collected since the inception of the TIF program has now reached \$9,157,858.

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, 2014, the City's total debt was reduced to \$25,540,183.

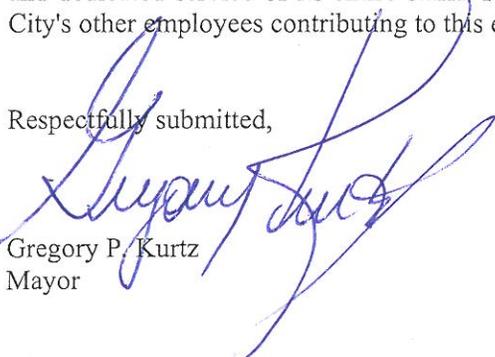
Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) has awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Independence for its Comprehensive Annual Financial Report for five consecutive years including the fiscal year ended December 31, 2013. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized comprehensive annual financial report that satisfied both generally accepted accounting principles (GAAP) and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

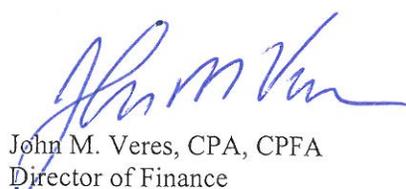
We would like to thank the Members of Council for their support in striving for excellence in financial reporting and disclosure. We also would like to thank the staff from the Local Government Services Section with the Auditor of State for their help in preparing the GASB 34 statements and our Comprehensive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

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

Respectfully submitted,



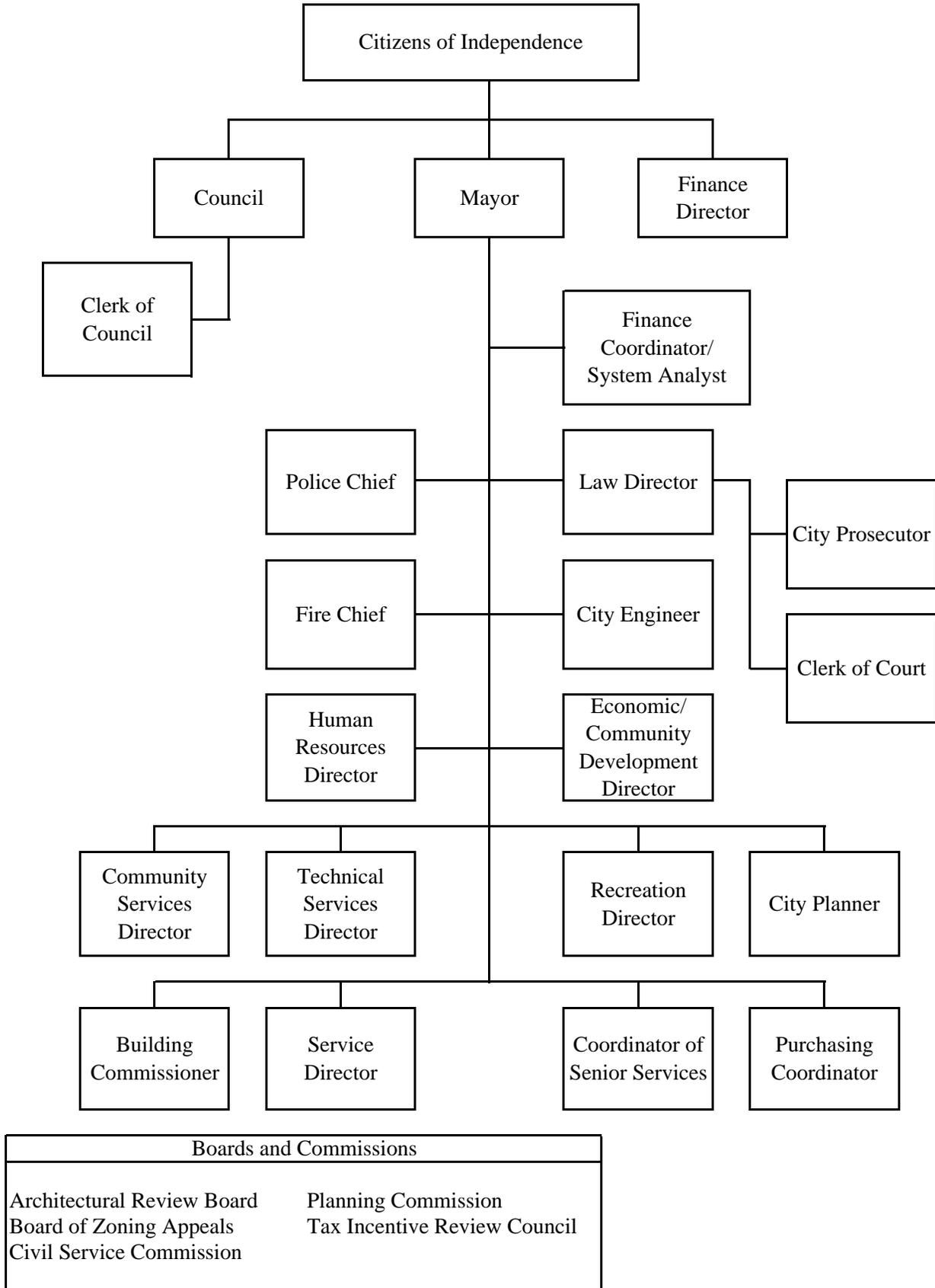
Gregory P. Kurtz
Mayor



John M. Veres, CPA, CPFA
Director of Finance

City of Independence

Organizational Chart



City of Independence, Ohio

List of Principal Officials

December 31, 2014

Elected Officials

Mayor.....Gregory P. Kurtz
Finance Director..... John M. Veres, CPA, CPFA
Vice Mayor Anthony Togliatti
Council Member Carl Asseff
Council Member James F. Crooks
Council Member Dave Grendel
Council Member Kathleen Kapusta
Council Member Bob Wagner
Council Member Patricia Wisnieski

Appointed Officials

Clerk of Council.....Debra J. Beal
Law Director Gregory O'Brien
City Prosecutor..... William Doyle

Administration

Interim Human Resources DirectorDarlynn K. Velotta
Finance Coordinator/Systems Analyst..... Vernon Blaze
Community Services Director..... Natalie Buc
Police Chief.....Michael Kilbane
City Engineer Don Ramm
City Planner Jeffrey S. Markley
Service Director Leon Karas
Recreation Director..... Tom Walchanowicz
Fire Chief Steve Rega
Building Official Michael Gero
Technical Services Director..... David Snyderburn
Economic Development Director..... Jeremy Rowan
Purchasing Coordinator Gus Katsas
Clerk of Court Angela T. Zeleznik



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

City of Independence

Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2013

Executive Director/CEO

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Financial Section



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Independent Auditor's Report

Members of the City Council
Independence, Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Independence, Ohio (the "City"), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Members of the City Council
Independence, Ohio

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Members of the City Council
Independence, Ohio

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2015 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Cini & Parichi, Inc.

Cleveland, Ohio
June 26, 2015

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City of Independence, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2014
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, 2014. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers are encouraged to consider the information presented here in conjunction with the transmittal letter, the basic financial statements, and the accompanying notes to those financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights are as follows:

- ❖ The City remains vigilant and department heads and employees work together to find ways to create more efficiency to ensure that the City's mission *"To provide essential services and to enhance the quality of community life in the most economic and efficient manner possible"* is carried out and implemented each and every day.
- ❖ 2014 saw the completion of many road projects totaling nearly \$1,800,000. These projects were paid for with cash on hand. The City also awarded a contract in July 2013, of close to \$6,300,000 to widen East Pleasant Valley Road. This improvement includes an OPWC grant of \$1,701,900. The City was also awarded an \$863,000 grant from Cuyahoga County for this project. The remaining amount for this project will be paid through a 20-year OPWC interest-free loan. Payments will be made with future TIF PILOTS (revenue).
- ❖ The City has established several tax incremental financing (TIF) districts within the City under which the City has granted property tax exemptions and agreed to construct certain public infrastructure improvements. A taxpayer whose operations are located within the TIF districts continues to make payments to the jurisdiction in an amount equal to the real property tax liability that otherwise would have been due had the property not been exempted; however, the portion of the property tax on the incremental increase in value that would have gone to the County comes to the City to help pay for those public infrastructure improvements. Since the inception of these districts, the City has received more than \$9.1 million in payments in lieu of taxes (PILOT) revenue on a cash basis.
- ❖ The City also purchased vacant commercial land in the NW Quadrant area of Rockside Road for just over \$2,500,000 and has high hopes that ownership of close to 33 acres in the largest undeveloped commercial area in the City will help kick-start development in the near future.
- ❖ On April 14, 2015, the City repaid \$250,000 of the \$2,850,000 bond anticipation note issued for the Selig Drive/Route 21 Intersection widening project, along with \$150,000 towards the \$950,000 bond anticipation note for Chestnut Woods III at the Hillside/Route 21 intersection.

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.

City of Independence, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2014
Unaudited

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

Reporting the City of Independence as a Whole

Statement of Net Position and the Statement of Activities

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

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

Reporting on the Most Significant Funds of the City of Independence

Fund Financial Statements

The fund financial statements, which begin on page 16, provide detailed information about the City's major funds and include the Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances. These statements tell how City services charged to major funds were financed in the short-term as well as what remains for future spending. For the City of Independence, the most significant governmental funds are the general fund, the quadrant tax increment financing (TIF) debt service fund, and the capital improvements and the street resurfacing capital projects funds.

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

City of Independence, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2014
Unaudited

The City of Independence as a Whole

Statement of Net Position

As noted earlier, the statement of net position looks at the City as a whole and can prove to be a useful indicator of the City's financial position. Table 1 provides a summary of the City's net position for 2014 and 2013.

Table 1
Net Position

| | 2014 | 2013 | Change |
|--|---------------------|---------------------|--------------------|
| Assets | | | |
| Current and Other Assets | \$28,955,477 | \$31,779,020 | (\$2,823,543) |
| Capital Assets, Net | 95,472,047 | 92,563,374 | 2,908,673 |
| Total Assets | 124,427,524 | 124,342,394 | 85,130 |
| Deferred Outflows of Resources | 511,466 | 344,871 | 166,595 |
| Liabilities | | | |
| Current and Other Liabilities | 2,888,137 | 3,498,818 | 610,681 |
| Long-Term Liabilities | | | |
| Due Within One Year | 1,814,941 | 1,708,928 | (106,013) |
| Due in More than One Year | 23,725,242 | 25,520,629 | 1,795,387 |
| Total Liabilities | 28,428,320 | 30,728,375 | 2,300,055 |
| Deferred Inflows of Resources | 2,033,935 | 2,186,559 | 152,624 |
| Net Position | | | |
| Net Investment in Capital Assets | 70,074,840 | 64,925,722 | 5,149,118 |
| Restricted: | | | |
| Capital Projects | 7,901,331 | 7,231,782 | 669,549 |
| State Highway | 111,791 | 103,078 | 8,713 |
| Street Construction, Maintenance and Repair | 585,918 | 913,005 | (327,087) |
| Police Pension | 463,968 | 475,691 | (11,723) |
| Other Purposes | 210,794 | 275,126 | (64,332) |
| Unrestricted | 15,128,093 | 17,847,927 | (2,719,834) |
| Total Net Position | \$94,476,735 | \$91,772,331 | \$2,704,404 |

As of December 31, 2014, the City's overall net position increased by \$2,704,404 from 2013. While current and other assets decreased, capital assets increased, resulting in an increase of \$85,130 in total assets, primarily due to the large additions to land and construction in progress. Liabilities decreased mainly due to the pay down of general obligation bonds in 2014 and a decrease in the intergovernmental payable. Further details of the changes in net position between 2014 and 2013 can be observed in Table 2.

City of Independence, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2014
Unaudited

Table 2
Changes in Net Position

| | 2014 | 2013 | Change |
|--|----------------------------|----------------------------|---------------------------|
| Revenues | | | |
| Program Revenues | | | |
| Charges for Services and Sales | \$1,796,416 | \$1,797,064 | (\$648) |
| Operating Grants and Contributions | 493,672 | 603,478 | (109,806) |
| Capital Grants and Assessments | 1,567,822 | 114,562 | 1,453,260 |
| <i>Total Program Revenues</i> | <u>3,857,910</u> | <u>2,515,104</u> | <u>1,342,806</u> |
| General Revenues | | | |
| Property Taxes | 943,888 | 1,002,634 | (58,746) |
| Municipal Income Taxes | 24,615,423 | 26,429,663 | (1,814,240) |
| Hotel/Motel Taxes | 1,319,446 | 1,293,185 | 26,261 |
| Grant and Entitlements, Not Restricted to Specific Programs | 259,332 | 757,689 | (498,357) |
| Investment Income | 61,208 | 68,148 | (6,940) |
| Payments in Lieu of Taxes | 1,348,759 | 1,094,482 | 254,277 |
| Miscellaneous | 561,514 | 366,333 | 195,181 |
| <i>Total General Revenues</i> | <u>29,109,570</u> | <u>31,012,134</u> | <u>(1,902,564)</u> |
| <i>Total Revenues</i> | <u>32,967,480</u> | <u>33,527,238</u> | <u>(559,758)</u> |
| Program Expenses | | | |
| General Government | 8,650,919 | 8,587,665 | (63,254) |
| Security of Persons and Property | 9,005,655 | 8,389,502 | (616,153) |
| Public Health and Welfare | 78,417 | 110,014 | 31,597 |
| Leisure Time Activities | 3,767,299 | 3,463,666 | (303,633) |
| Community Environment | 3,096,160 | 2,739,330 | (356,830) |
| Basic Utility Services | 547,380 | 570,714 | 23,334 |
| Transportation | 4,465,226 | 3,199,635 | (1,265,591) |
| Interest and Fiscal Charges | 652,020 | 764,052 | 112,032 |
| <i>Total Expenses</i> | <u>30,263,076</u> | <u>27,824,578</u> | <u>(2,438,498)</u> |
| <i>Increase in Net Position</i> | 2,704,404 | 5,702,660 | (2,998,256) |
| <i>Net Position Beginning of Year - Restated (See Note 4)</i> | <u>91,772,331</u> | <u>86,069,671</u> | <u>5,702,660</u> |
| <i>Net Position End of Year</i> | <u><u>\$94,476,735</u></u> | <u><u>\$91,772,331</u></u> | <u><u>\$2,704,404</u></u> |

Governmental Activities

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

City of Independence, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2014
Unaudited

The City's strong commercial employment tax base has provided for a consistent level of withholding tax collections. This strong base has enabled the City to enjoy increased collections during economically strong periods, while at the same time maintaining fairly level collections during economic downturns. The City's income tax base remains diversified in that the City is not reliant upon one taxpayer. This helps in giving the City stability in its budgeting process, knowing that the City's revenue stream will not be adversely affected by the loss of a major employer.

The City is committed to funding infrastructure projects. A major project begun in 2014 was the expansion and rehabilitation of East Pleasant Valley Road. The \$5,866,061 project is being funded by an OPWC grant of \$1,701,900 and an OPWC loan of \$4,164,161. As of December 31, 2014, the City has drawn down \$923,363 of the grant. This OPWC grant is the primary reason for the significant increase from 2013 in capital grants and assessments program revenue.

The City carefully invests its cash and cash equivalents in a variety of investment types with the primary focus being safety of principal, but with an attention to investment opportunities to increase yield. The City pays close attention to daily interest rates and long-term financial trends. 2014's interest revenue was \$61,208.

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

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

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

Table 3
Governmental Activities

| | Total Cost of Services | | Net Cost of Services | |
|----------------------------------|------------------------|---------------------|----------------------|---------------------|
| | 2014 | 2013 | 2014 | 2013 |
| General Government | \$8,650,919 | \$8,587,665 | \$8,273,703 | \$8,173,124 |
| Security of Persons and Property | 9,005,655 | 8,389,502 | 8,431,706 | 7,823,807 |
| Public Health and Welfare | 78,417 | 110,014 | 54,852 | 89,770 |
| Leisure Time Activities | 3,767,299 | 3,463,666 | 3,208,083 | 3,396,548 |
| Community Environment | 3,096,160 | 2,739,330 | 2,898,100 | 2,545,092 |
| Basic Utility Services | 547,380 | 570,714 | 517,074 | 534,542 |
| Transportation | 4,465,226 | 3,199,635 | 2,369,628 | 1,982,539 |
| Interest and Fiscal Charges | 652,020 | 764,052 | 652,020 | 764,052 |
| Total Expenses | \$30,263,076 | \$27,824,578 | \$26,405,166 | \$25,309,474 |

City of Independence, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2014
Unaudited

The City's Funds

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

As of the end of 2014, the City's governmental funds reported a positive combined ending fund balance. Unassigned fund balance is available for appropriation at the City's discretion within certain legal constraints and purpose restrictions. The remainder of the fund balance is either nonspendable, restricted, committed, or assigned to indicate that it is not available for future spending.

The increase in the general fund balance is a result of revenues outpacing expenditures, despite a decrease in income taxes, while expenditures increased slightly. The City continues to put a premium on City services without reducing the City's workforce. In order to keep this premium on jobs, the City has cut back on overtime and asked employees to do more with less while not compromising services. The City's dedicated public servants strive to keep the City of Independence among the finest in Northeast Ohio.

The 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 transfers from the general fund and other revenues outpacing the amount spent on capital improvements and debt repayment.

The street resurfacing capital projects fund had an increase in fund balance due to fewer costs for infrastructure improvements.

Other governmental funds had a small decrease in fund balance. The City continues to seek out and utilize grant monies. Revenues were slightly higher than the prior year mainly due to an increase in special assessments revenue. Expenditures increased over the prior year mainly due to an increase in transportation expenditures.

General Fund Budgeting Highlights

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund. The legal level of budgetary control for the City is at the department and object level for the general fund. Any budgetary modifications at this level may only be made by ordinance of City Council. City policy permits fund transfers within control levels with the approval of the Director of Finance. During the course of 2014, 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 slightly lower than certification, due to higher estimates in several categories, mainly intergovernmental revenue. Actual expenditures were less than appropriations due mainly to the diligence of management to keep costs low. City Council has taken a proactive stance on budgeting by requiring that permanent appropriations be submitted and approved prior to the start of the year. This enables the administration to better plan for the upcoming year.

City of Independence, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2014
Unaudited

Capital Assets and Debt Administration

Capital Assets

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

The City continues to work through their five-year capital asset replacement plan.

In 2014, the City purchased equipment for the City's various departments and also made improvements to Rockside Woods Boulevard North and South, West Creek Drive, and Jefferson Road. See Note 11 to the basic financial statements for more information regarding the City's capital assets. Table 4 compares capital assets as of December 31, 2014, to balances at December 31, 2013.

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

| | 2014 | 2013 |
|----------------------------|--------------|--------------|
| Land | \$19,522,471 | \$17,002,615 |
| Construction in Progress | 2,482,782 | 1,696,258 |
| Buildings and Improvements | 26,309,082 | 26,779,220 |
| Machinery and Equipment | 1,543,470 | 1,741,361 |
| Furniture and Fixtures | 122,470 | 146,920 |
| Vehicles | 2,904,716 | 2,964,002 |
| Infrastructure | 42,587,056 | 42,232,998 |
| <i>Total</i> | \$95,472,047 | \$92,563,374 |

Debt

Table 5 summarizes outstanding long-term debt at December 31, 2014, compared to December 31, 2013.

Table 5
Outstanding Long Term Debt at Year End

| | 2014 | 2013 |
|---------------------------|--------------|--------------|
| General Obligation Bonds | \$20,253,380 | \$21,540,762 |
| OPWC Loans | 196,875 | 211,509 |
| Various Improvement Notes | 4,300,000 | 4,712,069 |
| OWDA Loan | 22,005 | 32,494 |
| Claims Payable | 62,443 | 12,733 |
| Compensated Absences | 705,480 | 719,990 |
| <i>Total</i> | \$25,540,183 | \$27,229,557 |

City of Independence, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2014
Unaudited

The City's overall legal debt limit increased slightly to \$48,091,557 as a result of a small increase in the total assessed property value. The amount of debt subject to the debt limit was \$19,663,880, leaving an overall debt margin of \$28,427,677. The legal debt margin is determined by multiplying the total assessed value of taxable real property in the City by 10.50 percent minus non-exempted debt outstanding.

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 17 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 2014, City Council closely monitored revenues and expenditures to preserve the integrity of the general fund's unencumbered cash balance. As with all cities in the State of Ohio, State funding issues are constantly monitored to determine the impact on the City. The City's management team remains mindful of keeping an eye out for ways to become more efficient and better stewards of our taxpayers' money. Major entities in Northeast Ohio still regard the City of Independence as one of the top places to relocate or expand their businesses. All of the City's financial abilities will be needed to meet the challenges of the future.

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

Contacting the City's Finance Department

This financial report is designed to provide a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact 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 Position

December 31, 2014

| | <u>Governmental Activities</u> |
|--|------------------------------------|
| Assets | |
| Equity in Pooled Cash and Cash Equivalents | \$18,502,879 |
| Cash and Cash Equivalents in Segregated Accounts | 48,832 |
| Accounts Receivable | 38,160 |
| Hotel/Motel Taxes Receivable | 79,349 |
| Intergovernmental Receivable | 1,039,358 |
| Prepaid Items | 81,700 |
| Municipal Income Taxes Receivable | 5,645,458 |
| Property Taxes Receivable | 1,116,431 |
| Special Assessments Receivable | 412,937 |
| Payments in Lieu of Taxes Receivable | 1,990,373 |
| Nondepreciable Capital Assets | 22,005,253 |
| Depreciable Capital Assets, Net | <u>73,466,794</u> |
| <i>Total Assets</i> | <u>124,427,524</u> |
| Deferred Outflows of Resources | |
| Deferred Charge on Refunding | <u>511,466</u> |
| Liabilities | |
| Accounts Payable | 488,667 |
| Accrued Wages | 358,049 |
| Contracts Payable | 924,259 |
| Intergovernmental Payable | 472,768 |
| Accrued Interest Payable | 87,217 |
| Retainage Payable | 157,177 |
| Notes Payable | 400,000 |
| Long-Term Liabilities: | |
| Due Within One Year | 1,814,941 |
| Due in More Than One Year | <u>23,725,242</u> |
| <i>Total Liabilities</i> | <u>28,428,320</u> |
| Deferred Inflows of Resources | |
| Property Taxes | 743,542 |
| Payments in Lieu of Taxes | <u>1,290,393</u> |
| <i>Total Deferred Inflows of Resources</i> | <u>2,033,935</u> |
| Net Position | |
| Net Investment in Capital Assets | 70,074,840 |
| Restricted for: | |
| Capital Projects | 7,901,331 |
| State Highway | 111,791 |
| Street Construction, Maintenance and Repair | 585,918 |
| Police Pension | 463,968 |
| Other Purposes | 210,794 |
| Unrestricted | <u>15,128,093</u> |
| <i>Total Net Position</i> | <u><u>\$94,476,735</u></u> |

See accompanying notes to the basic financial statements

City of Independence, Ohio
Statement of Activities
For the Year Ended December 31, 2014

| | Expenses | Program Revenues | | | Net (Expense) |
|----------------------------------|---------------------|---|---------------------------------------|-----------------------------------|---|
| | | Charges for Services and Sales | Operating Grants and Contributions | Capital Grants and Assessments | Revenue and Changes in Net Position |
| Governmental Activities: | | | | | |
| General Government | \$8,650,919 | \$377,216 | \$0 | \$0 | (\$8,273,703) |
| Security of Persons and Property | 9,005,655 | 562,774 | 11,175 | 0 | (8,431,706) |
| Public Health and Welfare | 78,417 | 23,565 | 0 | 0 | (54,852) |
| Leisure Time Activities | 3,767,299 | 559,216 | 0 | 0 | (3,208,083) |
| Community Environment | 3,096,160 | 198,060 | 0 | 0 | (2,898,100) |
| Basic Utility Services | 547,380 | 30,306 | 0 | 0 | (517,074) |
| Transportation | 4,465,226 | 45,279 | 482,497 | 1,567,822 | (2,369,628) |
| Interest and Fiscal Charges | 652,020 | 0 | 0 | 0 | (652,020) |
| <i>Totals</i> | <u>\$30,263,076</u> | <u>\$1,796,416</u> | <u>\$493,672</u> | <u>\$1,567,822</u> | <u>(26,405,166)</u> |
| | | General Revenues | | | |
| | | Property Taxes Levied for: | | | |
| | | General Purposes | | | 814,219 |
| | | Police Pension | | | 129,669 |
| | | Municipal Income Tax Levied for General Purposes | | | 24,615,423 |
| | | Hotel/Motel Tax Levied for General Purposes | | | 1,319,446 |
| | | Grants and Entitlements Not Restricted to Specific Programs | | | 259,332 |
| | | Investment Income | | | 61,208 |
| | | Payments in Lieu of Taxes | | | 1,348,759 |
| | | Miscellaneous | | | 561,514 |
| | | <i>Total General Revenues</i> | | | <u>29,109,570</u> |
| | | Change in Net Position | | | 2,704,404 |
| | | <i>Net Position Beginning of Year - Restated (See Note 4)</i> | | | <u>91,772,331</u> |
| | | <i>Net Position End of Year</i> | | | <u>\$94,476,735</u> |

