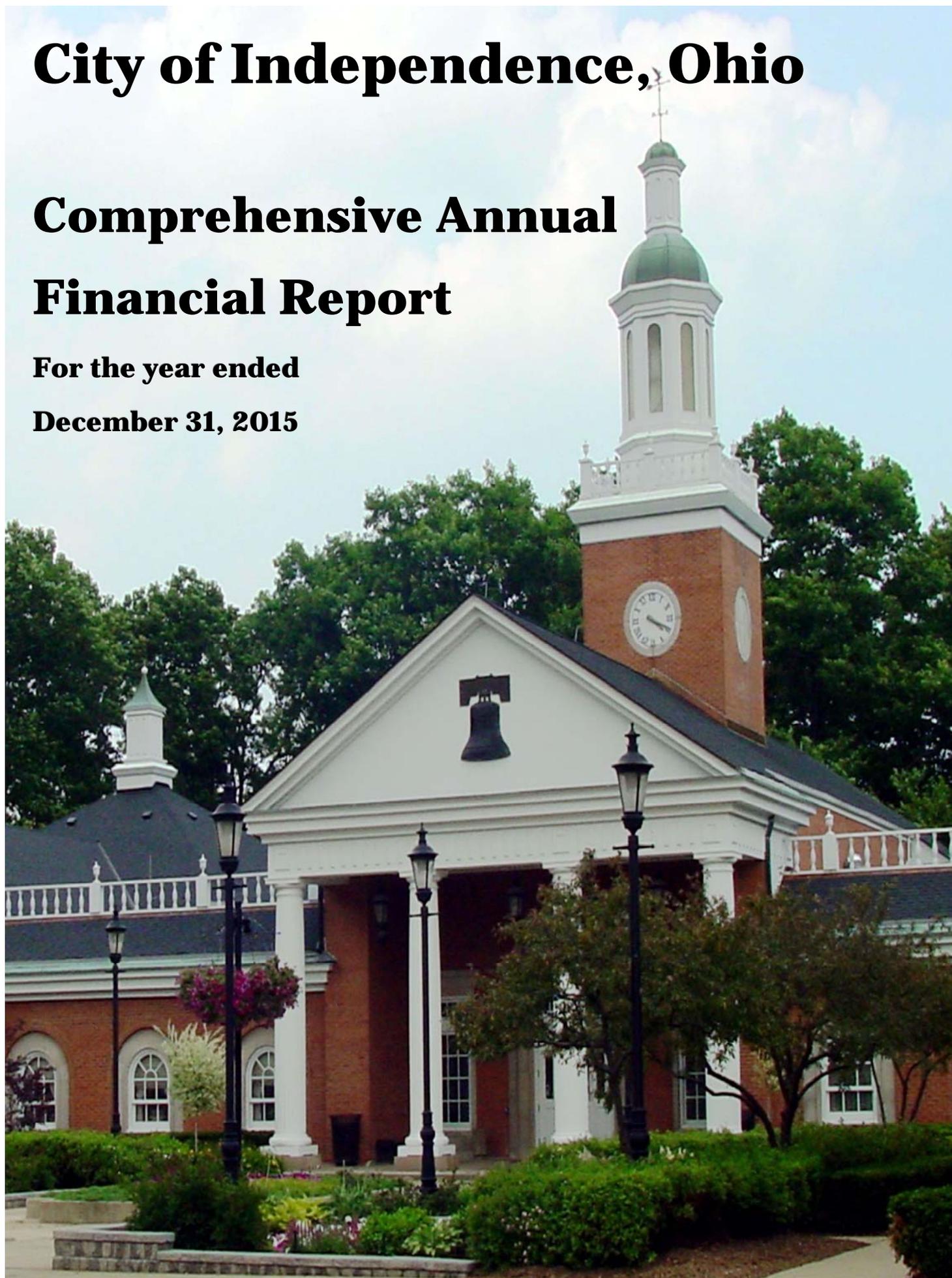


City of Independence, Ohio

Comprehensive Annual Financial Report

For the year ended

December 31, 2015





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, 2015 through December 31, 2015. 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

September 23, 2016

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CITY OF INDEPENDENCE, OHIO

COMPREHENSIVE

ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2015

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, 2015
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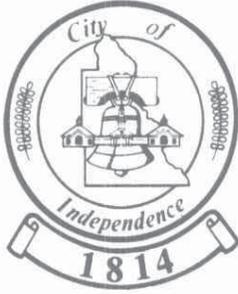
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City of Independence, Ohio

"THE HEART OF CUYAHOGA COUNTY"

6800 BRECKSVILLE ROAD

INDEPENDENCE, OHIO 44131

(216) 524-4131

July 29, 2016

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, 2015. 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 2014 residential rate paid in 2015 is \$61.99 per one thousand dollars of assessed valuation. The 2014 rate for Cleveland, for example, is \$92.15.