See accompanying notes to the basic financial statements

City of Independence, Ohio
Balance Sheet
Governmental Funds
December 31, 2014

| | General | Quadrant Tax Increment Financing | Capital Improvements | Street Resurfacing | Other Governmental Funds | Total Governmental Funds |
|---|---------------------|--|-------------------------|-----------------------|--------------------------------|--------------------------------|
| Assets | | | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$4,736,356 | \$4,198,015 | \$2,596,161 | \$3,088,605 | \$2,465,027 | \$17,084,164 |
| Cash and Cash Equivalents | | | | | | |
| In Segregated Accounts | 48,832 | 0 | 0 | 0 | 0 | 48,832 |
| Accounts Receivable | 26,841 | 0 | 0 | 0 | 683 | 27,524 |
| Hotel/Motel Taxes Receivable | 79,349 | 0 | 0 | 0 | 0 | 79,349 |
| Interfund Receivable | 14,417,000 | 0 | 1,475,000 | 0 | 0 | 15,892,000 |
| Intergovernmental Receivable | 141,994 | 642,742 | 0 | 0 | 254,622 | 1,039,358 |
| Prepaid Items | 68,170 | 0 | 1,193 | 0 | 5,981 | 75,344 |
| Special Assessments Receivable | 0 | 0 | 0 | 0 | 412,937 | 412,937 |
| Payments in Lieu of Taxes Receivable | 0 | 1,990,373 | 0 | 0 | 0 | 1,990,373 |
| Property Taxes Receivable | 964,191 | 0 | 0 | 0 | 152,240 | 1,116,431 |
| Municipal Income Taxes Receivable | 5,645,458 | 0 | 0 | 0 | 0 | 5,645,458 |
| Restricted Assets: | | | | | | |
| Equity in Pooled Cash and Cash Equivalents | 621 | 0 | 0 | 0 | 0 | 621 |
| <i>Total Assets</i> | <u>\$26,128,812</u> | <u>\$6,831,130</u> | <u>\$4,072,354</u> | <u>\$3,088,605</u> | <u>\$3,291,490</u> | <u>\$43,412,391</u> |
| Liabilities | | | | | | |
| Accounts Payable | \$211,545 | \$74,082 | \$137,103 | \$17,074 | \$39,641 | \$479,445 |
| Accrued Wages | 324,655 | 0 | 0 | 0 | 33,394 | 358,049 |
| Contracts Payable | 0 | 642,742 | 75,580 | 165,685 | 0 | 884,007 |
| Intergovernmental Payable | 357,978 | 0 | 0 | 0 | 113,550 | 471,528 |
| Retainage Payable | 0 | 97,705 | 0 | 59,472 | 0 | 157,177 |
| Accrued Interest Payable | 0 | 2,889 | 0 | 0 | 0 | 2,889 |
| Notes Payable | 0 | 400,000 | 0 | 0 | 0 | 400,000 |
| Interfund Payable | 0 | 16,032,000 | 0 | 0 | 10,000 | 16,042,000 |
| <i>Total Liabilities</i> | <u>894,178</u> | <u>17,249,418</u> | <u>212,683</u> | <u>242,231</u> | <u>196,585</u> | <u>18,795,095</u> |
| Deferred Inflows of Resources | | | | | | |
| Property Taxes | 642,150 | 0 | 0 | 0 | 101,392 | 743,542 |
| Payments in Lieu of Taxes | 0 | 1,290,393 | 0 | 0 | 0 | 1,290,393 |
| Unavailable Revenue | 3,419,850 | 699,980 | 0 | 0 | 653,197 | 4,773,027 |
| <i>Total Deferred Inflows of Resources</i> | <u>4,062,000</u> | <u>1,990,373</u> | <u>0</u> | <u>0</u> | <u>754,589</u> | <u>6,806,962</u> |
| Fund Balances | | | | | | |
| Nonspendable | 14,475,791 | 0 | 1,193 | 0 | 5,981 | 14,482,965 |
| Restricted | 0 | 0 | 3,858,478 | 2,846,374 | 1,993,428 | 8,698,280 |
| Committed | 0 | 0 | 0 | 0 | 355,523 | 355,523 |
| Assigned | 2,469,127 | 0 | 0 | 0 | 0 | 2,469,127 |
| Unassigned (Deficit) | 4,227,716 | (12,408,661) | 0 | 0 | (14,616) | (8,195,561) |
| <i>Total Fund Balances (Deficit)</i> | <u>21,172,634</u> | <u>(12,408,661)</u> | <u>3,859,671</u> | <u>2,846,374</u> | <u>2,340,316</u> | <u>17,810,334</u> |
| <i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i> | <u>\$26,128,812</u> | <u>\$6,831,130</u> | <u>\$4,072,354</u> | <u>\$3,088,605</u> | <u>\$3,291,490</u> | <u>\$43,412,391</u> |

See accompanying notes to the basic financial statements

City of Independence, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 December 31, 2014*

| | |
|--|---------------------|
| Total Governmental Funds Balances | \$17,810,334 |
|--|---------------------|

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

| | |
|---|------------|
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | 95,472,047 |
|---|------------|

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

| | |
|--------------------------------------|-----------|
| Delinquent Property Taxes | 372,888 |
| Municipal Income Taxes | 3,012,776 |
| Intergovernmental | 274,446 |
| Delinquent Payments in Lieu of Taxes | 699,980 |
| Special Assessments | 412,937 |

| | |
|-------|-----------|
| Total | 4,773,027 |
|-------|-----------|

| | |
|--|----------|
| In the statement of net position, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. | (84,328) |
|--|----------|

| | |
|--|-----------|
| 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 position. | 1,534,372 |
|--|-----------|

| | |
|---|---------|
| Deferred charges on refunding related to the issuance of long-term refunding debt will be amortized over the life of the debt on the statement of net position. | 511,466 |
|---|---------|

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

| | |
|--------------------------|--------------|
| General Obligation Bonds | (20,253,380) |
| OPWC Loan | (196,875) |
| Notes Payable | (4,300,000) |
| OWDA Loan | (22,005) |
| Claims Payable | (62,443) |
| Compensated Absences | (705,480) |

| | |
|-------|--------------|
| Total | (25,540,183) |
|-------|--------------|

| | |
|--|----------------------------|
| <i>Net Position of Governmental Activities</i> | <u><u>\$94,476,735</u></u> |
|--|----------------------------|

See accompanying notes to the basic financial statements

City of Independence, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2014

| | General | Quadrant Tax Increment Financing | Capital Improvements | Street Resurfacing | Other Governmental Funds | Total Governmental Funds |
|---|---------------------|--|-------------------------|-----------------------|--------------------------------|--------------------------------|
| Revenues | | | | | | |
| Property Taxes | \$799,824 | \$0 | \$0 | \$0 | \$118,949 | \$918,773 |
| Municipal Income Taxes | 24,106,639 | 0 | 0 | 0 | 0 | 24,106,639 |
| Hotel/Motel Taxes | 1,319,446 | 0 | 0 | 0 | 0 | 1,319,446 |
| Intergovernmental | 312,724 | 1,566,378 | 0 | 0 | 530,769 | 2,409,871 |
| Investment Income | 43,425 | 0 | 0 | 0 | 2,449 | 45,874 |
| Fees, Licenses and Permits | 371,831 | 0 | 0 | 0 | 365,717 | 737,548 |
| Fines and Forfeitures | 204,770 | 0 | 0 | 0 | 54,984 | 259,754 |
| Charges for Services | 533,921 | 0 | 0 | 0 | 23,565 | 557,486 |
| Rentals | 241,628 | 0 | 0 | 0 | 0 | 241,628 |
| Special Assessments | 0 | 0 | 0 | 0 | 175,629 | 175,629 |
| Payments in Lieu of Taxes | 0 | 1,273,291 | 0 | 0 | 0 | 1,273,291 |
| Miscellaneous | 403,318 | 53,275 | 6,675 | 7,200 | 80,092 | 550,560 |
| <i>Total Revenues</i> | <u>28,337,526</u> | <u>2,892,944</u> | <u>6,675</u> | <u>7,200</u> | <u>1,352,154</u> | <u>32,596,499</u> |
| Expenditures | | | | | | |
| Current: | | | | | | |
| General Government | 5,482,575 | 0 | 0 | 0 | 67,373 | 5,549,948 |
| Security of Persons and Property | 7,655,018 | 0 | 0 | 0 | 658,457 | 8,313,475 |
| Public Health and Welfare | 0 | 0 | 0 | 0 | 76,612 | 76,612 |
| Leisure Time Activities | 2,876,148 | 0 | 0 | 0 | 573,118 | 3,449,266 |
| Community Environment | 2,942,887 | 0 | 0 | 0 | 0 | 2,942,887 |
| Basic Utility Services | 448,869 | 0 | 0 | 0 | 0 | 448,869 |
| Transportation | 673,169 | 0 | 0 | 0 | 1,916,327 | 2,589,496 |
| Capital Outlay | 0 | 4,736,046 | 1,526,292 | 1,643,100 | 532,156 | 8,437,594 |
| Debt Service: | | | | | | |
| Principal Retirement | 0 | 594,349 | 880,892 | 3,384 | 61,498 | 1,540,123 |
| Refunded Notes Redeemed | 0 | 4,700,000 | 0 | 0 | 0 | 4,700,000 |
| Interest and Fiscal Charges | 0 | 407,224 | 297,407 | 0 | 15,253 | 719,884 |
| Debt Issuance Costs | 0 | 124,813 | 0 | 0 | 0 | 124,813 |
| <i>Total Expenditures</i> | <u>20,078,666</u> | <u>10,562,432</u> | <u>2,704,591</u> | <u>1,646,484</u> | <u>3,900,794</u> | <u>38,892,967</u> |
| <i>Excess of Revenues Over (Under) Expenditures</i> | <u>8,258,860</u> | <u>(7,669,488)</u> | <u>(2,697,916)</u> | <u>(1,639,284)</u> | <u>(2,548,640)</u> | <u>(6,296,468)</u> |
| Other Financing Sources (Uses) | | | | | | |
| General Obligation Notes Issued | 0 | 4,300,000 | 0 | 0 | 0 | 4,300,000 |
| General Obligation Refunding Bonds Issued | 0 | 4,305,000 | 0 | 0 | 0 | 4,305,000 |
| Premium on General Obligation Bonds | 0 | 299,647 | 0 | 0 | 0 | 299,647 |
| Payment to Refunded Bond Escrow Agent | 0 | (4,503,365) | 0 | 0 | 0 | (4,503,365) |
| Transfers In | 0 | 0 | 3,000,000 | 2,400,000 | 2,421,500 | 7,821,500 |
| Transfers Out | (7,821,500) | 0 | 0 | 0 | 0 | (7,821,500) |
| <i>Total Other Financing Sources (Uses)</i> | <u>(7,821,500)</u> | <u>4,401,282</u> | <u>3,000,000</u> | <u>2,400,000</u> | <u>2,421,500</u> | <u>4,401,282</u> |
| <i>Net Change in Fund Balances</i> | 437,360 | (3,268,206) | 302,084 | 760,716 | (127,140) | (1,895,186) |
| <i>Fund Balances (Deficit)</i> | | | | | | |
| <i>Beginning of Year</i> | <u>20,735,274</u> | <u>(9,140,455)</u> | <u>3,557,587</u> | <u>2,085,658</u> | <u>2,467,456</u> | <u>19,705,520</u> |
| <i>Fund Balances (Deficit) End of Year</i> | <u>\$21,172,634</u> | <u>(\$12,408,661)</u> | <u>\$3,859,671</u> | <u>\$2,846,374</u> | <u>\$2,340,316</u> | <u>\$17,810,334</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, 2014*

Net Change in Fund Balances - Total Governmental Funds (\$1,895,186)

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

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

| | | |
|----------------|-------------|-----------|
| Capital Outlay | 6,617,130 | |
| Depreciation | (3,708,457) | |
| | | |
| Total | | 2,908,673 |

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

| | | |
|---------------------------|-----------|---------|
| Delinquent Property Taxes | 25,115 | |
| Municipal Income Taxes | 508,784 | |
| Intergovernmental | (90,489) | |
| Payments in Lieu of Taxes | 75,468 | |
| Special Assessments | (174,185) | |
| | | |
| Total | | 344,693 |

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

| | | |
|--|----------|--------|
| Accrued Interest | 15,536 | |
| Amortization of Deferred Charge on Refunding | (28,331) | |
| Amortization of Bond Premium | 68,590 | |
| Amortization of Note Premium | 12,069 | |
| | | |
| Total | | 67,864 |

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:

| | | |
|--|----------|----------|
| Retrospective Workers' Compensation Claims | (49,710) | |
| Compensated Absences | 14,510 | |
| | | |
| Total | | (35,200) |

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

| | | |
|---------------------------------------|-----------|------------|
| Payment on General Obligation Bonds | 1,515,000 | |
| Payment on OPWC Loans | 14,634 | |
| Payment on Notes | 4,700,000 | |
| Payment on OWDA Loan | 10,489 | |
| Payment to Refunded Bond Escrow Agent | 4,503,365 | |
| | | |
| Total | | 10,743,488 |

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

| | | |
|---|-------------|-------------|
| General Obligation Notes Issued | (4,300,000) | |
| General Obligation Refunding Bonds Issued | (4,305,000) | |
| Premium on General Obligation Bonds | (299,647) | |
| | | |
| Total | | (8,904,647) |

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. (525,281)

Change in Net Position of Governmental Activities \$2,704,404

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, 2014

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|------------------|--------------|--------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Property Taxes | \$841,971 | \$799,541 | \$799,824 | \$283 |
| Municipal Income Taxes | 27,119,926 | 25,800,000 | 25,762,359 | (37,641) |
| Hotel/Motel Taxes | 1,382,529 | 1,296,283 | 1,313,322 | 17,039 |
| Intergovernmental | 292,545 | 549,109 | 277,901 | (271,208) |
| Investment Income | 49,681 | 46,582 | 47,194 | 612 |
| Fees, Licenses and Permits | 391,425 | 367,007 | 371,831 | 4,824 |
| Fines and Forfeitures | 228,530 | 219,273 | 217,090 | (2,183) |
| Charges for Services | 551,639 | 273,077 | 524,025 | 250,948 |
| Rentals | 254,361 | 238,493 | 241,628 | 3,135 |
| Miscellaneous | 422,176 | 465,418 | 401,043 | (64,375) |
| <i>Total Revenues</i> | 31,534,783 | 30,054,783 | 29,956,217 | (98,566) |
| Expenditures | | | | |
| Current: | | | | |
| General Government | 6,277,972 | 6,433,472 | 6,094,719 | 338,753 |
| Security of Persons and Property | 8,288,156 | 7,951,656 | 7,763,935 | 187,721 |
| Leisure Time Activities | 3,104,442 | 3,035,442 | 2,908,820 | 126,622 |
| Community Environment | 3,310,372 | 3,394,872 | 3,236,440 | 158,432 |
| Basic Utility Services | 552,908 | 533,908 | 486,152 | 47,756 |
| Transportation | 793,466 | 916,466 | 898,025 | 18,441 |
| <i>Total Expenditures</i> | 22,327,316 | 22,265,816 | 21,388,091 | 877,725 |
| <i>Excess of Revenues Over Expenditures</i> | 9,207,467 | 7,788,967 | 8,568,126 | 779,159 |
| Other Financing Sources (Uses) | | | | |
| Advances In | 185,000 | 185,000 | 185,000 | 0 |
| Advances Out | (835,000) | (4,990,000) | (4,990,000) | 0 |
| Transfers Out | (9,131,500) | (8,271,500) | (8,271,500) | 0 |
| <i>Total Other Financing Sources (Uses)</i> | (9,781,500) | (13,076,500) | (13,076,500) | 0 |
| <i>Net Change in Fund Balance</i> | (574,033) | (5,287,533) | (4,508,374) | 779,159 |
| <i>Fund Balance Beginning of Year</i> | 6,079,853 | 6,079,853 | 6,079,853 | 0 |
| Prior Year Encumbrances Appropriated | 769,816 | 769,816 | 769,816 | 0 |
| <i>Fund Balance End of Year</i> | \$6,275,636 | \$1,562,136 | \$2,341,295 | \$779,159 |

See accompanying notes to the basic financial statements

City of Independence, Ohio
Statement of Fund Net Position
Internal Service Fund
December 31, 2014

| | <u>Insurance</u> |
|--|---------------------------|
| Assets | |
| Equity in Pooled Cash and Cash Equivalents | \$1,418,094 |
| Interfund Receivable | 150,000 |
| Accounts Receivable | 10,636 |
| Prepaid Items | <u>6,356</u> |
| <i>Total Assets</i> | <u>1,585,086</u> |
| Liabilities | |
| Accounts Payable | 9,222 |
| Contracts Payable | 40,252 |
| Intergovernmental Payable | <u>1,240</u> |
| <i>Total Liabilities</i> | <u>50,714</u> |
| Net Position | |
| Unrestricted | <u><u>\$1,534,372</u></u> |

See accompanying notes to the basic financial statements

City of Independence, Ohio
*Statement of Revenues,
Expenses and Changes in Fund Net Position
Internal Service Fund
For the Year Ended December 31, 2014*

| | Insurance |
|---------------------------------------|-------------|
| Operating Revenues | |
| Other | \$10,954 |
| Operating Expenses | |
| Contractual Services | 50,764 |
| Claims | 500,805 |
| <i>Total Operating Expenses</i> | 551,569 |
| <i>Operating Loss</i> | (540,615) |
| Nonoperating Revenues | |
| Investment Income | 15,334 |
| <i>Change in Net Position</i> | (525,281) |
| <i>Net Position Beginning of Year</i> | 2,059,653 |
| <i>Net Position End of Year</i> | \$1,534,372 |

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, 2014

| | Insurance |
|--|-------------|
| <i>Increase (Decrease) in Cash and Cash Equivalents</i> | |
| Cash Flows from Operating Activities | |
| Cash Received from Other Services | \$10,954 |
| Cash Payments for Services | (6,699) |
| Cash Payments for Claims | (500,805) |
| <i>Net Cash Used in Operating Activities</i> | (496,550) |
| Cash Flows from Investing Activities | |
| Interest on Investments | 15,334 |
| <i>Net Decrease in Cash and Cash Equivalents</i> | (481,216) |
| <i>Cash and Cash Equivalents Beginning of Year</i> | 1,899,310 |
| <i>Cash and Cash Equivalents End of Year</i> | \$1,418,094 |
| Reconciliation of Operating Loss to Net Cash Used in Operating Activities | |
| <i>Operating Loss</i> | (\$540,615) |
| Adjustments: | |
| Increase in Liabilities: | |
| Accounts Payable | 2,573 |
| Contracts Payable | 40,252 |
| Intergovernmental Payable | 1,240 |
| <i>Net Cash Used in Operating Activities</i> | (\$496,550) |
| See accompanying notes to the basic financial statements | |

City of Independence, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Fund
December 31, 2014

Assets

| | |
|--|-------------------------|
| Equity in Pooled Cash and Cash Equivalents | <u><u>\$241,322</u></u> |
|--|-------------------------|

Liabilities

| | |
|---------------------------------|-------------------------|
| Deposits Held and Due to Others | <u><u>\$241,322</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, 2014

Note 1 – Reporting Entity

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

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

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

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

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance deficits of, or provide financial support to the organization; or the City is obligated for the debt of the organization. Component units may also include organizations for which the City authorizes the issuance of debt or the levying of taxes, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burden on, the primary government. The reporting entity of the City does not include any component units.

The City participates in two jointly governed organizations, the Southwest Council of Governments and the Northeast Ohio Public Energy Council. These organizations are presented in Note 15 of the basic financial statements.

Note 2 – Summary of Significant Accounting Policies

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

Basis of Presentation

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

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014

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

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

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

Fund Accounting

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

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

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

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

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014

Capital Improvements Fund The capital improvements fund accounts for and reports restricted general obligation bond proceeds for departmental capital improvements.

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

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

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

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

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

Measurement Focus

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

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

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

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014

Basis of Accounting

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

Revenues – Exchange and Nonexchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the City, available means expected to be received within 31 days of year-end.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 8). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

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

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, payments in lieu of taxes and unavailable revenue. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of December 31, 2014, but which were levied to finance 2015 operations. These amounts have been recorded as deferred inflows on both the government-wide Statement of net position and the governmental fund financial Statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes delinquent property taxes, income taxes, delinquent payments in lieu of taxes, special assessments, and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014

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.

Budgetary Process

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

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

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

Cash and Cash Equivalents

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

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

During 2014, investments were limited to STAR Ohio, US Treasury notes, federal home loan mortgage corporation bonds and federal national mortgage association bonds.

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

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's net asset value per share which is the price for which the investment could be sold at December 31, 2014.

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2014 amounted to \$43,425, which includes \$30,611 assigned from other City funds.

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

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2014, 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.

Restricted Assets

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

Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The City was able to estimate the historical cost for the initial reporting of infrastructure by backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of \$1,000 with the exception of land, as land was listed regardless of cost. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

| <u>Description</u> | <u>Estimated Lives</u> |
|----------------------------|------------------------|
| Buildings and Improvements | 50 Years |
| 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, 2014

Interfund Balances

On fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as “interfund receivables/payables”. Interfund loans which do not represent available expendable resources are classified as nonspendable fund balances. Interfund balance amounts are eliminated in the statement of net position.

Compensated Absences

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

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year-end, taking into consideration any limits specified in the City's termination policy. The City records a liability for accumulated unused sick leave for employees after ten years of service with the City.

Accrued Liabilities and Long-Term Obligations

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

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

Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

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

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014

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

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by City Council. In the general fund, assigned amounts represent intended uses established by City Council or a City official delegated that authority by City Charter or ordinance, or by State Statute. State statute authorizes the Finance Director to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. City Council assigned fund balance to cover a gap between estimated resources and appropriations in the 2015 appropriated budget. All remaining assigned amounts in the general fund were established by City Council.

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

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

Net Position

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

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014

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

Operating Revenues and Expenses

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

Deferred Charge on Refunding

On the government-wide financial statements, the difference between the reacquisition price (funds required to refund the old debt) of refunding bonds and the net carrying amount of the old debt, the gain/loss on the refunding, is being amortized as a component of interest expense. This amount is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, using the effective interest method and is presented as deferred outflows of resources on the statement of net position.

Bond Premiums

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

Interfund Activity

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

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

Estimates

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

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014

Note 3 – Fund Balances

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

| Fund Balances | General | Quadrant Tax Increment Financing | Capital Improvements | Street Resurfacing | Other Governmental Funds | Total |
|---|---------------------|--|-------------------------|-----------------------|--------------------------------|---------------------|
| <i>Nonspendable</i> | | | | | | |
| Prepays | \$68,170 | \$0 | \$1,193 | \$0 | \$5,981 | \$75,344 |
| Interfund Loans | 14,407,000 | 0 | 0 | 0 | 0 | 14,407,000 |
| Unclaimed Funds | 621 | 0 | 0 | 0 | 0 | 621 |
| <i>Total Nonspendable</i> | 14,475,791 | 0 | 1,193 | 0 | 5,981 | 14,482,965 |
| <i>Restricted for</i> | | | | | | |
| Road Improvements | 0 | 0 | 0 | 0 | 604,648 | 604,648 |
| Capital Improvements | 0 | 0 | 3,858,478 | 2,846,374 | 781,075 | 7,485,927 |
| Police Programs | 0 | 0 | 0 | 0 | 80,308 | 80,308 |
| Law Enforcement and Education | 0 | 0 | 0 | 0 | 35,385 | 35,385 |
| Mayor's Court Computer | 0 | 0 | 0 | 0 | 33,133 | 33,133 |
| Police Pension | 0 | 0 | 0 | 0 | 407,947 | 407,947 |
| Debt Service Payments | 0 | 0 | 0 | 0 | 50,932 | 50,932 |
| <i>Total Restricted</i> | 0 | 0 | 3,858,478 | 2,846,374 | 1,993,428 | 8,698,280 |
| <i>Committed to</i> | | | | | | |
| Handicap Parking | 0 | 0 | 0 | 0 | 24,217 | 24,217 |
| Citizen-Focused Activities | 0 | 0 | 0 | 0 | 44,821 | 44,821 |
| City Upkeep | 0 | 0 | 0 | 0 | 103,725 | 103,725 |
| Recreation | 0 | 0 | 0 | 0 | 182,760 | 182,760 |
| <i>Total Committed</i> | 0 | 0 | 0 | 0 | 355,523 | 355,523 |
| <i>Assigned to</i> | | | | | | |
| 2015 Appropriations | 240,068 | 0 | 0 | 0 | 0 | 240,068 |
| Compensated Absences | 613,922 | 0 | 0 | 0 | 0 | 613,922 |
| Rainy Day Fund | 700,000 | 0 | 0 | 0 | 0 | 700,000 |
| Economic Development | 89,559 | 0 | 0 | 0 | 0 | 89,559 |
| City Administration | 367,383 | 0 | 0 | 0 | 0 | 367,383 |
| Buildings and Land Maintenance | 214,971 | 0 | 0 | 0 | 0 | 214,971 |
| Engineering and Building Services | 53,730 | 0 | 0 | 0 | 0 | 53,730 |
| Fire Department | 54,026 | 0 | 0 | 0 | 0 | 54,026 |
| Police Department | 42,971 | 0 | 0 | 0 | 0 | 42,971 |
| Recreation | 47,122 | 0 | 0 | 0 | 0 | 47,122 |
| Transportation | 26,686 | 0 | 0 | 0 | 0 | 26,686 |
| Utility Services | 18,689 | 0 | 0 | 0 | 0 | 18,689 |
| <i>Total Assigned</i> | 2,469,127 | 0 | 0 | 0 | 0 | 2,469,127 |
| <i>Unassigned (Deficit)</i> | 4,227,716 | (12,408,661) | 0 | 0 | (14,616) | (8,195,561) |
| <i>Total Fund Balances (Deficit)</i> | \$21,172,634 | (\$12,408,661) | \$3,859,671 | \$2,846,374 | \$2,340,316 | \$17,810,334 |

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014

The City Council adopted a resolution to establish and maintain a Rainy Day fund in conjunction with Ohio Revised Code 5705.13 allowing the City to reserve monies to be used for income tax rebates.

Note 4 – Restatement of Prior Year Net Position

During 2014, the City found that delinquent property taxes had been overstated by \$624,521 in the prior year. As a result, net position at December 31, 2013, decreased by \$624,521 from \$92,396,852 to \$91,772,331.

Note 5 – Fund Deficits

Fund deficits in the Quadrant Tax Increment Financing bond retirement fund, the Rockside Woods and Route 21 and Pleasant Valley capital project funds of \$12,408,661, \$9,836, and \$4,780, respectively, are due to advances made for various tax increment financing projects as well as improvements to Rockside Woods and Route 21 and Pleasant Valley. The general fund is liable for any deficit in these funds and provides transfers when cash is required, rather than when accruals occur.

Note 6 – Budgetary Basis of Accounting

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

- a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- b) Unrecorded cash represents amounts received but not included as revenue on the budget basis statements. These amounts are included as revenue on the GAAP basis operating statements.
- c) Investments are reported at cost (budget basis) rather than at fair value (GAAP basis).
- d) Advances In and Advances Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
- e) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
- f) Budgetary revenues and expenditures of the compensated absences, rainy day, and economic development funds are reclassified to the general fund for GAAP purposes.
- g) Encumbrances are treated as expenditures (budget basis) rather than as a restricted, committed or assigned fund balance (GAAP basis).

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014

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 | <u>General</u> |
|---|-----------------------------|
| GAAP Basis | \$437,360 |
| Net Adjustment for Revenue Accruals | 1,614,922 |
| Beginning Unrecorded Cash | 1,716 |
| Ending Unrecorded Cash | (875) |
| Beginning Fair Value Adjustment for Investments | (4,976) |
| Ending Fair Value Adjustment for Investments | 7,904 |
| Advances In | 185,000 |
| Advances Out | (4,990,000) |
| Net Adjustment for Expenditure Accruals | (620,248) |
| Perspective Differences: | |
| Compensated Absences Fund | 49,612 |
| Rainy Day Fund | (100,000) |
| Economic Development Fund | (65,000) |
| Encumbrances | <u>(1,023,789)</u> |
| Budget Basis | <u><u>(\$4,508,374)</u></u> |

Note 7 – 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;

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 25 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short-selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.