The City Hall and Police Facility was dedicated in 1982, and the Fire Station was dedicated in 1995. The Fire Station and equipment are manned by 24 full-time firefighters. There are 30 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. Construction began on two additional hotels in 2015. A 121 room SpringHill Suites by Marriott and a 103 room Home2 Suites by Hilton are both expecting to open in 2016.

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 is currently conducting environmental assessments to prepare the property for future development.

Another result of the EDSP were recommendations for the City’s downtown area. Over ten years ago the City purchased the old middle school and surrounding land. The site sits right in the middle of downtown, and has the potential to be a catalyst for area-wide redevelopment. In 2015, the City signed a Memorandum of Understanding with Fairmount Properties to redevelop the old middle school site and other city-owned property in downtown into a mixed-use project including housing, office and retail.

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 Oak Tree Boulevard, Freedom Square Drive and Rockside Woods Boulevard North.

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, was completed in 2015. The project included 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 14 areas designated as TIF Financing districts and has received \$10,655,082 of payments in lieu of taxes since the inception of the TIF Financing program.

Long-term Planning

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

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

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

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

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

A key recommendation from the Area Plans was for the City to consider creating zoning that would enable limited mixed-use development in the Rockside Road Corridor and Downtown. Following this recommendation, City Council approved the creation of Planned Unit Development (PUD) Districts for both of these commercial districts in 2015.

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 \$4,300,000 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 2015 the City collected \$1,497,224 in TIF revenue, which represented 157 percent of the debt service for its TIF borrowings.

The City's total debt reached \$39,902,500 at December 31, 2005. A concentrated effort was made from that point forward to continue to reduce the City's total debt annually. By December 31, 2015, the City's total debt was reduced to \$27,659,028.

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 six consecutive years including the fiscal year ended December 31, 2014. 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.

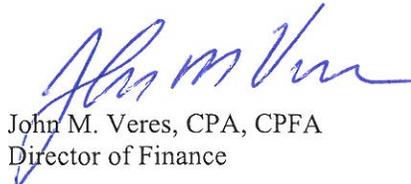
We would like to thank the Members of Council for their support in striving for excellence in financial reporting and disclosure. We also would like to thank the staff from the Local Government Services Section with the Auditor of State for their help in preparing the GASB 34 statements and our Comprehensive 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,