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

The City has passed an ordinance allowing the City to invest monies not required to be used for a period of six months or more in the following:

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

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, \$15,569,220 of the City's bank balance of \$16,362,395 was uninsured and uncollateralized. Although

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014

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 105 percent of the deposits being secured.

Investments

As of December 31, 2014, the City had the following investments:

| | Fair Value | Average Maturity |
|--|---------------|---------------------|
| Star Ohio | \$27,908 | 50.1 days |
| US Treasury Notes | 987,137 | 686 days |
| Federal Home Loan Mortgage Corporation Bonds | 1,039,891 | 390 days |
| Federal National Mortgage Association Bonds | 794,136 | 402 days |
| Total | \$2,849,072 | |

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.

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 US Treasury Notes, Federal Home Loan Mortgage Corporation Bonds and Federal National Mortgage Association 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 Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The Federal Home Loan Mortgage Corporation Bonds and Federal National Mortgage Association Bonds carry a rating of AA+ 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, 2014:

| Investment Issuer | Percentage of Investments |
|--|------------------------------|
| Federal Home Loan Mortgage Corporation Bonds | 36.50 % |
| Federal National Mortgage Association Bonds | 27.87 |

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014

Note 8 – Receivables

Receivables at December 31, 2014, 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 \$412,937. At December 31, 2014, there was \$1,444 in delinquent special assessments.

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2014 for real and public utility property taxes represents collections of 2013 taxes.

2014 real property taxes are levied after October 1, 2014, on the assessed value as of January 1, 2014, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2014 real property taxes are collected in and intended to finance 2015.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2014 public utility property taxes which became a lien December 31, 2013, are levied after October 1, 2014, and are collected in 2015 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2014, was \$2.20 per \$1,000 of assessed value. The assessed values of real property, public utility tangible property, and tangible personal property upon which 2014 property tax receipts were based are as follows:

| | |
|----------------------------------|-----------------------------|
| Real Property: | |
| Residential/Agricultural | \$240,611,760 |
| Other Real Estate | 198,450,590 |
| Public Utility Personal Property | <u>18,952,480</u> |
| Total | <u><u>\$458,014,830</u></u> |

The County Fiscal Officer collects property taxes on behalf of all taxing districts in the county, including the City of Independence. The County Fiscal Officer periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real property taxes and public utility property taxes which were measurable as of December 31, 2014, and for which there is an enforceable legal claim. In the governmental funds, the portion of the receivable not levied to finance 2014 operations is offset to deferred inflows of resources – property taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014

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 2014, the proceeds were allocated entirely to the general fund.

Intergovernmental Receivable

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

| | <u>Amount</u> |
|-------------------------------------|---------------------------|
| OPWC Grant | \$642,742 |
| Gasoline Excise Tax | 177,478 |
| Local Government | 107,371 |
| Auto Registration | 60,271 |
| Homestead and Rollback | 37,930 |
| Permissive Tax | 11,699 |
| Miscellaneous | <u>1,867</u> |
| Total Intergovernmental Receivables | <u><u>\$1,039,358</u></u> |

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 9 – Risk Management

Property and Liability

The City is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2014, the City contracted with Selective Insurance Company for various types of insurance as follows:

City of Independence, Ohio
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For the Year Ended December 31, 2014

| Type | Coverage | Deductible |
|------------------------|-------------|------------|
| Inland Marine | | |
| Contractor's Equipment | \$1,815,175 | \$2,500 |
| Property | 38,313,668 | 10,000 |
| Crime | 25,000 | 1,000 |
| Automobile | 1,000,000 | 5,000 |

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.

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, 2014. Changes in the fund's claims liability amount for 2013 and 2014 were:

| | Balance at Beginning of Year | Current Year Claims | Claim Payments | Balance at End of Year |
|------|---------------------------------|------------------------|-------------------|---------------------------|
| 2013 | \$0 | \$395,727 | \$395,727 | \$0 |
| 2014 | 0 | 500,805 | 500,805 | 0 |

Workers' Compensation

The City participates in the State Workers' Compensation retrospective rating and payment system. This plan involves the payment of a minimum premium for administrative services and stop-loss coverage plus the actual claims cost for injured employees in 2014. The maintenance of these benefits is accounted for in the general fund as general government expenditures. Incurred but not reported claims of \$62,443 have been accrued as a liability at December 31, 2014, based on an estimate by the City's third-party administrator.

The claims liability of \$62,443, reported at December 31, 2014, 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 2013 and 2014 are as follows:

| | Balance at Beginning of Year | Current Year Claims | Claim Payments | Change in Workers' Compensation Estimate | Balance at End of Year |
|------|------------------------------------|---------------------------|-------------------|--|---------------------------|
| 2013 | \$339,009 | \$50,917 | \$187,477 | (\$189,716) | \$12,733 |
| 2014 | 12,733 | 62,443 | 12,733 | 0 | 62,443 |

Note 10 – Contingencies

Grants

The City receives financial assistance from federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014

claims resulting from such audits could become a liability of the general fund or any other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City.

Litigation

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

Note 11 – Capital Assets

Capital asset activity for the year ended December 31, 2014, was as follows:

| | Balance 12/31/13 | Additions | Reductions | Balance 12/31/14 |
|---|---------------------|--------------------|----------------------|---------------------|
| Governmental Activities: | | | | |
| Nondepreciable Capital Assets | | | | |
| Land | \$17,002,615 | \$2,519,856 | \$0 | \$19,522,471 |
| Construction in Progress | 1,696,258 | 1,948,969 | (1,162,445) | 2,482,782 |
| <i>Total Nondepreciable Capital Assets</i> | <u>18,698,873</u> | <u>4,468,825</u> | <u>(1,162,445)</u> | <u>22,005,253</u> |
| Depreciable Capital Assets | | | | |
| Buildings and Improvements | 39,483,660 | 381,148 | 0 | 39,864,808 |
| Machinery and Equipment | 5,588,442 | 143,913 | 0 | 5,732,355 |
| Furniture and Fixtures | 1,777,166 | 0 | 0 | 1,777,166 |
| Vehicles | 7,766,080 | 520,582 | (140,370) | 8,146,292 |
| Infrastructure | | | | |
| Roads | 49,732,929 | 1,773,818 | 0 | 51,506,747 |
| Water Lines | 5,432,820 | 0 | 0 | 5,432,820 |
| Sanitary Sewers | 2,670,596 | 0 | 0 | 2,670,596 |
| Storm Sewers | 9,777,970 | 491,289 | 0 | 10,269,259 |
| <i>Total Depreciable Capital Assets</i> | <u>122,229,663</u> | <u>3,310,750</u> | <u>(140,370)</u> | <u>125,400,043</u> |
| Buildings and Improvements | (12,704,440) | (851,286) | 0 | (13,555,726) |
| Machinery and Equipment | (3,847,081) | (341,804) | 0 | (4,188,885) |
| Furniture and Fixtures | (1,630,246) | (24,450) | 0 | (1,654,696) |
| Vehicles | (4,802,078) | (579,868) | 140,370 | (5,241,576) |
| Infrastructure | | | | |
| Roads | (19,682,509) | (1,605,950) | 0 | (21,288,459) |
| Water Lines | (1,207,417) | (54,328) | 0 | (1,261,745) |
| Sanitary Sewers | (741,315) | (35,608) | 0 | (776,923) |
| Storm Sewers | (3,750,076) | (215,163) | 0 | (3,965,239) |
| <i>Total Accumulated Depreciation</i> | <u>(48,365,162)</u> | <u>(3,708,457)</u> | <u>140,370</u> | <u>(51,933,249)</u> |
| Total Depreciable Capital Assets, Net | <u>73,864,501</u> | <u>(397,707)</u> | <u>0</u> | <u>73,466,794</u> |
| Governmental Activities Capital Assets, Net | <u>\$92,563,374</u> | <u>\$4,071,118</u> | <u>(\$1,162,445)</u> | <u>\$95,472,047</u> |

City of Independence, Ohio
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For the Year Ended December 31, 2014

Depreciation expense was charged to governmental activities as follows:

| | |
|----------------------------------|---------------------------|
| General Government | \$2,838,445 |
| Security of Persons and Property | 414,993 |
| Leisure Time Activities | 66,666 |
| Community Environment | 65,664 |
| Basic Utility Services | 11,290 |
| Transportation | 311,399 |
| Total | <u><u>\$3,708,457</u></u> |

Note 12 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

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

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, OH 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 and currently limits the employer contribution to a rate not to exceed 14 percent of earnable salary for State and local employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of earnable salary for members in State and local divisions. For the year ended December 31, 2014, members in State and local classifications contributed 10 percent of earnable salary. Members in the State and local divisions may participate in all three plans. For 2014, member and employer contribution rates were consistent across all three plans.

The City's 2014 contribution rate was 14.0 percent. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. For 2014, the portion of employer contribution allocated to health care was 2 percent for members in the Traditional Pension Plan and the Combined Plan. Effective January 1, 2015, the portion of employer contributions allocated to health care remained at 2 percent. Employer contribution rates are actuarially determined.

City of Independence, Ohio
Notes to the Basic Financial Statements
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The City's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2014, 2013, and 2012 were \$889,969, \$920,033, and \$698,193, respectively. For 2014, 90.05 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2013 and 2012. Contributions to the Member-Directed Plan for 2014 were \$23,059 made by the City and \$16,471 made by the plan members.

Ohio Police and Fire Pension Fund

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

Funding Policy – Employer and employee contribution rates are set by the Ohio Revised Code. From January 1, 2014, thru July 1, 2014, plan members were required to contribute 10.75 percent of their annual covered salary. From July 2, 2014, thru December 31, 2014, plan members were required to contribute 11.5 percent of their annual covered salary. Throughout 2014, employers were required to contribute 19.5 percent for police officers and 24 percent for firefighters.

The OP&F Pension Fund is authorized by the Ohio Revised Code to allocate a portion of the employer contributions to retiree health care benefits. For 2014, the portion of employer contributions used to fund pension benefits was 19 percent of covered payroll for the police officers and 23.5 percent of covered payroll for firefighters. The City's contributions to OP&F for police and firefighters pensions were \$511,976 and \$399,257 for the year ended December 31, 2014, \$425,244 and \$330,989 for the year ended December 31, 2013, and \$342,537 and \$277,260 for the year ended December 31, 2012, respectively. For 2014, 82.47 percent for police and 84.53 percent for firefighters has been contributed with the balance for both police and firefighters being reported as an intergovernmental payable. The full amount has been contributed for 2013 and 2012.

Note 13 – Post-Employment Benefits

Ohio Public Employees Retirement System

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program, and Medicare Part B premium reimbursement.

City of Independence, Ohio
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In order to qualify for post-employment health care coverage, age and service retirees under the Traditional Pension 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 mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers fund post-employment health care through their contributions to OPERS. A portion of each employer’s contribution to the Traditional Pension or Combined Plans is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2014, State and local government employers contributed 14 percent of earnable salary. This is the maximum employer contribution rate permitted by the Ohio Revised Code.

Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. For 2014, the portion of employer contributions allocated to health care for members in the Traditional Pension Plan and the Combined Plan was 2 percent. Effective January 1, 2015, the portion of employer contributions allocated to health care remained at 2 percent for both plans, as recommended by OPERS actuary.

The OPERS Board of Trustees is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The City’s contributions allocated to fund post-employment health care benefits for the years ended December 31, 2014, 2013, and 2012 were \$148,328, \$70,772, and \$279,277, respectively. For 2014, 90.05 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2013 and 2012.

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

Ohio Police and Fire Pension Fund

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

City of Independence, Ohio
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OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

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

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2014, the employer contribution allocated to the health care plan was .5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Section 115 and 401(h).

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

The City's contributions to OP&F which were allocated to fund post-employment health care benefits for police and firefighters were \$13,473 and \$8,495 for the year ended December 31, 2014, \$72,790 and \$44,601 for the year ended December 31, 2013, and \$181,343 and \$108,493 for the year ended December 31, 2012, respectively. For 2014, 82.47 percent for police and 84.53 percent for firefighters has been contributed with the balance for both police and firefighters being reported as an intergovernmental payable. The full amount has been contributed for 2013 and 2012.

Note 14 – 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,

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For the Year Ended December 31, 2014

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 15 – Jointly Governed Organizations

Southwest Council of Governments

The Southwest Council of Governments helps foster cooperation between municipalities in areas affecting health, safety, welfare, education, economic conditions and regional development. The Board is composed of one member from each of the 19 participating entities. The Board exercises total control over the operation of the Council including budgeting, appropriating, contracting and designating management. Budgets are adopted by the Board. Each City's degree of control is limited to its representation on the Board. In 2014, the City contributed \$15,000 which represents 5.2 percent of total contributions.

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

Northeast Ohio Public Energy Council (NOPEC)

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

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives on the governing board from each county then elect one person to serve on the nine-member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. The City did not contribute to NOPEC during 2014. Financial information can be obtained by contacting Ron McVoy, Board Chairman, 31320 Solon Road, Suite 20, Solon, Ohio 44139 or at the website www.nopecinfo.org.

Note 16 – 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

City of Independence, Ohio
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For the Year Ended December 31, 2014

District property for \$2,000,000. In 2003, the City issued \$15,000,000 in general obligation bonds to meet its obligations. These bonds were refunded in 2011 as a portion of the 2011 various purpose refunding bonds. The land, community center and community field house are owned by the City; the high school facility and community auditorium are owned by the School District.

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

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

Note 17 – Long-Term Obligations

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

| Debt Issue | Interest Rate | Original Issue Amount | Date of Maturity |
|--|---------------|-----------------------|-------------------|
| General Obligation Bonds | | | |
| 2005 Northeast Quadrant TIF Serial | 2.00-5.00 % | \$5,800,000 | December 1, 2030 |
| 2014 Northeast Quadrant TIF Refunding | 1.00-4.00 | 4,305,000 | December 1, 2030 |
| 2011 Various Purpose Refunding | 3.00-4.00 | 16,935,000 | December 21, 2028 |
| Ohio Public Works Commission Loans | | | |
| 1994 Quarry Road Bridge Project | 0.00 | 335,095 | January 1, 2014 |
| 2011 Pleasant Valley | 0.00 | 225,000 | January 1, 2032 |
| Long-Term Notes Payable | | | |
| 2014 Selig Drive Improvements | 1.00 | 2,600,000 | April 15, 2015 |
| 2014 Pleasant Valley Quadrant Improvements | 1.00 | 900,000 | April 15, 2015 |
| 2014 Chestnut Woods III Improvements | 1.00 | 800,000 | April 15, 2015 |
| Ohio Water Development Authority Loan | | | |
| 2011 Lower Brookside Watershed Study | 3.20 | 52,520 | July 1, 2016 |

City of Independence, Ohio
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The changes in long-term obligations during the year were as follows:

| | Balance 12/31/13 | Additions | Reductions | Balance 12/31/14 | Amounts Due in One Year |
|--|---------------------|-------------|----------------|---------------------|-------------------------------|
| Governmental Activities | | | | | |
| General Obligation Bonds | | | | | |
| 2005 Northeast Quadrant TIF | | | | | |
| Serial Bonds | \$4,605,000 | \$0 | (\$4,405,000) | \$200,000 | \$200,000 |
| Unamortized Premium | 96,508 | 0 | (92,474) | 4,034 | 0 |
| Total 2005 Northeast Quadrant TIF | 4,701,508 | 0 | (4,497,474) | 204,034 | 200,000 |
| 2014 Northeast Quadrant TIF Refunding | | | | | |
| Serial Bonds | 0 | 4,305,000 | (60,000) | 4,245,000 | 30,000 |
| Unamortized Premium | 0 | 299,647 | (4,610) | 295,037 | 0 |
| Total 2005 Northeast Quadrant TIF | 0 | 4,604,647 | (64,610) | 4,540,037 | 30,000 |
| 2011 Various Purpose Refunding | | | | | |
| Serial Bonds | 16,015,000 | 0 | (1,270,000) | 14,745,000 | 1,320,000 |
| Unamortized Premium | 824,254 | 0 | (59,945) | 764,309 | 0 |
| Total 2011 Various Purpose Refunding | 16,839,254 | 0 | (1,329,945) | 15,509,309 | 1,320,000 |
| <i>Total General Obligation Bonds</i> | 21,540,762 | 4,604,647 | (5,892,029) | 20,253,380 | 1,550,000 |
| OPWC Loans | | | | | |
| 1994 OPWC Loan - Quarry Road Bridge | 3,384 | 0 | (3,384) | 0 | 0 |
| 2011 OPWC Loan - Pleasant Valley | 208,125 | 0 | (11,250) | 196,875 | 11,250 |
| <i>Total OPWC Loans</i> | 211,509 | 0 | (14,634) | 196,875 | 11,250 |
| Notes Payable | | | | | |
| <i>Selig Drive Improvements</i> | 2,850,000 | 2,600,000 | (2,850,000) | 2,600,000 | 0 |
| Premium on Notes | 7,321 | 0 | (7,321) | 0 | 0 |
| <i>Pleasant Valley Quadrant Improvements</i> | 900,000 | 900,000 | (900,000) | 900,000 | 0 |
| Premium on Notes | 2,310 | 0 | (2,310) | 0 | 0 |
| <i>Chestnut Woods III Improvements</i> | 950,000 | 800,000 | (950,000) | 800,000 | 0 |
| Premium on Notes | 2,438 | 0 | (2,438) | 0 | 0 |
| <i>Total Notes Payable</i> | 4,712,069 | 4,300,000 | (4,712,069) | 4,300,000 | 0 |
| Other Long-term Obligations | | | | | |
| 2011 OWDA Loan - Lower Brookside | 32,494 | 0 | (10,489) | 22,005 | 10,828 |
| Claims Payable | 12,733 | 62,443 | (12,733) | 62,443 | 7,242 |
| Compensated Absences | 719,990 | 204,773 | (219,283) | 705,480 | 235,621 |
| <i>Total Other Long-term Obligations</i> | 765,217 | 267,216 | (242,505) | 789,928 | 253,691 |
| <i>Total General Long-term Obligations</i> | \$27,229,557 | \$9,171,863 | (\$10,861,237) | \$25,540,183 | \$1,814,941 |

City of Independence, Ohio
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In 2011, the City issued general obligation bonds, in the amount of \$16,935,000, to refund bonds previously issued in fiscal year 2003 for various purposes. The bonds are being retired through the capital improvements and issue II capital projects funds and the quadrant tax increment financing debt service fund. Proceeds were deposited in an irrevocable trust with an escrow agent to provide for all future debt payments on the refunded 2003 Various Purpose bonds. As of December 31, 2014, \$14,115,000 of the defeased bonds are still outstanding.

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. A portion of these bonds were refunded in 2014. Bond anticipation notes that were rolled over prior to the issuance of the financial statements and have a new maturity beyond the end of the year in which the report is issued have been reported in the government-wide statements as long-term liabilities. The notes are backed by the full faith of the City of Independence. The long-term notes will be paid from the quadrant tax increment financing debt service fund. The OPWC loan will be paid from the Route 21 and Pleasant Valley capital projects fund. The OWDA loan will be paid from the drain water capital projects fund.

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

2005 Northeast Quadrant TIF Bonds:

| | |
|---|-------------------------|
| Outstanding at December 31, 2013 | \$4,605,000 |
| Amount Refunded | (4,220,000) |
| Principal Payment on Non-Refunded Portion | <u>(185,000)</u> |
| Outstanding at December 31, 2014 | <u><u>\$200,000</u></u> |

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

2005 Northeast Quadrant TIF Bonds:

| | |
|---|---------------------------|
| Serial Bonds | \$4,605,000 |
| Premium on Bonds | <u>96,508</u> |
| Total 2005 Northeast Quadrant TIF Bonds | 4,701,508 |
| Non-refunded Portion of Bonds | (385,000) |
| Non-refunded Portion of Premium on Bonds | (8,069) |
| Payment to Refunded Bond Escrow Agent - Other Financing Use | <u>(4,503,365)</u> |
| 2014 Northeast Quadrant TIF Refunding Accounting Loss | <u><u>(\$194,926)</u></u> |

Although the refunding will result in the recognition of an accounting loss of \$194,926, the City in effect decreased its aggregated debt service payments by \$480,591 over the next sixteen years and obtained an economic gain (difference between the present values of the old and new debt service payments) of \$385,905.

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014

The claims liability will be paid from the general 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 \$28,427,677 at December 31, 2014. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2014, are as follows:

| | General Obligation Bonds | | OPWC Loan | OWDA Loan | |
|--------------|--------------------------|--------------------|------------------|-----------------|--------------|
| | Principal | Interest | Principal | Principal | Interest |
| 2015 | \$1,550,000 | \$634,975 | \$11,250 | \$10,828 | \$618 |
| 2016 | 1,570,000 | 602,500 | 11,250 | 11,177 | 269 |
| 2017 | 1,620,000 | 558,925 | 11,250 | 0 | 0 |
| 2018 | 1,665,000 | 513,925 | 11,250 | 0 | 0 |
| 2019 | 1,710,000 | 462,575 | 11,250 | 0 | 0 |
| 2020-2024 | 7,035,000 | 1,389,912 | 56,250 | 0 | 0 |
| 2025-2029 | 3,685,000 | 412,113 | 56,250 | 0 | 0 |
| 2030-2032 | 355,000 | 14,200 | 28,125 | 0 | 0 |
| Total | \$19,190,000 | \$4,589,125 | \$196,875 | \$22,005 | \$887 |

Note 18 – Notes Payable

Changes in the City's note activity for the year ended December 31, 2014, were as follows:

| Types / Issues | Balance | | | Balance 12/31/2014 |
|---------------------------------|------------------|------------------|--------------------|-----------------------|
| | 12/31/2013 | Additions | Reductions | |
| Selig Drive Improvements | \$750,000 | \$250,000 | (\$750,000) | \$250,000 |
| Premium on Notes | 1,919 | 0 | (1,919) | 0 |
| Chestnut Woods III Improvements | 0 | 150,000 | 0 | 150,000 |
| Total Short-Term Notes | \$751,919 | \$400,000 | (\$751,919) | \$400,000 |

All the notes are backed by the full faith and credit of the City of Independence and mature within one year. The maturity date for all outstanding notes is April 15, 2015. The note liability is reflected in the funds which received the proceeds. All note proceeds have been fully expended. The notes will be paid out of the quadrant tax increment financing debt service fund with payments in lieu of taxes.

By Ohio law, notes can be issued in anticipation of bond proceeds, special assessment bond proceeds and levies, or for up to 50 percent of anticipated revenue collections. There are limitations on the number of times a note can be renewed. All notes outstanding at year-end are bond anticipation notes. The notes were paid in full in 2015. As the result, the \$400,000 liability outstanding at December 31, 2014, was presented as a fund liability in the financial statements.

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014

Note 19 – Interfund Transactions

Interfund Balances

| Interfund Payable | Interfund Receivable | | | Totals |
|----------------------------------|----------------------|----------------------|------------------|---------------------|
| | General | Capital Improvements | Internal Service | |
| Quadrant Tax Increment Financing | \$14,407,000 | \$1,475,000 | \$150,000 | \$16,032,000 |
| Other Governmental Funds | 10,000 | 0 | 0 | 10,000 |
| Total | \$14,417,000 | \$1,475,000 | \$150,000 | \$16,042,000 |

The interfund receivables and payables are advances for grant monies and payment in lieu of tax revenue that were not repaid by year end. The City advances grant monies in the event that the award was not received when expected. The City advances money to fund the various TIF projects. The advance from the internal service fund was for emergency repairs to the Oaktree North Storm Sewer. All interfund balances, except the balance of \$14,407,000 in the general fund and the quadrant tax increment financing fund, are expected to be repaid within one year.

Interfund Transfers

The general fund transfers to the capital improvement and street resurfacing capital project funds and other governmental funds were made to provide additional resources for capital improvements and current operations.

| Transfer To | Transfer From |
|---|--------------------|
| | General |
| Major Funds: | |
| Capital Improvements | \$3,000,000 |
| Street Resurfacing | 2,400,000 |
| Total Major Funds | 5,400,000 |
| Other Governmental Funds: | |
| Street Construction, Maintenance and Repair | 1,100,000 |
| Twenty-Five and Alive | 2,000 |
| I Can | 2,000 |
| Tree | 6,000 |
| Cemetery | 85,000 |
| Recreation | 200,000 |
| Police Pension | 400,000 |
| Drain Water | 340,000 |
| Public Safety Equipment | 275,000 |
| Route 21 and Pleasant Valley | 11,500 |
| Total Other Governmental Funds | 2,421,500 |
| Total | \$7,821,500 |

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014

Note 20 – Significant Commitments

Contractual Commitments

At December 31, 2014, the City's significant contractual commitments consisted of Pleasant Valley Road widening project. As of year-end, \$923,636 was paid of the total contract amount of \$5,866,061, leaving a balance of \$4,942,425. Remaining commitment amounts were encumbered at year end. The amounts of \$642,742 and \$97,705 in contracts and retainage payable have been capitalized.

Encumbrances

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

| | |
|----------------------------------|---------------------|
| <i>Governmental Funds:</i> | |
| General | \$1,023,789 |
| Quadrant Tax Increment Financing | 3,534,034 |
| Capital Improvements | 2,243,166 |
| Street Resurfacing | 3,014,622 |
| Other Governmental Funds | 736,191 |
| <i>Total Governmental Funds</i> | <u>\$10,551,802</u> |
| | |
| Internal Service Fund | <u>\$60,542</u> |

Note 21 – Subsequent Event

On April 14, 2015, the City retired \$4,700,000 in general obligation bond anticipation notes and issued \$4,300,000 in new notes. The new notes have a maturity date of April 14, 2016, and an interest rate of 1.00 percent.

Combining and Individual Fund Statements and Schedules

Combining Statements – Non-major Governmental Funds

Nonmajor Special Revenue Funds

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

State Highway Fund – To account for and report that portion of the State gasoline tax and motor vehicle registration fees restricted for maintenance of State highways within the City.

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

Street Construction, Maintenance and Repair Fund – To account for and report that portion of the State gasoline tax and motor vehicle registration fees restricted for street maintenance and repair.

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

Indigent Drivers Fund – To account for and report the additional fees levied by the Independence Municipal Court under State law that are restricted for the rehabilitation of DUI indigent citizens.

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

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

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

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

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

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

Friends for Life Fund – To accounts for and report donations committed to assist former residents who wish to attend City sponsored events.