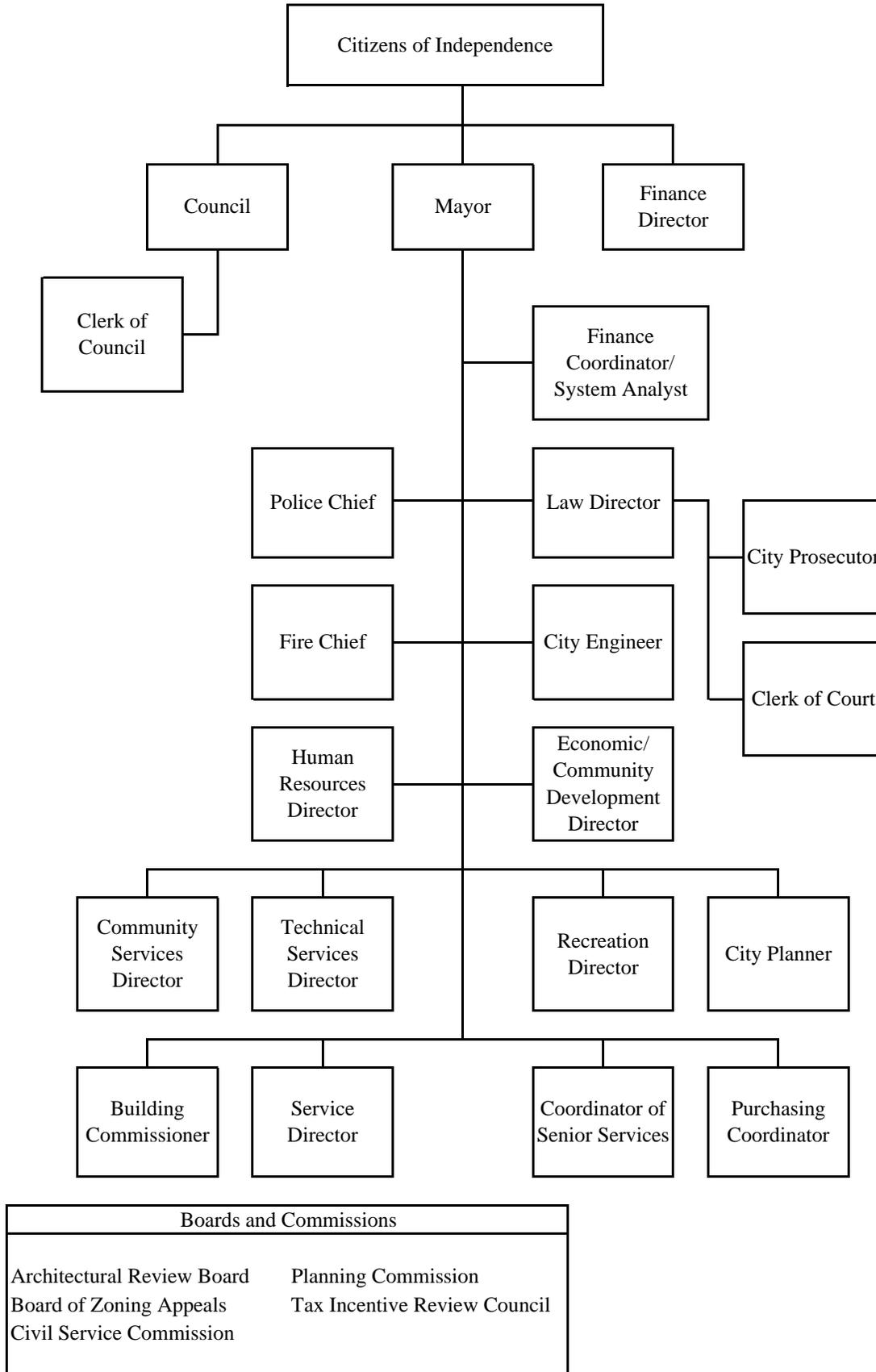
Anthony L. Togliatti
Mayor



John M. Veres, CPA, CPFA
Director of Finance

City of Independence

Organizational Chart



City of Independence, Ohio

List of Principal Officials

December 31, 2015

Elected Officials

Mayor.....	Gregory P. Kurtz (1)
Finance Director.....	John M. Veres, CPA, CPFA
Vice Mayor	Anthony Togliatti (2)
Council Member	Carl Asseff
Council Member	James F. Crooks (3)
Council Member	Dave Grendel (4)
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 (5)

Administration

Interim Human Resources Director	Darlynn K. Velotta (6)
Finance Coordinator/Systems Analyst.....	Vernon Blaze (7)
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. Zidanic

(1) Replaced by Anthony L. Togliatti in January 2016

(2) Replaced by David Grendel in January 2016

(3) Replaced by Thomas Narduzzi in January 2016

(4) Replaced by James Trakas in January 2016

(5) Replaced by Charles Cichocki in January 2016

(6) Replaced by Lisa Zamiska in February 2016

(7) Position Eliminated in January 2016



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, 2014

Executive Director/CEO

Financial Section



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Independent Auditor's Report

Members of the City Council
City of Independence, Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Independence, Ohio (the "City"), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2015, 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.

Emphasis of Matter

As described in Note 20 to the basic financial statements, during 2015, the City adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, and as a result restated their December 31, 2014 net position. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 to 14 and the schedules of the City's proportionate share of the net pension liability and schedules of the City's contributions on pages 65 through 69 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

Members of the City Council
City of Independence, Ohio

accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 29, 2016 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.

Ciuni + Panichi, Inc.

Cleveland, Ohio
July 29, 2016

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City of Independence, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2015
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, 2015. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers are encouraged to consider the information presented here in conjunction with the transmittal letter, the basic financial statements, and the accompanying notes to those financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights are as follows:

- ❖ The City remains vigilant and department heads and employees work together to find ways to create more efficiency to ensure that the City's mission *"To provide essential services and to enhance the quality of community life in the most economic and efficient manner possible"* is carried out and implemented each and every day.
- ❖ The City has established several tax incremental financing (TIF) districts within the City under which the City has granted property tax exemptions and agreed to construct certain public infrastructure improvements. A taxpayer whose operations are located within the TIF districts continues to make payments to the jurisdiction in an amount equal to the real property tax liability that otherwise would have been due had the property not been exempted; however, the portion of the property tax on the incremental increase in value that would have gone to the County comes to the City to help pay for those public infrastructure improvements. Since the inception of these districts, the City has received more than \$10.6 million in payments in lieu of taxes (PILOT) revenue on a cash basis.
- ❖ 2015 saw the completion of many road projects totaling nearly \$8,500,000. Several of these projects were paid for with cash on hand. The largest project completed was to widen East Pleasant Valley Road for \$6.1 million. 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 was paid through a 20-year OPWC interest-free loan received this year. Payments will be made with future TIF PILOTS (revenue).
- ❖ 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.
- ❖ The City implemented GASB 68 and GASB 71, which establish standards for measuring and recognizing pension liabilities, deferred outflows/inflows of resources and expense/expenditure. The implementation of these GASB statements resulted in a significant change to the financial statements presentation of the City. The City has reported these liabilities to comply with the requirements of GASB 68 and 71.

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, 2015
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 begins with the balance sheet, provide detailed information about the City's major funds and include the Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances. These statements tell how City services charged to major funds were financed in the short-term as well as what remains for future spending. For the City of Independence, the most significant governmental funds are the general fund, the 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
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The City of Independence as a Whole

Statement of Net Position

As noted earlier, the statement of net position looks at the City as a whole and can prove to be a useful indicator of the City's financial position. Table 1 provides a summary of the City's net position for 2015 and 2014.

Table 1
Net Position

	2015	2014	Change
Assets			
Current and Other Assets	\$30,574,890	\$28,955,477	\$1,619,413
Capital Assets, Net	102,332,607	95,472,047	6,860,560
Total Assets	132,907,497	124,427,524	8,479,973
Deferred Outflows of Resources			
Deferred Charge on Refunding	473,389	511,466	(38,077)
Pension	2,683,107	1,772,229	910,878
Total Deferred Outflows of Resources	3,156,496	2,283,695	872,801
Liabilities			
Current and Other Liabilities	2,697,179	2,882,512	185,333
Long-Term Liabilities			
Due Within One Year	1,922,719	1,814,941	(107,778)
Due in More than One Year			
Net Pension Liability	18,356,277	17,519,235	(837,042)
Other Amounts	25,736,309	23,725,242	(2,011,067)
Total Liabilities	48,712,484	45,941,930	(2,770,554)
Deferred Inflows of Resources			
Property Taxes	745,077	743,542	(1,535)
Payments in Lieu of Taxes	1,487,079	1,290,393	(196,686)
Pension	123,381	0	(123,381)
Total Deferred Inflows of Resources	2,355,537	2,033,935	(321,602)
Net Position			
Net Investment in Capital Assets	75,013,690	70,074,840	4,938,850
Restricted:			
Capital Projects	8,807,685	7,906,956	900,729
State Highway	149,136	111,791	37,345
Street Construction, Maintenance and Repair	539,077	585,918	(46,841)
Police Pension	532,177	463,968	68,209
Other Purposes	248,778	210,794	37,984
Unrestricted (Deficit)	(294,571)	(618,913)	324,342
Total Net Position	\$84,995,972	\$78,735,354	\$6,260,618

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During 2015, the City adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

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

Under the new standards required by GASB 68, the net pension liability equals the City's proportionate share of each plan's collective:

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

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

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

As a result of implementing GASB 68, the City is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation, coupled with the restatement of the accounts payable, had the effect of restating net position at December 31, 2014, from \$94,476,735 to \$78,735,354 for governmental activities.