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

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

(continued)

Nonmajor Special Revenue Funds (continued)

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

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

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

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

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

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

Rainy Day Fund – To account for and report transfers from the general fund assigned for income tax refund payments. This fund is included in the general fund for GAAP reporting as it does not have a restricted or committed revenue source.

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

Nonmajor Debt Service Fund

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

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

Nonmajor Capital Projects Funds

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

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

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

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

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

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

City of Independence, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2014

| | Nonmajor Special Revenue Funds | Nonmajor Debt Service Fund | Nonmajor Capital Projects Funds | Total Nonmajor Governmental Funds |
|---|---|-------------------------------------|--|--|
| Assets | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$1,631,931 | \$50,932 | \$782,164 | \$2,465,027 |
| Accounts Receivable | 683 | 0 | 0 | 683 |
| Intergovernmental Receivable | 254,622 | 0 | 0 | 254,622 |
| Prepaid Items | 4,707 | 0 | 1,274 | 5,981 |
| Special Assessments Receivable | 0 | 0 | 412,937 | 412,937 |
| Property Taxes Receivable | 152,240 | 0 | 0 | 152,240 |
| <i>Total Assets</i> | <u>\$2,044,183</u> | <u>\$50,932</u> | <u>\$1,196,375</u> | <u>\$3,291,490</u> |
| Liabilities | | | | |
| Accounts Payable | \$39,561 | \$0 | \$80 | \$39,641 |
| Accrued Wages | 33,394 | 0 | 0 | 33,394 |
| Intergovernmental Payable | 107,925 | 0 | 5,625 | 113,550 |
| Interfund Payable | 0 | 0 | 10,000 | 10,000 |
| <i>Total Liabilities</i> | <u>180,880</u> | <u>0</u> | <u>15,705</u> | <u>196,585</u> |
| Deferred Inflows of Resources | | | | |
| Property Taxes | 101,392 | 0 | 0 | 101,392 |
| Unavailable Revenue | 240,260 | 0 | 412,937 | 653,197 |
| <i>Total Deferred Inflows of Resources</i> | <u>341,652</u> | <u>0</u> | <u>412,937</u> | <u>754,589</u> |
| Fund Balances | | | | |
| Nonspendable | 4,707 | 0 | 1,274 | 5,981 |
| Restricted | 1,161,421 | 50,932 | 781,075 | 1,993,428 |
| Committed | 355,523 | 0 | 0 | 355,523 |
| Unassigned (Deficit) | 0 | 0 | (14,616) | (14,616) |
| <i>Total Fund Balances</i> | <u>1,521,651</u> | <u>50,932</u> | <u>767,733</u> | <u>2,340,316</u> |
| <i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i> | <u>\$2,044,183</u> | <u>\$50,932</u> | <u>\$1,196,375</u> | <u>\$3,291,490</u> |

City of Independence, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2014

| | Nonmajor Special Revenue Funds | Nonmajor Debt Service Fund | Nonmajor Capital Projects Funds | Total Nonmajor Governmental Funds |
|--|---|-------------------------------------|--|--|
| Revenues | | | | |
| Property Taxes | \$118,949 | \$0 | \$0 | \$118,949 |
| Intergovernmental | 530,769 | 0 | 0 | 530,769 |
| Investment Income | 2,449 | 0 | 0 | 2,449 |
| Fees, Licenses and Permits | 365,717 | 0 | 0 | 365,717 |
| Fines and Forfeitures | 54,984 | 0 | 0 | 54,984 |
| Charges for Services | 23,565 | 0 | 0 | 23,565 |
| Special Assessments | 0 | 0 | 175,629 | 175,629 |
| Miscellaneous | 80,092 | 0 | 0 | 80,092 |
| <i>Total Revenues</i> | <u>1,176,525</u> | <u>0</u> | <u>175,629</u> | <u>1,352,154</u> |
| Expenditures | | | | |
| Current: | | | | |
| General Government | 67,373 | 0 | 0 | 67,373 |
| Security of Persons and Property | 658,457 | 0 | 0 | 658,457 |
| Public Health and Welfare | 76,612 | 0 | 0 | 76,612 |
| Leisure Time Activities | 573,118 | 0 | 0 | 573,118 |
| Transportation | 1,916,327 | 0 | 0 | 1,916,327 |
| Capital Outlay | 0 | 0 | 532,156 | 532,156 |
| Debt Service: | | | | |
| Principal Retirement | 0 | 0 | 61,498 | 61,498 |
| Interest and Fiscal Charges | 0 | 380 | 14,873 | 15,253 |
| <i>Total Expenditures</i> | <u>3,291,887</u> | <u>380</u> | <u>608,527</u> | <u>3,900,794</u> |
| <i>Excess of Revenues Under Expenditures</i> | (2,115,362) | (380) | (432,898) | (2,548,640) |
| Other Financing Sources | | | | |
| Transfers In | 1,795,000 | 0 | 626,500 | 2,421,500 |
| <i>Net Change in Fund Balances</i> | (320,362) | (380) | 193,602 | (127,140) |
| <i>Fund Balances Beginning of Year</i> | <u>1,842,013</u> | <u>51,312</u> | <u>574,131</u> | <u>2,467,456</u> |
| <i>Fund Balances End of Year</i> | <u><u>\$1,521,651</u></u> | <u><u>\$50,932</u></u> | <u><u>\$767,733</u></u> | <u><u>\$2,340,316</u></u> |

City of Independence, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2014

| | <u>State Highway</u> | <u>Motor Vehicle License Tax</u> | <u>Street Construction, Maintenance and Repair</u> | <u>Enforcement and Education</u> |
|---|--------------------------|--|--|--------------------------------------|
| Assets | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$94,320 | \$44,941 | \$468,176 | \$10,119 |
| Accounts Receivable | 0 | 0 | 0 | 100 |
| Intergovernmental Receivable | 17,471 | 11,699 | 220,279 | 0 |
| Prepaid Items | 0 | 0 | 0 | 0 |
| Property Taxes Receivable | 0 | 0 | 0 | 0 |
| <i>Total Assets</i> | <u>\$111,791</u> | <u>\$56,640</u> | <u>\$688,455</u> | <u>\$10,219</u> |
| Liabilities | | | | |
| Accounts Payable | \$0 | \$0 | \$26,613 | \$0 |
| Accrued Wages | 0 | 0 | 28,190 | 0 |
| Intergovernmental Payable | 0 | 0 | 13,196 | 0 |
| <i>Total Liabilities</i> | <u>0</u> | <u>0</u> | <u>67,999</u> | <u>0</u> |
| Deferred Inflows of Resources | | | | |
| Property Taxes | 0 | 0 | 0 | 0 |
| Unavailable Revenue | 12,720 | 9,844 | 161,675 | 0 |
| <i>Total Deferred Inflows of Resources</i> | <u>12,720</u> | <u>9,844</u> | <u>161,675</u> | <u>0</u> |
| Fund Balances | | | | |
| Nonspendable | 0 | 0 | 0 | 0 |
| Restricted | 99,071 | 46,796 | 458,781 | 10,219 |
| Committed | 0 | 0 | 0 | 0 |
| <i>Total Fund Balances</i> | <u>99,071</u> | <u>46,796</u> | <u>458,781</u> | <u>10,219</u> |
| <i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i> | <u>\$111,791</u> | <u>\$56,640</u> | <u>\$688,455</u> | <u>\$10,219</u> |

| <u>Drug Offense</u> | <u>Law Enforcement</u> | <u>Federal Forfeiture</u> | <u>Mayor's Court Computer</u> | <u>FEMA Grant</u> | <u>Handicap Parking</u> |
|-------------------------|----------------------------|-------------------------------|-----------------------------------|-----------------------|-----------------------------|
| \$43,910 | \$25,166 | \$33,189 | \$33,289 | \$2,959 | \$24,217 |
| 250 | 0 | 0 | 333 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 2,990 | 1,717 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| <u>\$44,160</u> | <u>\$25,166</u> | <u>\$36,179</u> | <u>\$35,339</u> | <u>\$2,959</u> | <u>\$24,217</u> |
| \$0 | \$0 | \$0 | \$489 | \$0 | \$0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 489 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 2,990 | 1,717 | 0 | 0 |
| 44,160 | 25,166 | 33,189 | 33,133 | 2,959 | 0 |
| 0 | 0 | 0 | 0 | 0 | 24,217 |
| <u>44,160</u> | <u>25,166</u> | <u>36,179</u> | <u>34,850</u> | <u>2,959</u> | <u>24,217</u> |
| <u>\$44,160</u> | <u>\$25,166</u> | <u>\$36,179</u> | <u>\$35,339</u> | <u>\$2,959</u> | <u>\$24,217</u> |

(continued)

City of Independence, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2014

| | Friends for Life | Twenty- Five and Alive | Home Days | I Can | Tree |
|---|---------------------|------------------------------|-----------------|-----------------|-----------------|
| Assets | | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$2,085 | \$11,725 | \$17,619 | \$13,703 | \$30,690 |
| Accounts Receivable | 0 | 0 | 0 | 0 | 0 |
| Intergovernmental Receivable | 0 | 0 | 0 | 0 | 0 |
| Prepaid Items | 0 | 0 | 0 | 0 | 0 |
| Property Taxes Receivable | 0 | 0 | 0 | 0 | 0 |
| <i>Total Assets</i> | <u>\$2,085</u> | <u>\$11,725</u> | <u>\$17,619</u> | <u>\$13,703</u> | <u>\$30,690</u> |
| Liabilities | | | | | |
| Accounts Payable | \$0 | \$0 | \$0 | \$111 | \$0 |
| Accrued Wages | 0 | 0 | 0 | 0 | 0 |
| Intergovernmental Payable | 0 | 200 | 0 | 0 | 0 |
| <i>Total Liabilities</i> | <u>0</u> | <u>200</u> | <u>0</u> | <u>111</u> | <u>0</u> |
| Deferred Inflows of Resources | | | | | |
| Property Taxes | 0 | 0 | 0 | 0 | 0 |
| Unavailable Revenue | 0 | 0 | 0 | 0 | 0 |
| <i>Total Deferred Inflows of Resources</i> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Fund Balances | | | | | |
| Nonspendable | 0 | 0 | 0 | 0 | 0 |
| Restricted | 0 | 0 | 0 | 0 | 0 |
| Committed | 2,085 | 11,525 | 17,619 | 13,592 | 30,690 |
| <i>Total Fund Balances</i> | <u>2,085</u> | <u>11,525</u> | <u>17,619</u> | <u>13,592</u> | <u>30,690</u> |
| <i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i> | <u>\$2,085</u> | <u>\$11,725</u> | <u>\$17,619</u> | <u>\$13,703</u> | <u>\$30,690</u> |

| Cemetery | Recreation | Police Pension | Total Nonmajor Special Revenue Funds |
|-----------------|------------------|------------------|--------------------------------------|
| \$73,193 | \$202,567 | \$500,063 | \$1,631,931 |
| 0 | 0 | 0 | 683 |
| 0 | 0 | 5,173 | 254,622 |
| 0 | 0 | 0 | 4,707 |
| 0 | 0 | 152,240 | 152,240 |
| <u>\$73,193</u> | <u>\$202,567</u> | <u>\$657,476</u> | <u>\$2,044,183</u> |
| \$13 | \$12,335 | \$0 | \$39,561 |
| 0 | 5,204 | 0 | 33,394 |
| 145 | 2,268 | 92,116 | 107,925 |
| <u>158</u> | <u>19,807</u> | <u>92,116</u> | <u>180,880</u> |
| 0 | 0 | 101,392 | 101,392 |
| 0 | 0 | 56,021 | 240,260 |
| 0 | 0 | 157,413 | 341,652 |
| 0 | 0 | 0 | 4,707 |
| 0 | 0 | 407,947 | 1,161,421 |
| 73,035 | 182,760 | 0 | 355,523 |
| <u>73,035</u> | <u>182,760</u> | <u>407,947</u> | <u>1,521,651</u> |
| <u>\$73,193</u> | <u>\$202,567</u> | <u>\$657,476</u> | <u>\$2,044,183</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, 2014

| | State Highway | Motor Vehicle License Tax | Street Construction, Maintenance and Repair | Enforcement and Education | Indigent Drivers |
|---|------------------|---------------------------------|--|------------------------------|---------------------|
| Revenues | | | | | |
| Property Taxes | \$0 | \$0 | \$0 | \$0 | \$0 |
| Intergovernmental | 35,903 | 23,604 | 459,950 | 0 | 0 |
| Investment Income | 197 | 90 | 2,162 | 0 | 0 |
| Fees, Licenses and Permits | 0 | 0 | 0 | 0 | 0 |
| Fines and Forfeitures | 0 | 0 | 0 | 1,669 | 726 |
| Charges for Services | 0 | 0 | 0 | 0 | 0 |
| Miscellaneous | 0 | 0 | 12,359 | 0 | 0 |
| <i>Total Revenues</i> | <u>36,100</u> | <u>23,694</u> | <u>474,471</u> | <u>1,669</u> | <u>726</u> |
| Expenditures | | | | | |
| Current: | | | | | |
| General Government | 0 | 0 | 0 | 0 | 0 |
| Security of Persons and Property | 0 | 0 | 0 | 777 | 17,399 |
| Public Health and Welfare | 0 | 0 | 0 | 0 | 0 |
| Leisure Time Activities | 0 | 0 | 0 | 0 | 0 |
| Transportation | 24,214 | 25,000 | 1,867,113 | 0 | 0 |
| <i>Total Expenditures</i> | <u>24,214</u> | <u>25,000</u> | <u>1,867,113</u> | <u>777</u> | <u>17,399</u> |
| <i>Excess of Revenues Over (Under) Expenditures</i> | 11,886 | (1,306) | (1,392,642) | 892 | (16,673) |
| Other Financing Sources | | | | | |
| Transfers In | 0 | 0 | 1,100,000 | 0 | 0 |
| <i>Net Change in Fund Balances</i> | 11,886 | (1,306) | (292,642) | 892 | (16,673) |
| <i>Fund Balances Beginning of Year</i> | 87,185 | 48,102 | 751,423 | 9,327 | 16,673 |
| <i>Fund Balances End of Year</i> | <u>\$99,071</u> | <u>\$46,796</u> | <u>\$458,781</u> | <u>\$10,219</u> | <u>\$0</u> |

| Drug Offense | Law Enforcement | Federal Forfeiture | Mayor's Court Computer | FEMA Grant | Handicap Parking |
|-----------------|--------------------|-----------------------|---------------------------|----------------|---------------------|
| \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 4,092 | 21,167 | 21,433 | 5,772 | 0 | 125 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| <u>4,092</u> | <u>21,167</u> | <u>21,433</u> | <u>5,772</u> | <u>0</u> | <u>125</u> |
| 0 | 0 | 0 | 13,052 | 0 | 0 |
| 0 | 19,829 | 67,885 | 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>19,829</u> | <u>67,885</u> | <u>13,052</u> | <u>0</u> | <u>0</u> |
| 4,092 | 1,338 | (46,452) | (7,280) | 0 | 125 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 4,092 | 1,338 | (46,452) | (7,280) | 0 | 125 |
| 40,068 | 23,828 | 82,631 | 42,130 | 2,959 | 24,092 |
| <u>\$44,160</u> | <u>\$25,166</u> | <u>\$36,179</u> | <u>\$34,850</u> | <u>\$2,959</u> | <u>\$24,217</u> |

(continued)

City of Independence, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds (continued)
For the Year Ended December 31, 2014

| | Friends for Life | Twenty- Five and Alive | Home Days | I Can | Tree |
|---|---------------------|------------------------------|-----------------|-----------------|-----------------|
| Revenues | | | | | |
| Property Taxes | \$0 | \$0 | \$0 | \$0 | \$0 |
| Intergovernmental | 0 | 0 | 0 | 0 | 0 |
| Investment Income | 0 | 0 | 0 | 0 | 0 |
| Fees, Licenses and Permits | 0 | 0 | 0 | 0 | 0 |
| Fines and Forfeitures | 0 | 0 | 0 | 0 | 0 |
| Charges for Services | 0 | 0 | 0 | 0 | 0 |
| Miscellaneous | 0 | 1,688 | 51,670 | 4,541 | 0 |
| <i>Total Revenues</i> | <u>0</u> | <u>1,688</u> | <u>51,670</u> | <u>4,541</u> | <u>0</u> |
| Expenditures | | | | | |
| Current: | | | | | |
| General Government | 0 | 4,420 | 46,564 | 3,337 | 0 |
| Security of Persons and Property | 0 | 0 | 0 | 0 | 0 |
| Public Health and Welfare | 0 | 0 | 0 | 0 | 0 |
| Leisure Time Activities | 0 | 0 | 0 | 0 | 0 |
| Transportation | 0 | 0 | 0 | 0 | 0 |
| <i>Total Expenditures</i> | <u>0</u> | <u>4,420</u> | <u>46,564</u> | <u>3,337</u> | <u>0</u> |
| <i>Excess of Revenues Over (Under) Expenditures</i> | 0 | (2,732) | 5,106 | 1,204 | 0 |
| Other Financing Sources | | | | | |
| Transfers In | 0 | 2,000 | 0 | 2,000 | 6,000 |
| <i>Net Change in Fund Balances</i> | 0 | (732) | 5,106 | 3,204 | 6,000 |
| <i>Fund Balances Beginning of Year</i> | 2,085 | 12,257 | 12,513 | 10,388 | 24,690 |
| <i>Fund Balances End of Year</i> | <u>\$2,085</u> | <u>\$11,525</u> | <u>\$17,619</u> | <u>\$13,592</u> | <u>\$30,690</u> |

| Cemetery | Recreation | Police Pension | Total Nonmajor Special Revenue Funds |
|-----------------|------------------|------------------|--------------------------------------|
| \$0 | \$0 | \$118,949 | \$118,949 |
| 0 | 0 | 11,312 | 530,769 |
| 0 | 0 | 0 | 2,449 |
| 0 | 365,717 | 0 | 365,717 |
| 0 | 0 | 0 | 54,984 |
| 23,565 | 0 | 0 | 23,565 |
| 0 | 9,834 | 0 | 80,092 |
| <u>23,565</u> | <u>375,551</u> | <u>130,261</u> | <u>1,176,525</u> |
| 0 | 0 | 0 | 67,373 |
| 0 | 0 | 552,567 | 658,457 |
| 76,612 | 0 | 0 | 76,612 |
| 0 | 573,118 | 0 | 573,118 |
| 0 | 0 | 0 | 1,916,327 |
| <u>76,612</u> | <u>573,118</u> | <u>552,567</u> | <u>3,291,887</u> |
| (53,047) | (197,567) | (422,306) | (2,115,362) |
| <u>85,000</u> | <u>200,000</u> | <u>400,000</u> | <u>1,795,000</u> |
| 31,953 | 2,433 | (22,306) | (320,362) |
| <u>41,082</u> | <u>180,327</u> | <u>430,253</u> | <u>1,842,013</u> |
| <u>\$73,035</u> | <u>\$182,760</u> | <u>\$407,947</u> | <u>\$1,521,651</u> |

City of Independence, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2014

| | Drain Water | Rockside Woods | Issue II |
|---|------------------|-------------------|------------------|
| Assets | | | |
| Equity in Pooled Cash and Cash Equivalents | \$170,786 | \$164 | \$167,282 |
| Prepaid Items | 0 | 0 | 0 |
| Special Assessments Receivable | 0 | 0 | 412,937 |
| <i>Total Assets</i> | <u>\$170,786</u> | <u>\$164</u> | <u>\$580,219</u> |
| Liabilities | | | |
| Accounts Payable | \$0 | \$0 | \$0 |
| Intergovernmental Payable | 0 | 0 | 0 |
| Interfund Payable | 0 | 10,000 | 0 |
| <i>Total Liabilities</i> | <u>0</u> | <u>10,000</u> | <u>0</u> |
| Deferred Inflows of Resources | | | |
| Unavailable Revenue | 0 | 0 | 412,937 |
| Fund Balances | | | |
| Nonspendable | 0 | 0 | 0 |
| Restricted | 170,786 | 0 | 167,282 |
| Unassigned (Deficit) | 0 | (9,836) | 0 |
| <i>Total Fund Balances (Deficit)</i> | <u>170,786</u> | <u>(9,836)</u> | <u>167,282</u> |
| <i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i> | <u>\$170,786</u> | <u>\$164</u> | <u>\$580,219</u> |

| <u>Public Safety Equipment</u> | <u>Route 21 and Pleasant Valley</u> | <u>Total Nonmajor Capital Projects Funds</u> |
|------------------------------------|---|--|
| \$443,087 | \$845 | \$782,164 |
| 1,274 | 0 | 1,274 |
| 0 | 0 | 412,937 |
| <u>\$444,361</u> | <u>\$845</u> | <u>\$1,196,375</u> |
| \$80 | \$0 | \$80 |
| 0 | 5,625 | 5,625 |
| 0 | 0 | 10,000 |
| <u>80</u> | <u>5,625</u> | <u>15,705</u> |
| 0 | 0 | 412,937 |
| 1,274 | 0 | 1,274 |
| 443,007 | 0 | 781,075 |
| 0 | (4,780) | (14,616) |
| <u>444,281</u> | <u>(4,780)</u> | <u>767,733</u> |
| <u>\$444,361</u> | <u>\$845</u> | <u>\$1,196,375</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, 2014

| | Drain Water | Rockside Woods | Issue II |
|---|-------------------------|-------------------------|-------------------------|
| Revenues | | | |
| Special Assessments | \$0 | \$0 | \$175,629 |
| Expenditures | | | |
| Capital Outlay | 346,023 | 500 | 1,025 |
| Debt Service: | | | |
| Principal Retirement | 10,489 | 0 | 39,759 |
| Interest and Fiscal Charges | 957 | 0 | 13,916 |
| <i>Total Expenditures</i> | <u>357,469</u> | <u>500</u> | <u>54,700</u> |
| <i>Excess of Revenues Over (Under) Expenditures</i> | (357,469) | (500) | 120,929 |
| Other Financing Sources | | | |
| Transfers In | <u>340,000</u> | <u>0</u> | <u>0</u> |
| <i>Net Change in Fund Balances</i> | (17,469) | (500) | 120,929 |
| <i>Fund Balances (Deficit) Beginning of Year</i> | <u>188,255</u> | <u>(9,336)</u> | <u>46,353</u> |
| <i>Fund Balances (Deficit) End of Year</i> | <u><u>\$170,786</u></u> | <u><u>(\$9,836)</u></u> | <u><u>\$167,282</u></u> |

| Public Safety Equipment | Route 21 and Pleasant Valley | Total Nonmajor Capital Projects Funds |
|-------------------------------|------------------------------------|---|
| <u>\$0</u> | <u>\$0</u> | <u>\$175,629</u> |
| 178,983 | 5,625 | 532,156 |
| 0 | 11,250 | 61,498 |
| <u>0</u> | <u>0</u> | <u>14,873</u> |
| <u>178,983</u> | <u>16,875</u> | <u>608,527</u> |
| (178,983) | (16,875) | (432,898) |
| <u>275,000</u> | <u>11,500</u> | <u>626,500</u> |
| 96,017 | (5,375) | 193,602 |
| <u>348,264</u> | <u>595</u> | <u>574,131</u> |
| <u>\$444,281</u> | <u>(\$4,780)</u> | <u>\$767,733</u> |

Fiduciary Fund

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

Agency Fund

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

City of Independence, Ohio
Statement of Changes in Assets and Liabilities
Agency Fund
For the Year Ended December 31, 2014

| | Beginning Balance 12/31/13 | Additions | Deductions | Ending Balance 12/31/14 |
|---|----------------------------------|-----------|------------|-------------------------------|
| <i>Deposits and Fees</i> | | | | |
| Assets | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$200,785 | \$120,216 | \$79,679 | \$241,322 |
| Liabilities | | | | |
| Deposits Held and Due to Others | \$200,785 | \$120,216 | \$79,679 | \$241,322 |

**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, 2014

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|----------------------------|------------------|------------|------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Property Taxes | \$841,971 | \$799,541 | \$799,824 | \$283 |
| Municipal Income Taxes | 27,119,926 | 25,800,000 | 25,762,359 | (37,641) |
| Hotel/Motel Taxes | 1,382,529 | 1,296,283 | 1,313,322 | 17,039 |
| Intergovernmental | 292,545 | 549,109 | 277,901 | (271,208) |
| Investment Income | 49,681 | 46,582 | 47,194 | 612 |
| Fees, Licenses and Permits | 391,425 | 367,007 | 371,831 | 4,824 |
| Fines and Forfeitures | 228,530 | 219,273 | 217,090 | (2,183) |
| Charges for Services | 551,639 | 273,077 | 524,025 | 250,948 |
| Rentals | 254,361 | 238,493 | 241,628 | 3,135 |
| Miscellaneous | 422,176 | 465,418 | 401,043 | (64,375) |
| <i>Total Revenues</i> | 31,534,783 | 30,054,783 | 29,956,217 | (98,566) |
| Expenditures | | | | |
| Current: | | | | |
| General Government: | | | | |
| Mayor: | | | | |
| Salaries and Wages | 380,500 | 384,500 | 346,165 | 38,335 |
| Benefits | 155,800 | 143,800 | 138,238 | 5,562 |
| Other | 17,403 | 27,403 | 23,146 | 4,257 |
| Total Mayor | 553,703 | 555,703 | 507,549 | 48,154 |
| Finance Department: | | | | |
| Salaries and Wages | 304,900 | 319,900 | 307,541 | 12,359 |
| Benefits | 132,300 | 140,300 | 134,840 | 5,460 |
| Other | 15,148 | 15,148 | 10,439 | 4,709 |
| Total Finance Department | 452,348 | 475,348 | 452,820 | 22,528 |
| Council: | | | | |
| Salaries and Wages | 136,000 | 131,000 | 128,479 | 2,521 |
| Benefits | 135,800 | 115,800 | 115,699 | 101 |
| Other | 7,833 | 5,833 | 2,034 | 3,799 |
| Total Council | 279,633 | 252,633 | 246,212 | 6,421 |
| Law Director: | | | | |
| Other | \$261,790 | \$251,790 | \$238,601 | \$13,189 |

(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, 2014

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--|--------------------|--------------------|--------------------|---|
| | Original | Final | | |
| Other: | | | | |
| Salaries and Wages | \$62,700 | \$49,700 | \$41,882 | \$7,818 |
| Benefits | 212,200 | 187,200 | 177,036 | 10,164 |
| Insurance | 356,000 | 211,000 | 208,863 | 2,137 |
| Professional Fees | 527,548 | 632,548 | 622,641 | 9,907 |
| Other | 1,820,459 | 1,893,959 | 1,807,823 | 86,136 |
| Total Other | <u>2,978,907</u> | <u>2,974,407</u> | <u>2,858,245</u> | <u>116,162</u> |
| Court: | | | | |
| Salaries and Wages | 203,100 | 208,100 | 199,834 | 8,266 |
| Benefits | 86,400 | 81,400 | 74,827 | 6,573 |
| Other | 63,036 | 63,036 | 50,211 | 12,825 |
| Total Court | <u>352,536</u> | <u>352,536</u> | <u>324,872</u> | <u>27,664</u> |
| Service Administration: | | | | |
| Salaries and Wages | 367,100 | 499,100 | 495,234 | 3,866 |
| Benefits | 161,800 | 201,800 | 187,700 | 14,100 |
| Other | 12,655 | 12,655 | 11,011 | 1,644 |
| Total Service Administration | <u>541,555</u> | <u>713,555</u> | <u>693,945</u> | <u>19,610</u> |
| Income Tax Collection: | | | | |
| Other | 850,000 | 850,000 | 764,985 | 85,015 |
| Court Program Fees: | | | | |
| Other | 7,500 | 7,500 | 7,490 | 10 |
| Total General Government | <u>6,277,972</u> | <u>6,433,472</u> | <u>6,094,719</u> | <u>338,753</u> |
| Security of Persons and Property: | | | | |
| Police: | | | | |
| Salaries and Wages | 3,779,600 | 3,657,600 | 3,577,067 | 80,533 |
| Benefits | 1,020,400 | 959,200 | 954,244 | 4,956 |
| Other | 241,454 | 214,154 | 165,458 | 48,696 |
| Total Police | <u>5,041,454</u> | <u>4,830,954</u> | <u>4,696,769</u> | <u>134,185</u> |
| Fire: | | | | |
| Salaries and Wages | 2,003,100 | 1,937,100 | 1,921,858 | 15,242 |
| Benefits | 970,072 | 915,072 | 891,087 | 23,985 |
| Other | 273,530 | 268,530 | 254,221 | 14,309 |
| Total Fire | <u>3,246,702</u> | <u>3,120,702</u> | <u>3,067,166</u> | <u>53,536</u> |
| Total Security of Persons and Property | <u>\$8,288,156</u> | <u>\$7,951,656</u> | <u>\$7,763,935</u> | <u>\$187,721</u> |

(continued)

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2014

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|------------------------------------|------------------|----------------|----------------|---|
| | Original | Final | | |
| Leisure Time Activities: | | | | |
| Parks and Playgrounds: | | | | |
| Salaries and Wages | \$209,600 | \$174,600 | \$156,366 | \$18,234 |
| Benefits | 65,700 | 46,700 | 42,297 | 4,403 |
| Other | 164,835 | 164,835 | 150,788 | 14,047 |
| Total Parks and Playgrounds | 440,135 | 386,135 | 349,451 | 36,684 |
| Pools: | | | | |
| Salaries and Wages | 297,800 | 269,800 | 264,227 | 5,573 |
| Benefits | 50,200 | 40,200 | 36,777 | 3,423 |
| Other | 41,682 | 35,682 | 25,742 | 9,940 |
| Total Pools | 389,682 | 345,682 | 326,746 | 18,936 |
| Concession Stand: | | | | |
| Salaries and Wages | 37,100 | 37,100 | 35,195 | 1,905 |
| Other | 49,277 | 49,277 | 46,341 | 2,936 |
| Total Concession Stand | 86,377 | 86,377 | 81,536 | 4,841 |
| Field House: | | | | |
| Salaries and Wages | 64,800 | 66,800 | 65,064 | 1,736 |
| Benefits | 32,500 | 31,500 | 30,936 | 564 |
| Other | 39,598 | 38,598 | 23,714 | 14,884 |
| Total Field House | 136,898 | 136,898 | 119,714 | 17,184 |
| Administration: | | | | |
| Salaries and Wages | 298,000 | 310,000 | 307,490 | 2,510 |
| Benefits | 323,600 | 363,100 | 359,458 | 3,642 |
| Other | 5,688 | 5,688 | 4,234 | 1,454 |
| Total Administration | 627,288 | 678,788 | 671,182 | 7,606 |
| Civic Center Recreation: | | | | |
| Salaries and Wages | 215,700 | 215,700 | 214,698 | 1,002 |
| Custodial: | | | | |
| Salaries and Wages | \$288,700 | \$288,700 | \$281,442 | \$7,258 |

(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, 2014

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|-------------------------------|------------------|-----------|-----------|---|
| | Original | Final | | |
| Civic Center: | | | | |
| Salaries and Wages | \$538,800 | \$563,300 | \$557,040 | \$6,260 |
| Benefits | 247,200 | 200,200 | 195,898 | 4,302 |
| Other | 133,662 | 133,662 | 111,113 | 22,549 |
| Total Civic Center | 919,662 | 897,162 | 864,051 | 33,111 |
| Total Leisure Time Activities | 3,104,442 | 3,035,442 | 2,908,820 | 126,622 |
| Community Environment: | | | | |
| Building and Lands: | | | | |
| Salaries and Wages | 314,800 | 323,800 | 317,303 | 6,497 |
| Benefits | 144,600 | 142,600 | 141,181 | 1,419 |
| Other | 442,456 | 513,456 | 480,776 | 32,680 |
| Total Building and Lands | 901,856 | 979,856 | 939,260 | 40,596 |
| Technical Services: | | | | |
| Salaries and Wages | 517,700 | 396,700 | 375,722 | 20,978 |
| Benefits | 202,900 | 185,400 | 178,864 | 6,536 |
| Other | 268,181 | 289,681 | 265,004 | 24,677 |
| Total Technical Services | 988,781 | 871,781 | 819,590 | 52,191 |
| IT Department: | | | | |
| Salaries and Wages | 120,000 | 127,500 | 125,507 | 1,993 |
| Benefits | 48,000 | 50,000 | 47,936 | 2,064 |
| Other | 115,780 | 133,780 | 125,589 | 8,191 |
| Total IT Department | 283,780 | 311,280 | 299,032 | 12,248 |
| Building Department: | | | | |
| Salaries and Wages | 226,000 | 206,000 | 199,329 | 6,671 |
| Benefits | 85,900 | 88,900 | 88,119 | 781 |
| Other | 90,417 | 102,417 | 94,890 | 7,527 |
| Total Building Department | 402,317 | 397,317 | 382,338 | 14,979 |
| Engineering Department: | | | | |
| Salaries and Wages | 239,900 | 321,400 | 313,961 | 7,439 |
| Benefits | 95,500 | 109,000 | 108,021 | 979 |
| Other | 48,337 | 53,337 | 44,668 | 8,669 |
| Total Engineering Department | \$383,737 | \$483,737 | \$466,650 | \$17,087 |

(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, 2014

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|---|-------------------------|--------------------|--------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Economic Department: | | | | |
| Salaries and Wages | \$125,000 | \$132,000 | \$128,077 | \$3,923 |
| Benefits | 56,200 | 49,200 | 48,804 | 396 |
| Other | 108,301 | 109,301 | 100,850 | 8,451 |
| Total Economic Department | <u>289,501</u> | <u>290,501</u> | <u>277,731</u> | <u>12,770</u> |
| Boards and Commissions: | | | | |
| Salaries and Wages | 52,300 | 52,300 | 45,533 | 6,767 |
| Benefits | 7,600 | 7,600 | 6,306 | 1,294 |
| Other | 500 | 500 | 0 | 500 |
| Total Boards and Commissions | <u>60,400</u> | <u>60,400</u> | <u>51,839</u> | <u>8,561</u> |
| Total Community Environment | <u>3,310,372</u> | <u>3,394,872</u> | <u>3,236,440</u> | <u>158,432</u> |
| Basic Utility Services: | | | | |
| Rubbish: | | | | |
| Salaries and Wages | 40,000 | 35,000 | 17,435 | 17,565 |
| Benefits | 6,000 | 6,000 | 2,139 | 3,861 |
| Other | 215,519 | 260,519 | 260,042 | 477 |
| Total Rubbish | <u>261,519</u> | <u>301,519</u> | <u>279,616</u> | <u>21,903</u> |
| Sewer/Water Control: | | | | |
| Salaries and Wages | 183,900 | 146,900 | 129,952 | 16,948 |
| Benefits | 90,200 | 68,200 | 62,026 | 6,174 |
| Other | 17,289 | 17,289 | 14,558 | 2,731 |
| Total Sewer/Water Control | <u>291,389</u> | <u>232,389</u> | <u>206,536</u> | <u>25,853</u> |
| Total Basic Utility Services | <u>552,908</u> | <u>533,908</u> | <u>486,152</u> | <u>47,756</u> |
| Transportation: | | | | |
| Equipment and Motor Pool: | | | | |
| Salaries and Wages | 349,900 | 354,900 | 346,801 | 8,099 |
| Benefits | 141,200 | 149,200 | 144,788 | 4,412 |
| Other | 302,366 | 412,366 | 406,436 | 5,930 |
| Total Transportation | <u>793,466</u> | <u>916,466</u> | <u>898,025</u> | <u>18,441</u> |
| <i>Total Expenditures</i> | <u>22,327,316</u> | <u>22,265,816</u> | <u>21,388,091</u> | <u>877,725</u> |
| <i>Excess of Revenues Over Expenditures</i> | <u>\$9,207,467</u> | <u>\$7,788,967</u> | <u>\$8,568,126</u> | <u>\$779,159</u> |

(continued)

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2014

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|---------------------------------------|---------------------------|---------------------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Other Financing Sources (Uses) | | | | |
| Advances In | \$185,000 | \$185,000 | \$185,000 | \$0 |
| Advances Out | (835,000) | (4,990,000) | (4,990,000) | 0 |
| Transfers Out | (9,131,500) | (8,271,500) | (8,271,500) | 0 |
| <i>Total Other Financing (Uses)</i> | <u>(9,781,500)</u> | <u>(13,076,500)</u> | <u>(13,076,500)</u> | <u>0</u> |
| <i>Net Change in Fund Balance</i> | (574,033) | (5,287,533) | (4,508,374) | 779,159 |
| <i>Fund Balance Beginning of Year</i> | 6,079,853 | 6,079,853 | 6,079,853 | 0 |
| Prior Year Encumbrances Appropriated | <u>769,816</u> | <u>769,816</u> | <u>769,816</u> | <u>0</u> |
| <i>Fund Balance End of Year</i> | <u><u>\$6,275,636</u></u> | <u><u>\$1,562,136</u></u> | <u><u>\$2,341,295</u></u> | <u><u>\$779,159</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, 2014

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
|--|---------------------|---------------------|---------------------|---|
| | Original | Final | Actual | |
| Revenues | | | | |
| Intergovernmental | \$930,236 | \$930,236 | \$638,671 | (\$291,565) |
| Payments in Lieu of Taxes | 2,192,925 | 1,282,400 | 1,273,291 | (9,109) |
| Miscellaneous | 23,000 | 38,200 | 53,275 | 15,075 |
| <i>Total Revenues</i> | <u>3,146,161</u> | <u>2,250,836</u> | <u>1,965,237</u> | <u>(285,599)</u> |
| Expenditures | | | | |
| Capital Outlay | 9,075,484 | 7,927,402 | 7,607,428 | 319,974 |
| Debt Service: | | | | |
| Principal Retirement | 6,071,307 | 6,044,400 | 6,044,349 | 51 |
| Interest and Fiscal Charges | 420,620 | 451,333 | 412,254 | 39,079 |
| Debt Issuance Cost | 23,579 | 28,400 | 23,531 | 4,869 |
| <i>Total Debt Service</i> | <u>6,515,506</u> | <u>6,524,133</u> | <u>6,480,134</u> | <u>43,999</u> |
| <i>Total Expenditures</i> | <u>15,590,990</u> | <u>14,451,535</u> | <u>14,087,562</u> | <u>363,973</u> |
| <i>Excess of Revenues Under Expenditures</i> | <u>(12,444,829)</u> | <u>(12,200,699)</u> | <u>(12,122,325)</u> | <u>78,374</u> |
| Other Financing Sources (Uses) | | | | |
| General Obligation Notes Issued | 4,700,000 | 4,700,000 | 4,700,000 | 0 |
| Advances In | 4,950,000 | 4,950,000 | 4,950,000 | 0 |
| Advances Out | (280,000) | (325,000) | (325,000) | 0 |
| Transfers Out | (35,000) | 0 | 0 | 0 |
| <i>Total Other Financing Sources (Uses)</i> | <u>9,335,000</u> | <u>9,325,000</u> | <u>9,325,000</u> | <u>0</u> |
| <i>Net Change in Fund Balance</i> | <u>(3,109,829)</u> | <u>(2,875,699)</u> | <u>(2,797,325)</u> | <u>78,374</u> |
| <i>Fund Balance Beginning of Year</i> | 919,379 | 919,379 | 919,379 | 0 |
| Prior Year Encumbrances Appropriated | 2,541,927 | 2,541,927 | 2,541,927 | 0 |
| <i>Fund Balance End of Year</i> | <u>\$351,477</u> | <u>\$585,607</u> | <u>\$663,981</u> | <u>\$78,374</u> |

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Capital Improvements Fund
For the Year Ended December 31, 2014

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--|------------------|-------------|-------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Miscellaneous | \$55,000 | \$0 | \$6,675 | \$6,675 |
| Expenditures | | | | |
| Capital Outlay | 3,501,174 | 3,816,167 | 3,578,725 | 237,442 |
| Debt Service: | | | | |
| Principal Retirement | 880,893 | 880,900 | 880,892 | 8 |
| Interest and Fiscal Charges | 297,407 | 297,407 | 297,407 | 0 |
| Total Debt Service | 1,178,300 | 1,178,307 | 1,178,299 | 8 |
| <i>Total Expenditures</i> | 4,679,474 | 4,994,474 | 4,757,024 | 237,450 |
| <i>Excess of Revenues Under Expenditures</i> | (4,624,474) | (4,994,474) | (4,750,349) | 244,125 |
| Other Financing Sources | | | | |
| Advances In | 0 | 180,000 | 180,000 | 0 |
| Transfers In | 3,000,000 | 3,000,000 | 3,000,000 | 0 |
| <i>Total Other Financing Sources</i> | 3,000,000 | 3,180,000 | 3,180,000 | 0 |
| <i>Net Change in Fund Balance</i> | (1,624,474) | (1,814,474) | (1,570,349) | 244,125 |
| <i>Fund Balance Beginning of Year</i> | 430,569 | 430,569 | 430,569 | 0 |
| Prior Year Encumbrances Appropriated | 1,492,775 | 1,492,775 | 1,492,775 | 0 |
| <i>Fund Balance End of Year</i> | \$298,870 | \$108,870 | \$352,995 | \$244,125 |

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, 2014

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|-------------------------|------------------|------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Miscellaneous | \$0 | \$0 | \$7,200 | \$7,200 |
| Expenditures | | | | |
| Capital Outlay | 4,114,329 | 4,889,329 | 4,845,130 | 44,199 |
| Debt Service: | | | | |
| Principal Retirement | 3,400 | 3,400 | 3,384 | 16 |
| <i>Total Expenditures</i> | <u>4,117,729</u> | <u>4,892,729</u> | <u>4,848,514</u> | <u>44,215</u> |
| <i>Excess of Revenues Under Expenditures</i> | (4,117,729) | (4,892,729) | (4,841,314) | 51,415 |
| Other Financing Sources | | | | |
| Transfers In | 1,900,000 | 2,400,000 | 2,400,000 | 0 |
| <i>Net Change in Fund Balance</i> | (2,217,729) | (2,492,729) | (2,441,314) | 51,415 |
| <i>Fund Balance Beginning of Year</i> | 240,968 | 240,968 | 240,968 | 0 |
| Prior Year Encumbrances Appropriated | 2,274,329 | 2,274,329 | 2,274,329 | 0 |
| <i>Fund Balance End of Year</i> | <u>\$297,568</u> | <u>\$22,568</u> | <u>\$73,983</u> | <u>\$51,415</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, 2014

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---------------------------------------|------------------|----------|----------|---|
| | Original | Final | | |
| Revenues | | | | |
| Intergovernmental | \$32,500 | \$32,500 | \$33,840 | \$1,340 |
| Interest | 0 | 0 | 197 | 197 |
| <i>Total Revenues</i> | 32,500 | 32,500 | 34,037 | 1,537 |
| Expenditures | | | | |
| Current: | | | | |
| Transportation: | | | | |
| Streets, Sidewalks, and Maintenance: | | | | |
| Other | 25,000 | 25,000 | 24,214 | 786 |
| <i>Net Change in Fund Balance</i> | 7,500 | 7,500 | 9,823 | 2,323 |
| <i>Fund Balance Beginning of Year</i> | 84,497 | 84,497 | 84,497 | 0 |
| <i>Fund Balance End of Year</i> | \$91,997 | \$91,997 | \$94,320 | \$2,323 |

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, 2014

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---------------------------------------|------------------|-----------------|-----------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Intergovernmental | \$25,000 | \$25,000 | \$23,452 | (\$1,548) |
| Interest | 0 | 0 | 90 | 90 |
| <i>Total Revenues</i> | 25,000 | 25,000 | 23,542 | (1,458) |
| Expenditures | | | | |
| Current: | | | | |
| Transportation: | | | | |
| Streets, Sidewalks, and Maintenance: | | | | |
| Other | 25,000 | 25,000 | 25,000 | 0 |
| <i>Net Change in Fund Balance</i> | 0 | 0 | (1,458) | (1,458) |
| <i>Fund Balance Beginning of Year</i> | 46,399 | 46,399 | 46,399 | 0 |
| <i>Fund Balance End of Year</i> | <u>\$46,399</u> | <u>\$46,399</u> | <u>\$44,941</u> | <u>(\$1,458)</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, 2014*

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
|--|------------------|------------------|------------------|---|
| | Original | Final | Actual | |
| Revenues | | | | |
| Intergovernmental | \$400,000 | \$400,000 | \$434,499 | \$34,499 |
| Investment Income | 0 | 0 | 2,162 | 2,162 |
| Miscellaneous | 0 | 0 | 12,359 | 12,359 |
| <i>Total Revenues</i> | <u>400,000</u> | <u>400,000</u> | <u>449,020</u> | <u>49,020</u> |
| Expenditures | | | | |
| Current: | | | | |
| Transportation: | | | | |
| Streets, Sidewalks, and Maintenance: | | | | |
| Salaries and Wages | 744,400 | 796,900 | 787,910 | 8,990 |
| Benefits | 284,532 | 284,532 | 280,368 | 4,164 |
| Other | 948,542 | 987,542 | 961,909 | 25,633 |
| <i>Total Expenditures</i> | <u>1,977,474</u> | <u>2,068,974</u> | <u>2,030,187</u> | <u>38,787</u> |
| <i>Excess of Revenues Under Expenditures</i> | (1,577,474) | (1,668,974) | (1,581,167) | 87,807 |
| Other Financing Sources | | | | |
| Transfers In | 1,100,000 | 1,100,000 | 1,100,000 | 0 |
| <i>Net Change in Fund Balance</i> | (477,474) | (568,974) | (481,167) | 87,807 |
| <i>Fund Balance Beginning of Year</i> | 648,633 | 648,633 | 648,633 | 0 |
| Prior Year Encumbrances Appropriated | 177,474 | 177,474 | 177,474 | 0 |
| <i>Fund Balance End of Year</i> | <u>\$348,633</u> | <u>\$257,133</u> | <u>\$344,940</u> | <u>\$87,807</u> |

City of Independence, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Enforcement and Education Fund
For the Year Ended December 31, 2014*

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---------------------------------------|-------------------------|----------------|-----------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Fines and Forfeitures | \$1,000 | \$1,000 | \$1,644 | \$644 |
| Expenditures | | | | |
| Current: | | | | |
| Security of Persons and Property: | | | | |
| Police Department: | | | | |
| Other | 1,000 | 1,000 | 777 | 223 |
| <i>Net Change in Fund Balance</i> | 0 | 0 | 867 | 867 |
| <i>Fund Balance Beginning of Year</i> | 9,252 | 9,252 | 9,252 | 0 |
| <i>Fund Balance End of Year</i> | <u>\$9,252</u> | <u>\$9,252</u> | <u>\$10,119</u> | <u>\$867</u> |

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Indigent Drivers Fund
For the Year Ended December 31, 2014

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|---------------------------------------|-------------------------|--------------|---------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Fines and Forfeitures | \$2,500 | \$1,000 | \$858 | (\$142) |
| Expenditures | | | | |
| Current: | | | | |
| Security of Persons and Property: | | | | |
| Police Department: | | | | |
| Other | 2,500 | 17,541 | 17,399 | 142 |
| <i>Net Change in Fund Balance</i> | 0 | (16,541) | (16,541) | 0 |
| <i>Fund Balance Beginning of Year</i> | 16,541 | 16,541 | 16,541 | 0 |
| <i>Fund Balance End of Year</i> | <u>\$16,541</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</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, 2014

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|---------------------------------------|-------------------------|-----------------|-----------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Fines and Forfeitures | \$5,000 | \$5,974 | \$3,842 | (\$2,132) |
| Expenditures | | | | |
| Current: | | | | |
| Security of Persons and Property: | | | | |
| Police Department: | | | | |
| Other | 5,000 | 5,000 | 0 | 5,000 |
| <i>Net Change in Fund Balance</i> | 0 | 974 | 3,842 | 2,868 |
| <i>Fund Balance Beginning of Year</i> | 40,068 | 40,068 | 40,068 | 0 |
| <i>Fund Balance End of Year</i> | <u>\$40,068</u> | <u>\$41,042</u> | <u>\$43,910</u> | <u>\$2,868</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, 2014

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---------------------------------------|-------------------------|-----------------|-----------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Fines and Forfeitures | \$25,000 | \$25,880 | \$21,367 | (\$4,513) |
| Expenditures | | | | |
| Current: | | | | |
| Security of Persons and Property: | | | | |
| Police Department: | | | | |
| Other | 10,000 | 25,000 | 19,829 | 5,171 |
| <i>Net Change in Fund Balance</i> | 15,000 | 880 | 1,538 | 658 |
| <i>Fund Balance Beginning of Year</i> | 23,628 | 23,628 | 23,628 | 0 |
| <i>Fund Balance End of Year</i> | <u>\$38,628</u> | <u>\$24,508</u> | <u>\$25,166</u> | <u>\$658</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, 2014

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---------------------------------------|-------------------------|-----------------|-----------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Fines and Forfeitures | \$50,000 | \$50,000 | \$21,433 | (\$28,567) |
| Expenditures | | | | |
| Current: | | | | |
| Security of Persons and Property: | | | | |
| Police Department: | | | | |
| Other | 57,036 | 88,889 | 82,375 | 6,514 |
| <i>Net Change in Fund Balance</i> | (7,036) | (38,889) | (60,942) | (22,053) |
| <i>Fund Balance Beginning of Year</i> | 60,795 | 60,795 | 60,795 | 0 |
| Prior Year Encumbrances Appropriated | 21,836 | 21,836 | 21,836 | 0 |
| <i>Fund Balance End of Year</i> | <u>\$75,595</u> | <u>\$43,742</u> | <u>\$21,689</u> | <u>(\$22,053)</u> |

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Mayor's Court Computer Fund
For the Year Ended December 31, 2014

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---------------------------------------|------------------|-----------------|-----------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Fines and Forfeitures | \$12,000 | \$12,000 | \$5,724 | (\$6,276) |
| Expenditures | | | | |
| Current: | | | | |
| General Government: | | | | |
| Mayor's Court Computer: | | | | |
| Other | 17,144 | 17,144 | 16,268 | 876 |
| <i>Net Change in Fund Balance</i> | (5,144) | (5,144) | (10,544) | (5,400) |
| <i>Fund Balance Beginning of Year</i> | 40,101 | 40,101 | 40,101 | 0 |
| Prior Year Encumbrances Appropriated | 1,744 | 1,744 | 1,744 | 0 |
| <i>Fund Balance End of Year</i> | <u>\$36,701</u> | <u>\$36,701</u> | <u>\$31,301</u> | <u>(\$5,400)</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, 2014

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---------------------------------------|------------------|----------------|----------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Intergovernmental | \$500 | \$500 | \$0 | (\$500) |
| Expenditures | | | | |
| Current: | | | | |
| Security of Persons and Property: | | | | |
| Fire Department: | | | | |
| Other | 500 | 500 | 0 | 500 |
| <i>Net Change in Fund Balance</i> | 0 | 0 | 0 | 0 |
| <i>Fund Balance Beginning of Year</i> | 2,959 | 2,959 | 2,959 | 0 |
| <i>Fund Balance End of Year</i> | <u>\$2,959</u> | <u>\$2,959</u> | <u>\$2,959</u> | <u>\$0</u> |

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Handicap Parking Fund
For the Year Ended December 31, 2014

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---------------------------------------|------------------|-----------------|-----------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Fines and Forfeitures | \$1,000 | \$1,000 | \$125 | (\$875) |
| Expenditures | | | | |
| Current: | | | | |
| General Government: | | | | |
| Other General Government: | | | | |
| Other | 10,000 | 10,000 | 0 | 10,000 |
| <i>Net Change in Fund Balance</i> | (9,000) | (9,000) | 125 | 9,125 |
| <i>Fund Balance Beginning of Year</i> | 24,092 | 24,092 | 24,092 | 0 |
| <i>Fund Balance End of Year</i> | <u>\$15,092</u> | <u>\$15,092</u> | <u>\$24,217</u> | <u>\$9,125</u> |

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Friends for Life Fund
For the Year Ended December 31, 2014

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

City of Independence, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Twenty-Five and Alive Fund
For the Year Ended December 31, 2014*

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|-------------------------|-----------------|-----------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Miscellaneous | \$4,100 | \$2,100 | \$1,688 | (\$412) |
| Expenditures | | | | |
| Current: | | | | |
| General Government: | | | | |
| Other General Government: | | | | |
| Other | 5,500 | 5,500 | 4,420 | 1,080 |
| <i>Excess of Revenues Under Expenditures</i> | (1,400) | (3,400) | (2,732) | 668 |
| Other Financing Sources | | | | |
| Transfers In | 0 | 2,000 | 2,000 | 0 |
| <i>Net Change in Fund Balance</i> | (1,400) | (1,400) | (732) | 668 |
| <i>Fund Balance Beginning of Year</i> | 12,257 | 12,257 | 12,257 | 0 |
| <i>Fund Balance End of Year</i> | <u>\$10,857</u> | <u>\$10,857</u> | <u>\$11,525</u> | <u>\$668</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, 2014

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|------------------|-----------------|-----------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Miscellaneous | \$47,500 | \$47,500 | \$51,670 | \$4,170 |
| Expenditures | | | | |
| Current: | | | | |
| General Government: | | | | |
| Other General Government: | | | | |
| Other | 47,500 | 47,500 | 46,564 | 936 |
| <i>Excess of Revenues Over Expenditures</i> | 0 | 0 | 5,106 | 5,106 |
| Other Financing Sources (Uses) | | | | |
| Advances In | 40,000 | 40,000 | 40,000 | 0 |
| Advances Out | (40,000) | (40,000) | (40,000) | 0 |
| <i>Total Other Financing Sources (Uses)</i> | 0 | 0 | 0 | 0 |
| <i>Net Change in Fund Balance</i> | 0 | 0 | 5,106 | 5,106 |
| <i>Fund Balance Beginning of Year</i> | 12,513 | 12,513 | 12,513 | 0 |
| <i>Fund Balance End of Year</i> | <u>\$12,513</u> | <u>\$12,513</u> | <u>\$17,619</u> | <u>\$5,106</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, 2014

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|------------------|----------------|-----------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Miscellaneous | \$4,000 | \$4,000 | \$4,541 | \$541 |
| Expenditures | | | | |
| Current: | | | | |
| General Government: | | | | |
| Other General Government: | | | | |
| Other | 7,280 | 7,280 | 3,407 | 3,873 |
| <i>Excess of Revenues Over (Under) Expenditures</i> | (3,280) | (3,280) | 1,134 | 4,414 |
| Other Financing Sources | | | | |
| Transfers In | 2,000 | 2,000 | 2,000 | 0 |
| <i>Net Change in Fund Balance</i> | (1,280) | (1,280) | 3,134 | 4,414 |
| <i>Fund Balance Beginning of Year</i> | 10,109 | 10,109 | 10,109 | 0 |
| Prior Year Encumbrances Appropriated | 279 | 279 | 279 | 0 |
| <i>Fund Balance End of Year</i> | <u>\$9,108</u> | <u>\$9,108</u> | <u>\$13,522</u> | <u>\$4,414</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, 2014

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--|------------------|-----------------|-----------------|---|
| | Original | Final | | |
| Revenues | \$0 | \$0 | \$0 | \$0 |
| Expenditures | | | | |
| Current: | | | | |
| General Government: | | | | |
| Other General Government: | | | | |
| Other | 11,114 | 11,114 | 4,814 | 6,300 |
| <i>Excess of Revenues Under Expenditures</i> | (11,114) | (11,114) | (4,814) | 6,300 |
| Other Financing Sources | | | | |
| Transfers In | 6,000 | 6,000 | 6,000 | 0 |
| <i>Net Change in Fund Balance</i> | (5,114) | (5,114) | 1,186 | 6,300 |
| <i>Fund Balance Beginning of Year</i> | 19,876 | 19,876 | 19,876 | 0 |
| Prior Year Encumbrances Appropriated | 4,814 | 4,814 | 4,814 | 0 |
| <i>Fund Balance End of Year</i> | <u>\$19,576</u> | <u>\$19,576</u> | <u>\$25,876</u> | <u>\$6,300</u> |

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Cemetery Fund
For the Year Ended December 31, 2014

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|-------------------------|-----------------|-----------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Charges for Services | \$25,000 | \$25,000 | \$23,565 | (\$1,435) |
| Expenditures | | | | |
| Current: | | | | |
| Public Health and Welfare: | | | | |
| Cemetery: | | | | |
| Other | 108,666 | 108,666 | 81,347 | 27,319 |
| <i>Excess of Revenues Under Expenditures</i> | (83,666) | (83,666) | (57,782) | 25,884 |
| Other Financing Sources | | | | |
| Transfers In | 85,000 | 85,000 | 85,000 | 0 |
| <i>Net Change in Fund Balance</i> | 1,334 | 1,334 | 27,218 | 25,884 |
| <i>Fund Balance Beginning of Year</i> | 40,379 | 40,379 | 40,379 | 0 |
| Prior Year Encumbrances Appropriated | 3,666 | 3,666 | 3,666 | 0 |
| <i>Fund Balance End of Year</i> | <u>\$45,379</u> | <u>\$45,379</u> | <u>\$71,263</u> | <u>\$25,884</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, 2014

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--|------------------|------------------|------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Fees, Licenses and Permits | \$350,000 | \$350,000 | \$373,435 | \$23,435 |
| Miscellaneous | 0 | 0 | 9,834 | 9,834 |
| <i>Total Revenues</i> | 350,000 | 350,000 | 383,269 | 33,269 |
| Expenditures | | | | |
| Current: | | | | |
| Leisure Time Activities: | | | | |
| Recreation: | | | | |
| Other | 583,607 | 658,607 | 626,774 | 31,833 |
| <i>Excess of Revenues Under Expenditures</i> | (233,607) | (308,607) | (243,505) | 65,102 |
| Other Financing Sources | | | | |
| Transfers In | 200,000 | 200,000 | 200,000 | 0 |
| <i>Net Change in Fund Balance</i> | (33,607) | (108,607) | (43,505) | 65,102 |
| <i>Fund Balance Beginning of Year</i> | 179,325 | 179,325 | 179,325 | 0 |
| Prior Year Encumbrances Appropriated | 33,607 | 33,607 | 33,607 | 0 |
| <i>Fund Balance End of Year</i> | <u>\$179,325</u> | <u>\$104,325</u> | <u>\$169,427</u> | <u>\$65,102</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, 2014

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--|------------------|------------------|------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Property Taxes | \$116,030 | \$114,932 | \$118,949 | \$4,017 |
| Intergovernmental | 11,312 | 12,410 | 11,312 | (1,098) |
| <i>Total Revenues</i> | 127,342 | 127,342 | 130,261 | 2,919 |
| Expenditures | | | | |
| Current: | | | | |
| Security of Persons and Property: | | | | |
| Police Department: | | | | |
| Other | 700,000 | 700,000 | 525,449 | 174,551 |
| <i>Excess of Revenues Under Expenditures</i> | (572,658) | (572,658) | (395,188) | 177,470 |
| Other Financing Sources | | | | |
| Transfers In | 400,000 | 400,000 | 400,000 | 0 |
| <i>Net Change in Fund Balance</i> | (172,658) | (172,658) | 4,812 | 177,470 |
| <i>Fund Balance Beginning of Year</i> | 495,251 | 495,251 | 495,251 | 0 |
| <i>Fund Balance End of Year</i> | <u>\$322,593</u> | <u>\$322,593</u> | <u>\$500,063</u> | <u>\$177,470</u> |

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Compensated Absences Fund
For the Year Ended December 31, 2014

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---------------------------------------|-------------------------|-------------------------|-------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | \$0 | \$0 | \$0 | \$0 |
| Expenditures | | | | |
| Current: | | | | |
| General Government: | | | | |
| Other General Government: | | | | |
| Other | <u>50,000</u> | <u>50,000</u> | <u>49,612</u> | <u>388</u> |
| <i>Net Change in Fund Balance</i> | (50,000) | (50,000) | (49,612) | 388 |
| <i>Fund Balance Beginning of Year</i> | <u>663,534</u> | <u>663,534</u> | <u>663,534</u> | <u>0</u> |
| <i>Fund Balance End of Year</i> | <u><u>\$613,534</u></u> | <u><u>\$613,534</u></u> | <u><u>\$613,922</u></u> | <u><u>\$388</u></u> |

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Rainy Day Fund
For the Year Ended December 31, 2014

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|------------------|------------------|------------------|---|
| | Original | Final | | |
| Revenues | \$0 | \$0 | \$0 | \$0 |
| Expenditures | 0 | 0 | 0 | 0 |
| <i>Excess of Revenues Over Expenditures</i> | 0 | 0 | 0 | 0 |
| Other Financing Sources | | | | |
| Transfers In | 100,000 | 100,000 | 100,000 | 0 |
| <i>Net Change in Fund Balance</i> | 100,000 | 100,000 | 100,000 | 0 |
| <i>Fund Balance Beginning of Year</i> | 600,000 | 600,000 | 600,000 | 0 |
| <i>Fund Balance End of Year</i> | <u>\$700,000</u> | <u>\$700,000</u> | <u>\$700,000</u> | <u>\$0</u> |

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Economic Development Fund
For the Year Ended December 31, 2014

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--|------------------|-----------|-----------|---|
| | Original | Final | | |
| Revenues | \$0 | \$0 | \$0 | \$0 |
| Expenditures | | | | |
| Current: | | | | |
| General Government: | | | | |
| Economic Development: | | | | |
| Other | 315,000 | 315,000 | 285,000 | 30,000 |
| <i>Excess of Revenues Under Expenditures</i> | (315,000) | (315,000) | (285,000) | 30,000 |
| Other Financing Sources | | | | |
| Transfers In | 350,000 | 350,000 | 350,000 | 0 |
| <i>Net Change in Fund Balance</i> | 35,000 | 35,000 | 65,000 | 30,000 |
| <i>Fund Balance Beginning of Year</i> | 0 | 0 | 0 | 0 |
| <i>Fund Balance End of Year</i> | \$35,000 | \$35,000 | \$65,000 | \$30,000 |

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, 2014

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---------------------------------------|------------------|-----------------|-----------------|---|
| | Original | Final | | |
| Revenues | \$0 | \$0 | \$0 | \$0 |
| Expenditures | | | | |
| Debt Service: | | | | |
| Interest and Fiscal Charges | 5,000 | 5,000 | 380 | 4,620 |
| <i>Net Change in Fund Balance</i> | (5,000) | (5,000) | (380) | 4,620 |
| <i>Fund Balance Beginning of Year</i> | 51,312 | 51,312 | 51,312 | 0 |
| <i>Fund Balance End of Year</i> | <u>\$46,312</u> | <u>\$46,312</u> | <u>\$50,932</u> | <u>\$4,620</u> |

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Drain Water Fund
For the Year Ended December 31, 2014

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|--|-------------------------|-----------------|-----------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Revenues | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| Expenditures | | | | |
| Capital Outlay | <u>343,743</u> | <u>533,743</u> | <u>520,964</u> | <u>12,779</u> |
| Debt Service: | | | | |
| Principal Retirement | 10,400 | 10,500 | 10,489 | 11 |
| Interest and Fiscal Charges | <u>1,300</u> | <u>1,200</u> | <u>957</u> | <u>243</u> |
| Total Debt Service | <u>11,700</u> | <u>11,700</u> | <u>11,446</u> | <u>254</u> |
| <i>Total Expenditures</i> | <u>355,443</u> | <u>545,443</u> | <u>532,410</u> | <u>13,033</u> |
| <i>Excess of Revenues Under Expenditures</i> | (355,443) | (545,443) | (532,410) | 13,033 |
| Other Financing Sources | | | | |
| Transfers In | <u>300,000</u> | <u>340,000</u> | <u>340,000</u> | <u>0</u> |
| <i>Net Change in Fund Balance</i> | (55,443) | (205,443) | (192,410) | 13,033 |
| <i>Fund Balance Beginning of Year</i> | 53,634 | 53,634 | 53,634 | 0 |
| Prior Year Encumbrances Appropriated | <u>163,743</u> | <u>163,743</u> | <u>163,743</u> | <u>0</u> |
| <i>Fund Balance End of Year</i> | <u>\$161,934</u> | <u>\$11,934</u> | <u>\$24,967</u> | <u>\$13,033</u> |

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Rockside Woods Fund
For the Year Ended December 31, 2014

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---------------------------------------|------------------|---------|--------|---|
| | Original | Final | | |
| Revenues | | | | |
| Special Assessments | \$4,000 | \$4,000 | \$0 | (\$4,000) |
| Expenditures | | | | |
| Capital Outlay | 500 | 500 | 500 | 0 |
| <i>Net Change in Fund Balance</i> | 3,500 | 3,500 | (500) | (4,000) |
| <i>Fund Balance Beginning of Year</i> | 664 | 664 | 664 | 0 |
| <i>Fund Balance End of Year</i> | \$4,164 | \$4,164 | \$164 | (\$4,000) |

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, 2014

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---------------------------------------|------------------|----------|-----------|---|
| | Original | Final | | |
| Revenues | | | | |
| Special Assessments | \$50,000 | \$50,000 | \$175,629 | \$125,629 |
| Expenditures | | | | |
| Capital Outlay | 1,025 | 1,025 | 1,025 | 0 |
| Debt Service: | | | | |
| Principal Retirement | 39,737 | 39,759 | 39,759 | 0 |
| Interest and Fiscal Charges | 13,938 | 13,916 | 13,916 | 0 |
| Total Debt Service | 53,675 | 53,675 | 53,675 | 0 |
| <i>Total Expenditures</i> | 54,700 | 54,700 | 54,700 | 0 |
| <i>Net Change in Fund Balance</i> | (4,700) | (4,700) | 120,929 | 125,629 |
| <i>Fund Balance Beginning of Year</i> | 46,353 | 46,353 | 46,353 | 0 |
| <i>Fund Balance End of Year</i> | \$41,653 | \$41,653 | \$167,282 | \$125,629 |

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Public Safety Equipment Fund
For the Year Ended December 31, 2014

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|-------------------------|------------------------|------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | \$0 | \$0 | \$0 | \$0 |
| Expenditures | | | | |
| Capital Outlay | <u>614,753</u> | <u>614,753</u> | <u>598,439</u> | <u>16,314</u> |
| <i>Excess of Revenues Under Expenditures</i> | (614,753) | (614,753) | (598,439) | 16,314 |
| Other Financing Sources | | | | |
| Transfers In | <u>275,000</u> | <u>275,000</u> | <u>275,000</u> | <u>0</u> |
| <i>Net Change in Fund Balance</i> | (339,753) | (339,753) | (323,439) | 16,314 |
| <i>Fund Balance Beginning of Year</i> | 8,791 | 8,791 | 8,791 | 0 |
| Prior Year Encumbrances Appropriated | <u>344,352</u> | <u>344,352</u> | <u>344,352</u> | <u>0</u> |
| <i>Fund Balance End of Year</i> | <u><u>\$13,390</u></u> | <u><u>\$13,390</u></u> | <u><u>\$29,704</u></u> | <u><u>\$16,314</u></u> |

City of Independence, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Route 21 and Pleasant Valley Fund
For the Year Ended December 31, 2014*

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

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, 2014

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--------------------------------------|------------------|-------------|-------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Investment Income | \$39,687 | \$0 | \$42,153 | \$42,153 |
| Miscellaneous | 10,313 | 50,000 | 10,954 | (39,046) |
| <i>Total Revenues</i> | 50,000 | 50,000 | 53,107 | 3,107 |
| Expenses | | | | |
| Contractual Services | 6,649 | 6,649 | 6,699 | (50) |
| Claims | 200,000 | 590,000 | 561,347 | 28,653 |
| <i>Total Expenses</i> | 206,649 | 596,649 | 568,046 | 28,603 |
| <i>Net Change in Fund Equity</i> | (156,649) | (546,649) | (514,939) | 31,710 |
| <i>Fund Equity Beginning of Year</i> | 1,906,609 | 1,906,609 | 1,906,609 | 0 |
| Prior Year Encumbrances Appropriated | 6,649 | 6,649 | 6,649 | 0 |
| <i>Fund Equity End of Year</i> | \$1,756,609 | \$1,366,609 | \$1,398,319 | \$31,710 |

Statistical Section



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Statistical Section

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

| Contents | Page(s) |
|--|-------------------------|
| <i>Financial Trends</i> | <i>S2 – S9</i> |
| These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time. | |
| <i>Revenue Capacity</i> | <i>S10 – S18</i> |
| These schedules contain information to help the reader assess the City’s most significant local revenue sources, the property tax and the municipal income tax. | |
| <i>Debt Capacity</i> | <i>S19 – S24</i> |
| These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future. | |
| <i>Economic and Demographic Information</i> | <i>S25 – S26</i> |
| These schedules offer economic and demographic indicators to help the reader understand the environment within which the City’s financial activities take place. | |
| <i>Operating Information</i> | <i>S28 – S35</i> |
| These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs. | |

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Financial Reports for the relevant year.

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

| | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
| Governmental Activities | | | | |
| Net Investment in Capital Assets | \$70,074,840 | \$64,925,722 | \$62,244,507 | \$61,396,249 |
| Restricted: | | | | |
| Capital Projects | 7,901,331 | 7,231,782 | 6,332,527 | 5,970,224 |
| State Highway | 111,791 | 103,078 | 63,120 | 50,709 |
| Street Construction, Maintenance and Repair | 585,918 | 913,005 | 785,419 | 488,409 |
| Police Pension | 463,968 | 475,691 | 493,713 | 266,244 |
| Other Purposes | 210,794 | 275,126 | 612,104 | 382,347 |
| Unrestricted | <u>15,128,093</u> | <u>17,847,927</u> | <u>16,064,345</u> | <u>13,997,009</u> |
| <i>Total Governmental Activities Net Position</i> | <u><u>\$94,476,735</u></u> | <u><u>\$91,772,331</u></u> | <u><u>\$86,595,735</u></u> | <u><u>\$82,551,191</u></u> |

Note: The City implemented GASB 54 in 2011, causing the classification of net position to change.

| 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$60,224,288 | \$58,812,856 | \$58,712,220 | \$55,982,088 | \$51,169,988 | \$44,444,252 |
| 5,626,721 | 5,682,081 | 5,045,601 | 4,749,445 | 4,666,275 | 8,822,024 |
| 47,440 | 160,172 | 128,179 | 252,401 | 102,812 | 68,799 |
| 417,443 | 370,883 | 229,877 | 349,348 | 319,972 | 335,249 |
| 178,065 | 0 | 0 | 0 | 0 | 0 |
| 376,685 | 729,207 | 479,632 | 235,472 | 313,121 | 31,478 |
| 8,859,361 | 9,641,596 | 7,570,792 | 7,132,575 | 10,334,270 | 11,502,487 |
| <u>\$75,730,003</u> | <u>\$75,396,795</u> | <u>\$72,166,301</u> | <u>\$68,701,329</u> | <u>\$66,906,438</u> | <u>\$65,204,289</u> |

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

| | 2014 | 2013 | 2012 | 2011 |
|---|---------------------|---------------------|---------------------|---------------------|
| Program Revenues | | | | |
| Governmental Activities: | | | | |
| Charges for Services and Sales: | | | | |
| General Government | \$377,216 | \$414,541 | \$306,760 | \$292,763 |
| Security of Persons and Property | 562,774 | 516,590 | 537,653 | 491,945 |
| Public Health and Welfare | 23,565 | 20,244 | 24,625 | 32,305 |
| Leisure Time Activities | 559,216 | 67,118 | 456,211 | 447,776 |
| Community Environment | 198,060 | 194,238 | 125,813 | 99,303 |
| Basic Utility Services | 30,306 | 36,172 | 28,388 | 23,449 |
| Transportation | 45,279 | 548,161 | 76,006 | 33,168 |
| Operating Grants and Contributions | 493,672 | 603,478 | 534,869 | 448,183 |
| Capital Grants and Assessments | 1,567,822 | 114,562 | 95,572 | 387,666 |
| <i>Total Government Activities Program Revenues</i> | <u>3,857,910</u> | <u>2,515,104</u> | <u>2,185,897</u> | <u>2,256,558</u> |
| Expenses | | | | |
| Governmental Activities: | | | | |
| General Government | 8,650,919 | 8,587,665 | 8,505,708 | 8,703,896 |
| Security of Persons and Property | 9,005,655 | 8,389,502 | 8,572,099 | 8,350,722 |
| Public Health and Welfare | 78,417 | 110,014 | 96,354 | 93,610 |
| Leisure Time Activities | 3,767,299 | 3,463,666 | 3,470,342 | 3,345,289 |
| Community Environment | 3,096,160 | 2,739,330 | 2,492,457 | 2,130,225 |
| Basic Utility Services | 547,380 | 570,714 | 578,200 | 913,604 |
| Transportation | 4,465,226 | 3,199,635 | 3,754,236 | 4,546,613 |
| Intergovernmental | 0 | 0 | 0 | 0 |
| Interest and Fiscal Charges | 652,020 | 764,052 | 1,098,008 | 386,620 |
| <i>Total Governmental Activities Expenses</i> | <u>30,263,076</u> | <u>27,824,578</u> | <u>28,567,404</u> | <u>28,470,579</u> |
| Net (Expense)/Revenue | | | | |
| Governmental Activities | <u>(26,405,166)</u> | <u>(25,309,474)</u> | <u>(26,381,507)</u> | <u>(26,214,021)</u> |
| General Revenues and Other Changes in Net Position | | | | |
| Governmental Activities | | | | |
| Property and Other Local Taxes Levied For (1): | | | | |
| General Purposes | 814,219 | 868,418 | 877,092 | 900,223 |
| Debt Service | 0 | 0 | 0 | 0 |
| Other Purposes | 129,669 | 134,216 | 138,482 | 128,505 |
| Municipal Income Tax levied for General Purposes | 24,615,423 | 26,429,663 | 25,743,991 | 24,050,310 |
| Estate Taxes (2) | 0 | 0 | 0 | 4,785,946 |
| Hotel/Motel Tax Levied for General Purposes | 1,319,446 | 1,293,185 | 1,188,902 | 1,072,995 |
| Amusement Tax Levied for General Purposes | 0 | 0 | 11,078 | 8,268 |
| Grants and Entitlements not Restricted to Specific Programs | 259,332 | 757,689 | 404,523 | 457,658 |
| Investment Income | 61,208 | 68,148 | 89,027 | 75,505 |
| Payments in Lieu of Taxes | 1,348,759 | 1,094,482 | 1,289,281 | 934,263 |
| Miscellaneous | 561,514 | 366,333 | 683,675 | 621,536 |
| <i>Total Governmental Activities General Revenues</i> | <u>29,109,570</u> | <u>31,012,134</u> | <u>30,426,051</u> | <u>33,035,209</u> |
| Change in Governmental Activities Net Position | <u>\$2,704,404</u> | <u>\$5,702,660</u> | <u>\$4,044,544</u> | <u>\$6,821,188</u> |

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

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

| 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|
| \$458,491 | \$306,346 | \$228,665 | \$163,975 | \$186,680 | \$165,776 |
| 660,947 | 427,036 | 426,786 | 285,474 | 380,208 | 322,733 |
| 29,091 | 35,615 | 80,519 | 1,605 | 5,601 | 4,084 |
| 544,419 | 467,713 | 497,839 | 449,308 | 388,899 | 428,089 |
| 164,973 | 100,143 | 110,965 | 73,080 | 74,654 | 98,546 |
| 38,713 | 26,540 | 24,477 | 19,201 | 19,305 | 21,415 |
| 56,584 | 33,412 | 38,807 | 28,045 | 28,936 | 35,394 |
| 503,565 | 471,385 | 509,418 | 594,026 | 474,954 | 506,166 |
| 126,493 | 161,639 | 32,489 | 6,871,738 | 425,251 | 254,184 |
| <u>2,583,276</u> | <u>2,029,829</u> | <u>1,949,965</u> | <u>8,486,452</u> | <u>1,984,488</u> | <u>1,836,387</u> |
| 8,438,678 | 7,220,679 | 6,550,823 | 6,994,963 | 8,191,861 | 9,116,223 |
| 8,589,758 | 8,391,597 | 8,812,839 | 8,396,575 | 7,642,209 | 8,103,488 |
| 92,233 | 86,508 | 146,451 | 51,713 | 150,106 | 99,259 |
| 3,290,294 | 3,236,299 | 3,350,070 | 3,178,450 | 2,780,531 | 3,224,755 |
| 2,297,512 | 2,193,992 | 2,514,940 | 2,375,832 | 2,020,142 | 2,412,397 |
| 899,624 | 735,732 | 705,039 | 699,018 | 938,050 | 1,031,008 |
| 3,748,132 | 4,375,394 | 4,669,006 | 6,222,871 | 3,459,425 | 5,101,022 |
| 0 | 0 | 0 | 6,777,393 | 0 | 0 |
| 1,225,360 | 1,279,989 | 1,418,440 | 1,578,292 | 1,618,688 | 1,489,443 |
| <u>28,581,591</u> | <u>27,520,190</u> | <u>28,167,608</u> | <u>36,275,107</u> | <u>26,801,012</u> | <u>30,577,595</u> |
| <u>(25,998,315)</u> | <u>(25,490,361)</u> | <u>(26,217,643)</u> | <u>(27,788,655)</u> | <u>(24,816,524)</u> | <u>(28,741,208)</u> |
| 719,362 | 1,167,611 | 1,016,192 | 1,151,317 | 2,024,599 | 1,685,417 |
| 220,812 | 368,719 | 318,699 | 326,369 | 313,916 | 271,231 |
| 111,137 | 184,358 | 170,232 | 203,220 | 160,227 | 103,473 |
| 21,115,584 | 23,982,611 | 22,488,246 | 23,387,075 | 21,378,552 | 19,588,902 |
| 550,909 | 0 | 0 | 0 | 0 | 0 |
| 981,164 | 939,861 | 1,150,342 | 1,088,235 | 0 | 0 |
| 15,273 | 18,078 | 18,027 | 19,796 | 0 | 0 |
| 747,657 | 789,889 | 1,548,168 | 796,657 | 859,930 | 939,083 |
| 120,620 | 143,810 | 368,767 | 770,803 | 604,679 | 992,603 |
| 1,279,283 | 669,941 | 1,880,535 | 876,043 | 226,583 | 0 |
| 469,722 | 455,977 | 723,407 | 964,031 | 950,187 | 1,119,263 |
| <u>26,331,523</u> | <u>28,720,855</u> | <u>29,682,615</u> | <u>29,583,546</u> | <u>26,518,673</u> | <u>24,699,972</u> |
| <u>\$333,208</u> | <u>\$3,230,494</u> | <u>\$3,464,972</u> | <u>\$1,794,891</u> | <u>\$1,702,149</u> | <u>(\$4,041,236)</u> |

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

| | 2014 | 2013 | 2012 | 2011 |
|---|---------------------|---------------------|---------------------|---------------------|
| General Fund | | | | |
| Reserved | \$0 | \$0 | \$0 | \$0 |
| Unreserved | 0 | 0 | 0 | 0 |
| Nonspendable | 14,475,791 | 9,658,313 | 9,604,531 | 9,683,982 |
| Assigned | 2,469,127 | 2,848,726 | 3,081,515 | 1,409,336 |
| Unassigned | 4,227,716 | 8,228,235 | 6,656,522 | 9,057,536 |
| Total General Fund | <u>21,172,634</u> | <u>20,735,274</u> | <u>19,342,568</u> | <u>20,150,854</u> |
| All Other Governmental Funds | | | | |
| Reserved | 0 | 0 | 0 | 0 |
| Unreserved, Undesignated (Deficit), Reported in: | | | | |
| Special Revenue funds | 0 | 0 | 0 | 0 |
| Debt Service funds | 0 | 0 | 0 | 0 |
| Capital Projects funds | 0 | 0 | 0 | 0 |
| Nonspendable | 7,174 | 0 | 0 | 1,875,000 |
| Restricted | 8,698,280 | 7,812,603 | 4,772,796 | 4,415,800 |
| Committed | 355,523 | 307,434 | 253,832 | 203,276 |
| Unassigned (Deficit) | (12,423,277) | (9,149,791) | (8,628,368) | (10,369,372) |
| Total All Other Governmental Funds | <u>(3,362,300)</u> | <u>(1,029,754)</u> | <u>(3,601,740)</u> | <u>(3,875,296)</u> |
| Total Governmental Funds | <u>\$17,810,334</u> | <u>\$19,705,520</u> | <u>\$15,740,828</u> | <u>\$16,275,558</u> |

Note: The City implemented GASB 54 in 2011.

| 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|---------------------|---------------------|--------------------|--------------------|---------------------|---------------------|
| \$0 | \$6,970,514 | \$6,469,398 | \$5,685,909 | \$2,319,792 | \$2,155,243 |
| 0 | 5,821,100 | 4,810,920 | 5,234,359 | 8,859,983 | 7,156,832 |
| 8,136,230 | 0 | 0 | 0 | 0 | 0 |
| 643,004 | 0 | 0 | 0 | 0 | 0 |
| 5,680,452 | 0 | 0 | 0 | 0 | 0 |
| <u>14,459,686</u> | <u>12,791,614</u> | <u>11,280,318</u> | <u>10,920,268</u> | <u>11,179,775</u> | <u>9,312,075</u> |
| 0 | 4,302,965 | 4,004,877 | 6,058,850 | 3,077,867 | 3,851,968 |
| 0 | 956,246 | 573,411 | 364,175 | 457,896 | 251,256 |
| 0 | (7,647,339) | (7,267,284) | (6,531,435) | 364,832 | 278,323 |
| 0 | (393,020) | (32,682) | (2,108,901) | (2,719,260) | 3,913,934 |
| 1,875,000 | 0 | 0 | 0 | 0 | 0 |
| 4,152,964 | 0 | 0 | 0 | 0 | 0 |
| 161,907 | 0 | 0 | 0 | 0 | 0 |
| (9,255,698) | 0 | 0 | 0 | 0 | 0 |
| <u>(3,065,827)</u> | <u>(2,781,148)</u> | <u>(2,721,678)</u> | <u>(2,217,311)</u> | <u>1,181,335</u> | <u>8,295,481</u> |
| <u>\$11,393,859</u> | <u>\$10,010,466</u> | <u>\$8,558,640</u> | <u>\$8,702,957</u> | <u>\$12,361,110</u> | <u>\$17,607,556</u> |

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

| | 2014 | 2013 | 2012 | 2011 |
|---|----------------------|--------------------|--------------------|--------------------|
| Revenues | | | | |
| Taxes (1) | \$26,344,858 | \$28,297,945 | \$27,059,648 | \$30,438,989 |
| Intergovernmental | 2,409,871 | 1,338,264 | 821,712 | 1,453,994 |
| Investment Income | 45,874 | 65,759 | 65,720 | 75,505 |
| Fees, Licenses and Permits | 737,548 | 674,645 | 665,541 | 674,082 |
| Fines and Forfeitures | 259,754 | 304,447 | 323,332 | 320,814 |
| Charges for Services | 557,486 | 590,273 | 312,093 | 275,753 |
| Rentals | 241,628 | 227,699 | 221,322 | 150,060 |
| Special Assessments | 175,629 | 50,442 | 54,732 | 51,439 |
| Payment in Lieu of Taxes | 1,273,291 | 1,307,885 | 914,807 | 1,388,145 |
| Miscellaneous | 550,560 | 366,333 | 683,675 | 621,536 |
| <i>Total Revenues</i> | <u>32,596,499</u> | <u>33,223,692</u> | <u>31,122,582</u> | <u>35,450,317</u> |
| Expenditures | | | | |
| Current: | | | | |
| General Government | 5,549,948 | 6,165,368 | 5,689,973 | 6,057,103 |
| Security of Persons and Property | 8,313,475 | 7,164,583 | 8,078,230 | 8,049,439 |
| Public Health and Welfare | 76,612 | 101,608 | 95,769 | 92,369 |
| Leisure Time Activities | 3,449,266 | 3,310,319 | 3,297,852 | 3,268,970 |
| Community Environment | 2,942,887 | 2,687,884 | 2,430,958 | 2,057,304 |
| Basic Utility Services | 448,869 | 499,164 | 546,855 | 496,390 |
| Transportation: | | | | |
| Intergovernmental | 0 | 0 | 0 | 0 |
| Other | 2,589,496 | 2,599,750 | 2,359,506 | 2,301,417 |
| Capital Outlay | 8,437,594 | 4,963,406 | 5,413,460 | 6,633,360 |
| Debt Service: | | | | |
| Principal Retirement | 1,540,123 | 1,128,199 | 248,277 | 1,485,600 |
| Refunded Notes Redeemed | 4,700,000 | 4,500,000 | 7,100,000 | 0 |
| Interest and Fiscal Charges | 719,884 | 840,930 | 931,817 | 900,657 |
| Debt Issuance Costs | 124,813 | 33,979 | 39,867 | 231,073 |
| <i>Total Expenditures</i> | <u>38,892,967</u> | <u>33,995,190</u> | <u>36,232,564</u> | <u>31,573,682</u> |
| <i>Excess of Revenues Over (Under) Expenditures</i> | <u>(6,296,468)</u> | <u>(771,498)</u> | <u>(5,109,982)</u> | <u>3,876,635</u> |
| Other Financing Sources (Uses) | | | | |
| Sale of Capital Assets | 0 | 0 | 0 | 0 |
| Bond Anticipation Notes Issued | 0 | 0 | 0 | 0 |
| Current Refunding | 0 | 0 | 0 | (6,600,000) |
| Refunding Notes Issued | 4,300,000 | 4,700,000 | 4,500,000 | 7,100,000 |
| General Obligation Refunding Bonds Issued | 4,305,000 | 0 | 0 | 16,935,000 |
| OPWC Loan Issued | 0 | 0 | 0 | 225,000 |
| OWDA Loan Issued | 0 | 0 | 42,852 | 9,668 |
| Premium on General Obligation Bonds | 299,647 | 0 | 0 | 959,129 |
| Premium on Refunding Notes | 0 | 36,190 | 32,400 | 82,573 |
| Payment to Refunded Bond Escrow Agent | (4,503,365) | 0 | 0 | (17,706,306) |
| Inception of Capital Lease | 0 | 0 | 0 | 0 |
| Transfers In | 7,821,500 | 9,631,100 | 9,817,000 | 8,375,800 |
| Transfers Out | (7,821,500) | (9,631,100) | (9,817,000) | (8,375,800) |
| <i>Total Other Financing Sources (Uses)</i> | <u>4,401,282</u> | <u>4,736,190</u> | <u>4,575,252</u> | <u>1,005,064</u> |
| <i>Net Change in Fund Balances</i> | <u>(\$1,895,186)</u> | <u>\$3,964,692</u> | <u>(\$534,730)</u> | <u>\$4,881,699</u> |
| Debt Service as a Percentage of Noncapital Expenditures | 21.6% | 21.5% | 25.7% | 8.7% |

(1) Includes All Taxes

| 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|--------------------|--------------------|--------------------|----------------------|----------------------|----------------------|
| \$24,505,900 | \$24,760,639 | \$25,645,624 | \$25,700,104 | \$23,702,165 | \$22,112,467 |
| 1,802,980 | 1,463,683 | 2,028,911 | 8,039,065 | 1,819,536 | 1,656,582 |
| 67,424 | 75,323 | 245,344 | 590,439 | 466,309 | 913,835 |
| 749,258 | 639,937 | 691,127 | 709,936 | 681,069 | 662,272 |
| 552,602 | 462,930 | 378,855 | 298,541 | 394,785 | 363,501 |
| 393,243 | 50,765 | 83,205 | 12,211 | 18,021 | 38,864 |
| 258,115 | 243,173 | 254,871 | 0 | 1,808 | 0 |
| 58,064 | 89,812 | 54,539 | 88,289 | 54,674 | 38,970 |
| 1,033,254 | 1,272,801 | 770,376 | 712,048 | 226,583 | 0 |
| 469,722 | 446,465 | 723,407 | 873,393 | 950,187 | 1,119,263 |
| <u>29,890,562</u> | <u>29,505,528</u> | <u>30,876,259</u> | <u>37,024,026</u> | <u>28,315,137</u> | <u>26,905,754</u> |
| 5,832,145 | 5,785,603 | 5,356,297 | 5,534,996 | 5,233,963 | 4,048,540 |
| 8,343,766 | 8,100,541 | 8,450,592 | 8,024,379 | 7,684,493 | 7,773,464 |
| 92,021 | 86,508 | 96,797 | 49,480 | 156,935 | 99,105 |
| 3,237,635 | 3,187,729 | 3,313,837 | 3,065,576 | 2,843,285 | 3,165,517 |
| 2,241,800 | 2,136,723 | 2,472,765 | 2,315,832 | 2,098,700 | 2,394,982 |
| 526,243 | 565,095 | 552,082 | 592,856 | 540,928 | 519,660 |
| 0 | 0 | 0 | 6,777,393 | 0 | 0 |
| 2,534,624 | 2,390,799 | 2,725,884 | 2,450,069 | 2,118,211 | 2,514,550 |
| 3,693,599 | 1,905,592 | 4,511,425 | 8,292,293 | 9,286,939 | 11,188,741 |
| 1,445,553 | 1,390,398 | 1,365,248 | 1,359,148 | 1,247,070 | 1,172,783 |
| 0 | 1,200,000 | 600,000 | 600,000 | 600,000 | 500,000 |
| 1,260,627 | 1,330,508 | 1,579,585 | 1,620,157 | 1,751,059 | 1,301,228 |
| 43,200 | 0 | 0 | 0 | 0 | 157,525 |
| <u>29,251,213</u> | <u>28,079,496</u> | <u>31,024,512</u> | <u>40,682,179</u> | <u>33,561,583</u> | <u>34,836,095</u> |
| <u>639,349</u> | <u>1,426,032</u> | <u>(148,253)</u> | <u>(3,658,153)</u> | <u>(5,246,446)</u> | <u>(7,930,341)</u> |
| 0 | 20,125 | 3,936 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 8,400,000 |
| (5,900,000) | (5,900,000) | (7,100,000) | (7,700,000) | (8,300,000) | (8,900,000) |
| 6,600,000 | 5,900,000 | 7,100,000 | 7,700,000 | 8,300,000 | 0 |
| 0 | 0 | 0 | 0 | 0 | 5,800,000 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 44,044 | 5,669 | 0 | 0 | 0 | 147,601 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 21,577 |
| 8,376,500 | 5,576,485 | 7,669,000 | 11,268,134 | 5,557,000 | 10,543,376 |
| <u>(8,376,500)</u> | <u>(5,576,485)</u> | <u>(7,669,000)</u> | <u>(11,268,134)</u> | <u>(5,557,000)</u> | <u>(10,543,376)</u> |
| <u>744,044</u> | <u>25,794</u> | <u>3,936</u> | <u>0</u> | <u>0</u> | <u>5,469,178</u> |
| <u>\$1,383,393</u> | <u>\$1,451,826</u> | <u>(\$144,317)</u> | <u>(\$3,658,153)</u> | <u>(\$5,246,446)</u> | <u>(\$2,461,163)</u> |
| 10.1% | 10.1% | 13.4% | 10.4% | 14.3% | 12.5% |

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 |
| 2014 | \$240,611,760 | \$198,450,590 | \$1,254,463,857 | \$18,952,480 | \$21,536,909 |
| 2013 | 239,083,160 | 199,757,400 | 1,253,830,171 | 17,533,550 | 19,924,489 |
| 2012 | 239,574,100 | 200,039,350 | 1,256,038,429 | 16,106,220 | 18,302,523 |
| 2011 | 247,790,560 | 216,815,880 | 1,327,446,971 | 14,613,270 | 16,605,989 |
| 2010 | 246,724,180 | 219,933,400 | 1,333,307,371 | 13,884,090 | 15,777,375 |
| 2009 | 247,400,130 | 233,371,680 | 1,373,633,743 | 11,424,750 | 12,982,670 |
| 2008 | 246,146,200 | 249,354,240 | 1,415,715,543 | 11,074,010 | 12,584,102 |
| 2007 | 243,061,090 | 242,628,230 | 1,387,683,771 | 19,920,220 | 22,636,614 |
| 2006 | 219,661,670 | 244,877,290 | 1,327,254,171 | 20,241,990 | 23,002,261 |
| 2005 | 217,259,750 | 255,391,400 | 1,350,431,857 | 25,368,400 | 28,827,727 |

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

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

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

Source: Cuyahoga County, Ohio; County Fiscal Officer

| <u>Tangible Personal Property</u> | | | | | |
|-----------------------------------|-------------------------------|-----------------------|-------------------------------|--------------|-----------------|
| <u>General Business</u> | | <u>Total</u> | | | |
| <u>Assessed Value</u> | <u>Estimated Actual Value</u> | <u>Assessed Value</u> | <u>Estimated Actual Value</u> | <u>Ratio</u> | <u>Tax Rate</u> |
| \$0 | \$0 | \$458,014,830 | \$1,276,000,766 | 35.89% | \$2.20 |
| 0 | 0 | 456,374,110 | 1,273,754,660 | 35.83 | 2.20 |
| 0 | 0 | 455,719,670 | 1,274,340,951 | 35.76 | 2.20 |
| 0 | 0 | 479,219,710 | 1,344,052,960 | 35.65 | 2.20 |
| 0 | 0 | 480,541,670 | 1,349,084,746 | 35.62 | 2.60 |
| 8,866,450 | 141,863,200 | 501,063,010 | 1,528,479,613 | 32.78 | 2.80 |
| 32,265,242 | 258,121,936 | 538,839,692 | 1,686,421,581 | 31.95 | 2.80 |
| 31,350,145 | 167,200,773 | 536,959,685 | 1,577,521,158 | 34.04 | 2.80 |
| 40,970,389 | 163,881,556 | 525,751,339 | 1,514,137,989 | 34.72 | 2.80 |
| 42,971,606 | 171,886,424 | 540,991,156 | 1,551,146,008 | 34.88 | 2.80 |

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

| | 2014 | 2013 | 2012 | 2011 |
|---|-----------------|-----------------|-----------------|-----------------|
| 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 | 0.0000 | 0.0000 | 0.0000 | 0.0000 |
| Total Millage | \$2.2000 | \$2.2000 | \$2.2000 | \$2.2000 |
| Overlapping Rates by Taxing District | | | | |
| Independence Local School District | | | | |
| Residential/Agricultural Real | \$34.3800 | \$36.0000 | \$33.7028 | \$32.9393 |
| Commercial/Industrial and Public Utility Real | 35.8000 | 34.5646 | 35.2000 | 34.0233 |
| General Business and Public Utility Personal | 35.8000 | 36.0000 | 35.2000 | 34.9000 |
| Cuyahoga Valley Career Center | | | | |
| Residential/Agricultural Real | 2.0000 | 2.0000 | 2.0000 | 2.0000 |
| Commercial/Industrial and Public Utility Real | 2.0000 | 2.0000 | 2.0000 | 2.0000 |
| General Business and Public Utility Personal | 2.0000 | 2.0000 | 2.0000 | 2.0000 |
| Cuyahoga County | | | | |
| Residential/Agricultural Real | 14.0500 | 14.0500 | 13.2200 | 13.1866 |
| Commercial/Industrial and Public Utility Real | 14.0200 | 14.0500 | 12.9968 | 12.8413 |
| General Business and Public Utility Personal | 14.0500 | 13.9495 | 13.2200 | 13.3200 |
| Special Taxing Districts (1) | | | | |
| Residential/Agricultural Real | 9.3600 | 10.4800 | 7.5635 | 7.5041 |
| Commercial/Industrial and Public Utility Real | 9.3400 | 10.4639 | 7.4621 | 7.3648 |
| General Business and Public Utility Personal | 9.3800 | 10.3843 | 7.5800 | 7.5800 |

Source: Cuyahoga County Fiscal Officer

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

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

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

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

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

| 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|----------|----------|----------|----------|----------|----------|
| \$1.9000 | \$1.9000 | \$1.9000 | \$1.9000 | \$1.9000 | \$1.9000 |
| 0.3000 | 0.3000 | 0.3000 | 0.3000 | 0.3000 | 0.3000 |
| 2.2000 | 2.2000 | 2.2000 | 2.2000 | 2.2000 | 2.2000 |
| 0.4000 | 0.6000 | 0.6000 | 0.6000 | 0.6000 | 0.6000 |
| \$2.6000 | \$2.8000 | \$2.8000 | \$2.8000 | \$2.8000 | \$2.8000 |

| | | | | | |
|-----------|-----------|-----------|-----------|-----------|-----------|
| \$29.8969 | \$30.0066 | \$29.2736 | \$29.3470 | \$28.5895 | \$28.7260 |
| 30.9096 | 30.8481 | 29.7397 | 29.8339 | 29.9017 | 29.3792 |
| 31.9000 | 32.0000 | 31.4000 | 31.5000 | 31.5000 | 31.5000 |

| | | | | | |
|--------|--------|--------|--------|--------|--------|
| 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 |

| | | | | | |
|---------|---------|---------|---------|---------|---------|
| 13.1866 | 13.1789 | 12.6607 | 11.8688 | 11.7227 | 11.7227 |
| 12.8413 | 12.8457 | 12.8153 | 12.4535 | 12.5880 | 12.5762 |
| 13.3200 | 13.3200 | 13.3200 | 13.4200 | 13.5200 | 13.5200 |

| | | | | | |
|--------|--------|--------|--------|--------|--------|
| 7.4900 | 7.0068 | 6.6597 | 5.9676 | 6.2900 | 6.2900 |
| 7.3450 | 6.9119 | 6.8911 | 6.2519 | 6.5596 | 6.5552 |
| 7.5800 | 7.2800 | 7.2800 | 6.7800 | 6.7800 | 6.7800 |

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 |
|------|----------------------|-------------------------------|---|----------------------------------|
| 2014 | \$1,005,375 | \$888,506 | 88.38% | \$30,503 |
| 2013 | 1,005,183 | 941,152 | 67.45 | 26,167 |
| 2012 | 2,959,604 | 2,046,598 | 69.15 | 79,049 |
| 2011 | 3,169,416 | 2,125,508 | 67.06 | 229,454 |
| 2010 | 3,266,698 | 2,180,929 | 66.76 | 193,620 |
| 2009 | 2,522,246 | 2,352,209 | 93.26 | 235,807 |
| 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 |

Source: Cuyahoga County, Ohio; County Fiscal Officer

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

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

| <u>Total Tax Collections (1)</u> | <u>Percent of Total Tax Collections to Tax Levy</u> | <u>Accumulated Outstanding Delinquent Taxes</u> | <u>Percentage of Delinquent Taxes to Total Tax Levy</u> |
|--|---|---|---|
| \$919,009 | 91.41% | \$372,888 | 37.09% |
| 967,319 | 69.52 | 346,308 | 29.45 |
| 2,125,647 | 71.82 | 837,915 | 28.31 |
| 2,354,962 | 74.30 | 808,231 | 25.50 |
| 2,374,549 | 72.69 | 939,371 | 28.76 |
| 2,588,016 | 102.61 | 1,145,874 | 45.43 |
| 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 |

City of Independence, Ohio
Principal Real Property Taxpayers
 2014 and 2007 (1)

| <i>2014</i> | | |
|---|----------------------------------|--|
| Taxpayer | Real Property Assessed Valuation | Percentage of Total Assessed Valuation |
| FMC Investment Opportunities | \$25,607,900 | 5.83 % |
| Cleveland-Cuyahoga County Port Authority | 14,700,000 | 3.35 |
| Cleveland Clinic | 13,708,040 | 3.12 |
| Summit Cleveland Realty LP | 12,938,500 | 2.95 |
| Cleveland Electric Illuminating Company | 11,650,540 | 2.66 |
| Rockside-77 Properties LLC | 11,365,520 | 2.59 |
| Jagi Cleveland Independence LLC | 8,710,680 | 1.98 |
| City of Independence | 7,464,460 | 1.70 |
| AP/AM Independence Suites LLC | 6,064,450 | 1.38 |
| JDI Oak Tree Holdings LLC | 5,982,410 | 1.36 |
| Total | \$118,192,500 | 26.92 % |
| Total Real Property Assessed Valuation | \$439,062,350 | |

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

Source: Cuyahoga County Fiscal Officer

(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> |
|-----------------|---------------------|--------------------------------|-------------------------------|---|-------------------------------|---|-------------------------------|---|
| 2014 | 2.00% | \$24,615,423 | \$21,248,033 | 86.32% | \$2,424,619 | 9.85% | \$942,771 | 3.83% |
| 2013 | 2.00 | 26,429,663 | 22,393,040 | 84.73 | 3,107,726 | 11.76 | 928,897 | 3.51 |
| 2012 | 2.00 | 25,743,991 | 21,957,050 | 85.29 | 2,777,777 | 10.79 | 1,009,164 | 3.92 |
| 2011 | 2.00 | 24,050,310 | 21,013,688 | 87.37 | 2,119,560 | 8.82 | 917,062 | 3.81 |
| 2010 | 2.00 | 21,115,584 | 18,391,674 | 87.10 | 1,942,634 | 9.20 | 781,276 | 3.70 |
| 2009 | 2.00 | 23,982,611 | 20,306,077 | 84.67 | 2,724,424 | 11.36 | 952,110 | 3.97 |
| 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 |

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

(2) Accrual basis.

City of Independence, Ohio
Income Tax Filers by Income Level
Tax Years 2014 and 2008 (1)

| Tax Year 2014 (2) | | | | |
|-------------------|------------------|-------------------|----------------------|---------------------------|
| Income Range | Number of Filers | Percent of Filers | Taxable Income | Percent of Taxable Income |
| Over \$100,000 | 744 | 26.16 % | \$144,083,645 | 65.60 % |
| 75,001-100,000 | 286 | 10.06 | 25,068,696 | 11.42 |
| 50,001-75,000 | 392 | 13.78 | 24,101,528 | 10.97 |
| 25,000-50,000 | 472 | 16.60 | 17,333,466 | 7.89 |
| Under 25,000 | 950 | 33.40 | 9,049,499 | 4.12 |
| Total | <u>2,844</u> | <u>100.00 %</u> | <u>\$219,636,834</u> | <u>100.00 %</u> |

| Tax Year 2008 | | | | |
|----------------|------------------|-------------------|----------------------|---------------------------|
| Income Range | Number of Filers | Percent of Filers | Taxable Income | Percent of Taxable Income |
| Over \$100,000 | 636 | 23.11 % | \$120,267,597 | 59.96 % |
| 75,001-100,000 | 340 | 12.35 | 29,641,349 | 14.78 |
| 50,001-75,000 | 395 | 14.35 | 24,440,333 | 12.18 |
| 25,000-50,000 | 495 | 17.99 | 18,105,508 | 9.03 |
| Under 25,000 | 886 | 32.20 | 8,130,529 | 4.05 |
| Total | <u>2,752</u> | <u>100.00 %</u> | <u>\$200,585,316</u> | <u>100.00 %</u> |

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

- (1) Information prior to 2008 is not available.
- (2) Represents tax returns filed for tax year 2013

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 |
|------|-------------------------|--|--|------------------------------|
| 2014 | \$20,253,380 | \$1,276,000,766 | 1.59% | \$2,825 |
| 2013 | 21,540,762 | 1,273,754,660 | 1.69 | 3,019 |
| 2012 | 22,706,384 | 1,274,340,951 | 1.78 | 3,206 |
| 2011 | 22,947,006 | 1,344,052,960 | 1.71 | 3,217 |
| 2010 | 23,983,905 | 1,349,084,746 | 1.78 | 3,362 |
| 2009 | 25,439,723 | 1,528,479,613 | 1.66 | 3,579 |
| 2008 | 26,840,541 | 1,686,421,581 | 1.59 | 3,776 |
| 2007 | 28,216,359 | 1,577,521,158 | 1.79 | 3,969 |
| 2006 | 29,567,177 | 1,514,137,989 | 1.95 | 4,159 |
| 2005 | 30,797,995 | 1,551,146,008 | 1.99 | 4,332 |

Note: Population is presented on page S25.

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

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

| Fiscal Year | General Obligation Bonds | Special Assessment Bonds | OPWC Loans | OWDA Loans | Notes Payable |
|----------------|--------------------------------|--------------------------------|---------------|---------------|------------------|
| 2014 | \$20,253,380 | \$0 | \$196,875 | \$22,005 | \$4,300,000 |
| 2013 | 21,540,762 | 0 | 211,509 | 32,494 | 4,712,069 |
| 2012 | 22,706,384 | 0 | 229,526 | 42,676 | 4,510,800 |
| 2011 | 22,947,006 | 0 | 241,918 | 4,785 | 7,127,524 |
| 2010 | 23,983,905 | 522,222 | 23,685 | 0 | 6,614,681 |
| 2009 | 25,439,723 | 554,074 | 30,452 | 0 | 5,901,889 |
| 2008 | 26,840,541 | 585,926 | 37,219 | 0 | 7,100,000 |
| 2007 | 28,216,359 | 617,778 | 43,986 | 0 | 7,700,000 |
| 2006 | 29,567,177 | 649,630 | 50,753 | 0 | 8,300,000 |
| 2005 | 30,797,995 | 681,482 | 57,520 | 0 | 8,900,000 |

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

| Capital Leases | Total | Percentage of Personal Income | Per Capita |
|-------------------|--------------|-------------------------------------|---------------|
| \$0 | \$24,772,260 | 10.02 % | \$3,455 |
| 0 | 26,496,834 | 11.45 | 3,713 |
| 0 | 27,489,386 | 11.08 | 3,881 |
| 0 | 30,321,233 | 13.10 | 4,251 |
| 0 | 31,144,493 | 13.94 | 4,366 |
| 0 | 31,926,138 | 11.20 | 4,491 |
| 0 | 34,563,686 | 12.13 | 4,862 |
| 0 | 36,578,123 | 12.83 | 5,145 |
| 19,042 | 38,586,602 | 13.54 | 5,428 |
| 46,144 | 40,483,141 | 14.34 | 5,695 |

City of Independence, Ohio

Legal Debt Margin

Last Ten Years

| | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> |
|---|----------------------|----------------------|----------------------|----------------------|
| Total Assessed Property Value | <u>\$458,014,830</u> | <u>\$456,374,110</u> | <u>\$455,719,670</u> | <u>\$479,219,710</u> |
| Overall Legal Debt Limit (10 ½ % of Assessed Valuation) | <u>\$48,091,557</u> | <u>\$47,919,282</u> | <u>\$47,850,565</u> | <u>\$50,318,070</u> |
| Debt Outstanding: | | | | |
| General Obligation Bonds | 19,190,000 | 20,620,000 | 21,720,000 | 21,895,000 |
| Special Assessment Bonds | 0 | 0 | 0 | 0 |
| OPWC Loans | 196,875 | 211,509 | 229,526 | 241,918 |
| OWDA Loan | 22,005 | 32,494 | 42,676 | 4,785 |
| Notes | <u>4,700,000</u> | <u>5,450,000</u> | <u>6,800,000</u> | <u>7,100,000</u> |
| Total Gross Indebtedness | 24,108,880 | 26,314,003 | 28,792,202 | 29,241,703 |
| Less: | | | | |
| General Obligation Bonds | (4,445,000) | (4,605,000) | (4,785,000) | (4,960,000) |
| Special Assessment Bonds | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Total Net Debt Applicable to Debt Limit | <u>19,663,880</u> | <u>21,709,003</u> | <u>24,007,202</u> | <u>24,281,703</u> |
| Legal Debt Margin Within 10 ½ % Limitations | <u>\$28,427,677</u> | <u>\$26,210,279</u> | <u>\$23,843,363</u> | <u>\$26,036,367</u> |
| Legal Debt Margin as a Percentage of the Debt Limit | 59.11% | 54.70% | 49.83% | 51.74% |
| Unvoted Debt Limitation (5 ½ % of Assessed Valuation) | <u>\$25,190,816</u> | <u>\$25,100,576</u> | <u>\$25,064,582</u> | <u>\$26,357,084</u> |
| Gross Indebtedness | 24,108,880 | 26,314,003 | 28,792,202 | 29,241,703 |
| Less: | | | | |
| General Obligation Bonds | (4,445,000) | (4,605,000) | (4,785,000) | (4,960,000) |
| Special Assessment Bonds | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Net Debt Within 5 ½ % Limitations | <u>19,663,880</u> | <u>21,709,003</u> | <u>24,007,202</u> | <u>24,281,703</u> |
| Unvoted Legal Debt Margin Within 5 ½ % Limitations | <u>\$5,526,936</u> | <u>\$3,391,573</u> | <u>\$1,057,380</u> | <u>\$2,075,381</u> |
| Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation | 21.94% | 13.51% | 4.22% | 7.87% |

Source: City Financial Records

| 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <u>\$480,541,670</u> | <u>\$501,063,010</u> | <u>\$538,839,692</u> | <u>\$536,959,685</u> | <u>\$525,751,339</u> | <u>\$540,991,156</u> |
| <u>\$50,456,875</u> | <u>\$52,611,616</u> | <u>\$56,578,168</u> | <u>\$56,380,767</u> | <u>\$55,203,891</u> | <u>\$56,804,071</u> |
| 23,235,000 | 24,640,000 | 25,990,000 | 27,315,000 | 28,615,000 | 29,795,000 |
| 500,000 | 530,000 | 560,000 | 590,000 | 620,000 | 650,000 |
| 23,685 | 30,452 | 37,219 | 43,986 | 50,753 | 57,520 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| <u>7,700,000</u> | <u>7,100,000</u> | <u>7,700,000</u> | <u>8,300,000</u> | <u>8,900,000</u> | <u>9,400,000</u> |
| 31,458,685 | 32,300,452 | 34,287,219 | 36,248,986 | 38,185,753 | 39,902,520 |
| (12,255,000) | (12,675,000) | (13,075,000) | (13,470,000) | (13,860,000) | (14,145,000) |
| <u>(500,000)</u> | <u>(530,000)</u> | <u>(560,000)</u> | <u>(590,000)</u> | <u>(620,000)</u> | <u>(650,000)</u> |
| <u>18,703,685</u> | <u>19,095,452</u> | <u>20,652,219</u> | <u>22,188,986</u> | <u>23,705,753</u> | <u>25,107,520</u> |
| <u>\$31,753,190</u> | <u>\$33,516,164</u> | <u>\$35,925,949</u> | <u>\$34,191,781</u> | <u>\$31,498,138</u> | <u>\$31,696,551</u> |
| 62.93% | 63.70% | 63.50% | 60.64% | 57.06% | 55.80% |
| <u>\$26,429,792</u> | <u>\$27,558,466</u> | <u>\$29,636,183</u> | <u>\$29,532,783</u> | <u>\$28,916,324</u> | <u>\$29,754,514</u> |
| 31,458,685 | 32,300,452 | 34,287,219 | 36,248,986 | 38,185,753 | 39,902,520 |
| (12,255,000) | (12,675,000) | (13,075,000) | (13,470,000) | (13,860,000) | (14,145,000) |
| <u>(500,000)</u> | <u>(530,000)</u> | <u>(560,000)</u> | <u>(590,000)</u> | <u>(620,000)</u> | <u>(650,000)</u> |
| <u>18,703,685</u> | <u>19,095,452</u> | <u>20,652,219</u> | <u>22,188,986</u> | <u>23,705,753</u> | <u>25,107,520</u> |
| <u>\$7,726,107</u> | <u>\$8,463,014</u> | <u>\$8,983,964</u> | <u>\$7,343,797</u> | <u>\$5,210,571</u> | <u>\$4,646,994</u> |
| 29.23% | 30.71% | 30.31% | 24.87% | 18.02% | 15.62% |

City of Independence, Ohio
*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
December 31, 2014*

| | Debt Attributable to Governmental Activities | Percentage Applicable to City (1) | Amount of Direct and Overlapping Debt |
|--|---|---|--|
| Direct Debt: | | | |
| City of Independence | | | |
| General Obligation Bonds | \$20,253,380 | 100.00 % | \$20,253,380 |
| OPWC Loan | 196,875 | 100.00 | 196,875 |
| OWDA Loan | 22,005 | 100.00 | 22,005 |
| Notes Payable | 4,300,000 | 100.00 | 4,300,000 |
| <i>Total Direct Debt</i> | <u>24,772,260</u> | | <u>24,772,260</u> |
| Overlapping Debt: | | | |
| Independence Local School District Bonds | 14,142,967 | 100.00 | 14,142,967 |
| Cuyahoga County | | | |
| General Obligation Bonds | 285,597,336 | 1.65 | 4,712,356 |
| Revenue Bonds | 576,029,491 | 1.65 | 9,504,487 |
| Certificates of Participation | 230,885,000 | 1.65 | 3,809,603 |
| Loans Payable | 4,859,876 | 1.65 | 80,188 |
| Notes Payable | 2,000,000 | 1.65 | 33,000 |
| Capital Lease Obligations | 478,545,611 | 1.65 | 7,896,003 |
| Greater Cleveland Regional Transit Authority | | | |
| General Obligation Bonds | 135,834,194 | 1.65 | 2,241,264 |
| Capital Lease Obligations | 14,430,918 | 1.65 | 238,110 |
| <i>Total Overlapping Debt</i> | <u>1,742,325,393</u> | | <u>42,657,977</u> |
| <i>Total Direct and Overlapping Debt</i> | <u>\$1,767,097,653</u> | | <u>\$67,430,237</u> |

Source: Office of the Fiscal Officer, Cuyahoga County, Ohio

- (1) Percentages were determined by dividing the assessed valuation of the overlapping government located within the boundaries of the City by the total assessed valuation of the government. The valuations used were for the 2014 collection year.

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

| Year | Population (1) | Total Personal Income (2) | Personal Income Per Capita (2) | Median Family Income (1) | Unemployment Rate (3) | | City Square Miles (4) |
|------|----------------|---------------------------|--------------------------------|--------------------------|-----------------------|---------------|-----------------------|
| | | | | | Cuyahoga County | State of Ohio | |
| 2014 | 7,169 | \$247,258,810 | \$34,490 | \$67,471 | 5.5% | 5.1% | 9.73 |
| 2013 | 7,136 | 231,484,704 | 32,439 | 73,403 | 7.2 | 7.1 | 9.73 |
| 2012 | 7,083 | 248,117,490 | 35,030 | 70,432 | 6.6 | 6.8 | 9.73 |
| 2011 | 7,133 | 231,387,387 | 32,439 | 73,403 | 7.1 | 8.7 | 9.73 |
| 2010 | 7,133 | 223,448,358 | 31,326 | 69,727 | 8.6 | 10.1 | 9.73 |
| 2009 | 7,109 | 285,000,000 | 40,090 | 65,059 | 9.0 | 10.2 | 9.73 |
| 2008 | 7,109 | 285,000,000 | 40,090 | 65,059 | 7.1 | 6.5 | 9.73 |
| 2007 | 7,109 | 285,000,000 | 40,090 | 65,059 | 6.1 | 5.6 | 9.73 |
| 2006 | 7,109 | 285,000,000 | 40,090 | 65,059 | 5.5 | 5.6 | 9.73 |
| 2005 | 7,109 | 282,239,200 | 39,702 | 65,059 | 5.9 | 5.9 | 9.73 |

(1) Years 2005-2009 - U.S. Census Bureau 2000; 2010-2011 - U.S. Census Bureau 2010; 2012-2014 City estimates

(2) City estimates

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

(4) City Records

City of Independence, Ohio

Principal Employers

2014 and 2008 (1)

| 2014 | | | |
|--------------------------------------|-----------------------|---------------|-------------------------------------|
| Employer | Nature of Activity | Employees | Percentage of Total City Employment |
| Cleveland Clinic Foundation | Health Care | 2,728 | 15.25 % |
| City of Independence | Municipality | 507 | 2.83 |
| L D Kichler Co | Lighting Products | 438 | 2.45 |
| Independence Local School District | Education | 349 | 1.95 |
| Airgas USA LLC | Gas Industry | 337 | 1.88 |
| Farmers Group Incorporated | Insurance Company | 309 | 1.73 |
| Independence Excavating Incorporated | Excavating Contractor | 281 | 1.57 |
| Dayton Heidelberg Distributing | Wholesale Trade | 253 | 1.41 |
| Travelers Indemnity Company | Insurance Company | 208 | 1.16 |
| ADP LLC | Payroll Processing | 182 | 1.02 |
| Francis David Corporation | Rental and Leasing | 157 | 0.88 |
| Total | | 5,749 | 32.13 % |
| Total Employment within the City | | 17,891 | |

| 2008 | | | |
|-----------------------------------|--------------------|---------------|-------------------------------------|
| Employer | Nature of Activity | Employees | Percentage of Total City Employment |
| Cleveland Clinic Foundation | Health Care | 1,885 | 9.41 % |
| City of Independence | Municipality | 479 | 2.39 |
| L D Kichler Co | Lighting Products | 445 | 2.22 |
| Avtron Manufacturing Incorporated | Manufacturing | 335 | 1.67 |
| Farmers Underwriters Association | Insurance | 271 | 1.35 |
| Travelers Indemnity Company | Insurance Company | 266 | 1.33 |
| ADP LLC | Payroll Processing | 251 | 1.25 |
| Cellco Partnership | Communication | 190 | 0.95 |
| Ferro Corporation & Subsidiary | Manufacturing | 160 | 0.80 |
| Novastar | Mortgage Company | 146 | 0.73 |
| Honeywell International | Manufacturing | 137 | 0.69 |
| Total | | 4,565 | 22.79 % |
| Total Employment within the City | | 20,028 | |

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

(1) Information prior to 2008 is not available.

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

| Function/Program | 2014 | 2013 | 2012 | 2011 |
|----------------------------------|---------------|---------------|---------------|---------------|
| General Government | | | | |
| Council | 4.50 | 4.50 | 5.00 | 5.00 |
| Mayor | 3.50 | 2.50 | 2.50 | 2.50 |
| Finance | 3.00 | 3.50 | 3.50 | 3.50 |
| Purchasing | 1.00 | 1.00 | 1.50 | 1.50 |
| Mayor's Court | 3.00 | 3.00 | 3.00 | 3.00 |
| Technology | 2.00 | 2.00 | 2.00 | 1.00 |
| Engineering | 4.50 | 4.00 | 4.00 | 4.00 |
| Administrative Support | 5.00 | 5.00 | 4.50 | 4.00 |
| Security of Persons and Property | | | | |
| Police | 47.50 | 47.50 | 48.00 | 50.00 |
| Fire | 24.50 | 24.50 | 26.50 | 28.00 |
| Leisure Time Activities | | | | |
| Recreation Center | 50.00 | 50.00 | 45.00 | 49.00 |
| Community Services | 14.00 | 14.00 | 15.00 | 16.00 |
| Community Environment | | | | |
| Building Inspection | 5.00 | 4.00 | 5.50 | 3.00 |
| Transportation | | | | |
| Service and Technical Service | 41.00 | 42.00 | 45.00 | 50.50 |
| Totals: | <u>208.50</u> | <u>207.50</u> | <u>211.00</u> | <u>221.00</u> |

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

Source: City Records

| 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|---------------|---------------|---------------|---------------|---------------|---------------|
| 5.00 | 5.00 | 5.50 | 5.50 | 5.50 | 5.50 |
| 2.50 | 2.50 | 2.50 | 2.50 | 2.50 | 2.50 |
| 4.00 | 4.00 | 4.00 | 3.50 | 3.50 | 3.50 |
| 1.00 | 1.00 | 1.00 | 1.50 | 1.50 | 1.50 |
| 3.00 | 3.00 | 3.00 | 3.50 | 3.50 | 3.50 |
| 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| 3.00 | 3.00 | 1.50 | 0.50 | 0.50 | 0.50 |
| 4.00 | 4.00 | 4.00 | 3.50 | 3.50 | 3.50 |
| 51.00 | 51.00 | 53.50 | 56.50 | 54.00 | 53.00 |
| 28.00 | 28.00 | 27.00 | 28.00 | 28.00 | 27.50 |
| 42.50 | 42.50 | 47.00 | 43.00 | 40.50 | 35.00 |
| 23.50 | 23.50 | 22.00 | 22.50 | 21.00 | 20.50 |
| 3.00 | 3.00 | 5.00 | 6.00 | 6.00 | 6.00 |
| 51.00 | 51.00 | 47.00 | 50.00 | 50.00 | 51.00 |
| <u>222.50</u> | <u>222.50</u> | <u>224.00</u> | <u>227.50</u> | <u>221.00</u> | <u>214.50</u> |

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

| Function/Program | 2014 | 2013 | 2012 | 2011 |
|--|--------|--------|--------|--------|
| General Government | | | | |
| Square Footage of Building (1) | 35,200 | 35,200 | 35,200 | 35,200 |
| Building Department Vehicles | 4 | 4 | 4 | 3 |
| Other Department Vehicles | 5 | 5 | 5 | 8 |
| Police | | | | |
| Stations | 1 | 1 | 1 | 1 |
| Square Footage of Building (1) | 35,200 | 35,200 | 35,200 | 35,200 |
| Vehicles | 39 | 39 | 39 | 37 |
| Fire | | | | |
| Stations | 1 | 1 | 1 | 1 |
| Square Footage of Building | 19,350 | 19,350 | 19,350 | 19,350 |
| Vehicles | 13 | 13 | 13 | 12 |
| Service Department | | | | |
| Streets (miles) | 52 | 52 | 52 | 52 |
| Vehicles | 53 | 53 | 53 | 56 |
| Recreation | | | | |
| Recreation Centers | 2 | 2 | 2 | 2 |
| New Recreation Center Square Footage (2) | 82,000 | 82,000 | 82,000 | 82,000 |
| Old Recreation Facility Square Footage | 7,570 | 7,570 | 7,570 | 7,570 |
| Number of Parks | 1 | 1 | 1 | 1 |
| Number of Baseball Diamonds | 6 | 6 | 6 | 6 |
| Number of Playgrounds | 2 | 2 | 2 | 2 |
| Number of Tennis Courts | 5 | 5 | 5 | 5 |
| Number of Full Sized Soccer Fields | 3 | 3 | 3 | 3 |
| Vehicles | 3 | 3 | 3 | 3 |
| Community Services | | | | |
| Community Services Center Square Footage (2) | 82,000 | 82,000 | 82,000 | 82,000 |
| Vehicles | 7 | 7 | 7 | 6 |

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

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

Source: City Records

| 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|--------|--------|--------|--------|--------|--------|
| 35,200 | 35,200 | 35,200 | 35,200 | 35,200 | 35,200 |
| 3 | 3 | 3 | 3 | 3 | 3 |
| 0 | 0 | 0 | 0 | 0 | 1 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 35,200 | 35,200 | 35,200 | 35,200 | 35,200 | 35,200 |
| 37 | 44 | 45 | 44 | 44 | 40 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 19,350 | 19,350 | 19,350 | 19,350 | 19,350 | 19,350 |
| 11 | 12 | 12 | 12 | 12 | 13 |
| 52 | 52 | 52 | 52 | 52 | 52 |
| 55 | 60 | 62 | 59 | 59 | 66 |
| 2 | 2 | 2 | 2 | 2 | 2 |
| 82,000 | 82,000 | 82,000 | 82,000 | 82,000 | 82,000 |
| 7,570 | 7,570 | 7,570 | 7,570 | 7,570 | 7,570 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 6 | 6 | 6 | 6 | 6 | 6 |
| 2 | 2 | 2 | 2 | 2 | 2 |
| 5 | 5 | 5 | 5 | 5 | 5 |
| 3 | 3 | 3 | 3 | 3 | 3 |
| 3 | 4 | 4 | 3 | 3 | 1 |
| 82,000 | 82,000 | 82,000 | 82,000 | 82,000 | 82,000 |
| 6 | 9 | 9 | 6 | 6 | 7 |

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

| Function/Program | 2014 | 2013 | 2012 | 2011 |
|--|----------|----------|----------|----------|
| General Government | | | | |
| Law Expenditures (in thousands) | \$239 | \$244 | \$250 | \$175 |
| Engineering Expenditures (in thousands) | 448 | 360 | 244 | 73 |
| Finance Expenditures (in thousands) | 452 | 400 | 388 | 362 |
| Mayor's Office Expenditures (in thousands) | 506 | 546 | 510 | 564 |
| Council Expenditures (in thousands) | 246 | 221 | 260 | 238 |
| Security of Persons and Property | | | | |
| Police Expenditures (in thousands) | \$4,650 | \$4,483 | \$4,495 | \$4,584 |
| Total Arrests | 3,204 | 3,023 | 2,257 | 5,337 |
| Part One Offenses | 214 | 231 | 222 | 166 |
| OVI Arrests | 83 | 151 | 65 | 83 |
| Prisoners | 378 | 393 | 353 | 543 |
| Motor Vehicle Accidents | 597 | 547 | 578 | 407 |
| Calls for Service | 25,531 | 29,342 | 22,434 | 28,220 |
| Incidents per Citizen | 3.5613 | 4.1400 | 3.1600 | 3.9600 |
| Cost per Citizen | \$648.63 | \$631.34 | \$634.62 | \$642.65 |
| Fire Expenditures (in thousands) | \$3,009 | \$2,851 | \$2,796 | \$2,798 |
| Emergency Responses | 1,902 | 1,658 | 1,714 | 1,503 |
| Fire Safety Inspections | 860 | 459 | 601 | 503 |
| Fire Protection Systems Inspected | 584 | 209 | 237 | 53 |
| Building Fire Protection Plans Reviewed | 177 | 19 | 67 | 68 |
| Percentage of Business Inspected | 75% | 63% | 96% | 74% |
| Number of Community Programs | 20 | 20 | 14 | 14 |
| Emergency Responses per Citizen | 0.2666 | 0.2210 | 0.2420 | 0.2116 |
| Cost per Citizen | \$421.84 | \$401.59 | \$394.75 | \$392.26 |
| Fire Safety Education - Business | 3 | 5 | 6 | 6 |
| Street Lights Expenditures (in thousands) | \$256 | \$220 | \$236 | \$184 |

| 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|----------|----------|----------|----------|----------|----------|
| \$243 | \$248 | \$217 | \$282 | \$274 | \$264 |
| 71 | 71 | 70 | 287 | 294 | 227 |
| 366 | 445 | 425 | 405 | 397 | 386 |
| 544 | 530 | 460 | 454 | 431 | 414 |
| 242 | 263 | 312 | 306 | 287 | 285 |
| \$4,749 | \$4,839 | \$4,782 | \$4,618 | \$4,411 | \$4,583 |
| 5,337 | 4,811 | 4,326 | 3,453 | 4,377 | 4,895 |
| 166 | 197 | 248 | 248 | 275 | 287 |
| 83 | 102 | 108 | 103 | 94 | 112 |
| 543 | 572 | 681 | 813 | 780 | 897 |
| 407 | 490 | 572 | 558 | 544 | 634 |
| 28,220 | 30,022 | 31,104 | 26,491 | 29,001 | 32,889 |
| 3,9600 | 4,2900 | 4,3753 | 3,7264 | 4,0795 | 4,6264 |
| \$665.78 | \$680.69 | \$672.67 | \$649.60 | \$620.48 | \$644.68 |
| \$2,878 | \$2,978 | \$2,916 | \$2,800 | \$2,702 | \$2,592 |
| 1,607 | 1,607 | 1,637 | 1,530 | 1,482 | 1,433 |
| 502 | 502 | 575 | 590 | 604 | 576 |
| 187 | 187 | 239 | 258 | 251 | 242 |
| 22 | 22 | 11 | 10 | 18 | 16 |
| 87% | 87% | 94% | 100% | 100% | 100% |
| 12 | 12 | 13 | 13 | 12 | 11 |
| 0.2300 | 0.2300 | 0.2303 | 0.2152 | 0.2085 | 0.2016 |
| \$409.00 | \$418.91 | \$410.18 | \$393.87 | \$380.08 | \$364.61 |
| 29 | 29 | 46 | 48 | 44 | 48 |
| \$158 | \$190 | \$190 | \$183 | \$203 | \$193 |

(continued)

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

| Function/Program | 2014 | 2013 | 2012 | 2011 |
|---|----------|----------|----------|----------|
| Leisure Time Activities | | | | |
| Recreational Expenditures (in thousands) | \$2,002 | \$1,948 | \$1,969 | \$1,927 |
| Civic Center Expenditures (in thousands) | 848 | 855 | 828 | 825 |
| Totals | \$2,850 | \$2,803 | \$2,797 | \$2,752 |
| Cost per Citizen | \$397.55 | \$394.71 | \$394.89 | \$385.81 |
| | | | | |
| Civic Center Square Feet | 82,000 | 82,000 | 82,000 | 82,000 |
| Square Feet per Citizen | 11.44 | 11.55 | 11.58 | 11.50 |
| | | | | |
| Total Recreational Revenue (in thousands) | \$676 | \$519 | \$631 | \$663 |
| Civic Center Members | 7,243 | 7,208 | 2,740 | 2,840 |
| Total Participations | 152,187 | 103,243 | 170,399 | 175,750 |
| Participations of Members Over Age 60 | 20,792 | 20,513 | 21,236 | 19,798 |
| | | | | |
| Community Environment | | | | |
| Building Department Expenditures (in thousands) | \$343 | \$338 | \$464 | \$564 |
| Cost per Citizen | \$47.84 | \$47.59 | \$65.51 | \$79.07 |
| | | | | |
| Building Permits - Residential | 50 | 65 | 61 | 48 |
| Dollar Value of Permits (in thousands) | \$4,734 | \$5,839 | \$2,500 | \$2,300 |
| | | | | |
| Building Permits - Commercial | 57 | 45 | 47 | 56 |
| Dollar Value of Permits (in thousands) | \$12,627 | \$8,082 | \$8,000 | \$8,200 |
| | | | | |
| Transportation | | | | |
| Service Department Expenditures (in thousands) | \$3,529 | \$3,295 | \$3,198 | \$3,239 |
| Street Construction Maintenance and Repair Expenditures (in thousands) | \$739 | \$654 | \$547 | \$538 |
| Snow and Ice Removal Expenditures (in thousands) | \$433 | \$421 | \$237 | \$346 |
| | | | | |
| Leaves, grass, chipped material (in cubic yards) | 9,598 | 10,295 | 12,428 | 11,600 |

Source: City Records

| 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|----------|----------|----------|----------|----------|----------|
| \$1,911 | \$1,874 | \$1,584 | \$1,585 | \$1,553 | \$1,580 |
| 788 | 859 | 1,076 | 1,098 | 944 | 1,099 |
| \$2,699 | \$2,733 | \$2,660 | \$2,683 | \$2,497 | \$2,679 |
| \$378.38 | \$384.44 | \$374.17 | \$377.41 | \$351.24 | \$376.85 |
| 82,000 | 82,000 | 82,000 | 82,000 | 82,000 | 82,000 |
| 11.50 | 12.00 | 11.53 | 11.53 | 11.53 | 11.53 |
| \$695 | \$645 | \$99 | \$93 | \$95 | \$101 |
| 1,676 | 2,445 | 3,798 | 2,563 | 2,586 | 2,881 |
| 98,362 | 2,454 | 83,636 | 93,227 | 94,673 | 100,238 |
| 467 | 678 | 18,790 | 18,869 | 19,790 | 19,626 |
| \$523 | \$487 | \$497 | \$510 | \$489 | \$455 |
| \$73.32 | \$68.50 | \$69.91 | \$71.74 | \$68.79 | \$64.00 |
| 86 | 58 | 68 | 91 | 97 | 92 |
| \$5,500 | \$3,100 | \$2,000 | \$3,300 | \$4,500 | \$4,800 |
| 53 | 45 | 91 | 62 | 72 | 62 |
| \$12,100 | \$3,300 | \$3,300 | \$7,100 | \$17,100 | \$8,600 |
| \$3,617 | \$947 | \$3,975 | \$2,970 | \$2,732 | \$3,015 |
| \$1,088 | \$2,652 | \$1,835 | \$1,490 | \$1,374 | \$1,517 |
| \$431 | \$362 | \$376 | \$289 | \$148 | \$357 |
| 11,600 | 11,000 | 10,000 | 14,428 | 12,744 | 13,520 |

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

Members of the City Council
Independence, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Independence, Ohio (the "City"), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 26, 2015.

Internal Control over Financial Reporting

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

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

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

Members of the City Council
Independence, Ohio

Compliance and Other Matters

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

Purpose of this Report

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

Cini & Paricki, Inc.

Cleveland, Ohio
June 26, 2015



Dave Yost • Auditor of State

CITY OF INDEPENDENCE

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 18, 2015**