As of December 31, 2015, the City's overall net position increased by \$6,260,618 from 2014. Total assets increased by \$8.5 million, primarily due to large additions to infrastructure. Liabilities increased mainly due to the increase in the Net Pension Liability as well as the receipt of a 20-year OPWC interest-free loan partially offset by the pay down of general obligation bonds in 2015. Further details of the changes in net position between 2015 and 2014 can be observed in Table 2.

Table 2
Changes in Net Position

	2015	2014	Change
Revenues			
Program Revenues			
Charges for Services and Sales	\$1,946,084	\$1,796,416	\$149,668
Operating Grants and Contributions	524,252	493,672	30,580
Capital Grants and Assessments	1,189,630	1,567,822	(378,192)
<i>Total Program Revenues</i>	<u>3,659,966</u>	<u>3,857,910</u>	<u>(197,944)</u>
General Revenues			
Property Taxes	949,564	943,888	5,676
Municipal Income Taxes	28,691,285	24,615,423	4,075,862
Hotel/Motel Taxes	1,356,711	1,319,446	37,265
Grant and Entitlements, Not Restricted to Specific Programs	270,740	259,332	11,408
Investment Income	60,762	61,208	(446)
Payments in Lieu of Taxes	1,635,817	1,348,759	287,058
Miscellaneous	703,280	561,514	141,766
<i>Total General Revenues</i>	<u>33,668,159</u>	<u>29,109,570</u>	<u>4,558,589</u>
<i>Total Revenues</i>	<u>\$37,328,125</u>	<u>\$32,967,480</u>	<u>\$4,360,645</u>

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Table 2
Changes in Net Position (continued)

	2015	2014	Change
Program Expenses			
General Government	\$9,037,847	\$8,650,919	(\$386,928)
Security of Persons and Property	8,961,555	9,005,655	44,100
Public Health and Welfare	48,133	78,417	30,284
Leisure Time Activities	3,684,540	3,767,299	82,759
Community Environment	3,543,729	3,096,160	(447,569)
Basic Utility Services	490,196	547,380	57,184
Transportation	4,669,027	4,465,226	(203,801)
Interest and Fiscal Charges	632,480	652,020	19,540
<i>Total Expenses</i>	<u>31,067,507</u>	<u>30,263,076</u>	<u>(804,431)</u>
<i>Increase in Net Position</i>	6,260,618	2,704,404	3,556,214
<i>Net Position Beginning of Year - Restated</i>	<u>78,735,354</u>	NA	NA
<i>Net Position End of Year</i>	<u><u>\$84,995,972</u></u>	<u><u>\$78,735,354</u></u>	<u><u>\$6,260,618</u></u>

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 functional expenses still include pension expense of \$1,772,229 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of \$1,869,471. Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

	<u>Governmental Activities</u>
Total 2015 program expenses under GASB 68	\$31,067,507
Pension expense under GASB 68	(1,869,471)
2015 contractually required contribution	<u>1,819,926</u>
Adjusted 2015 program expenses	31,017,962
Total 2014 program expenses under GASB 27	<u>30,263,076</u>
Increase/Decrease in program expenses not related to pension	<u><u>\$754,886</u></u>

Governmental Activities

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

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The City's strong commercial employment tax base has provided for a consistent level of withholding tax collections. This strong base has enabled the City to enjoy increased collections during economically strong periods, while at the same time maintaining fairly level collections during economic downturns. The City's income tax base remains diversified in that the City is not reliant upon one taxpayer. This helps in giving the City stability in its budgeting process, knowing that the City's revenue stream will not be 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, 2015, the City has drawn down the full amount of the grant and loan. This OPWC grant is the primary reason for the significant increase from 2014 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. 2015's interest revenue was \$60,762.

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	
	2015	2014	2015	2014
General Government	\$9,037,847	\$8,650,919	\$8,641,128	\$8,273,703
Security of Persons and Property	8,961,555	9,005,655	8,344,254	8,431,706
Public Health and Welfare	48,133	78,417	30,783	54,852
Leisure Time Activities	3,684,540	3,767,299	3,080,754	3,208,083
Community Environment	3,543,729	3,096,160	3,307,250	2,898,100
Basic Utility Services	490,196	547,380	461,036	517,074
Transportation	4,669,027	4,465,226	2,909,856	2,369,628
Interest and Fiscal Charges	632,480	652,020	632,480	652,020
Total Expenses	\$31,067,507	\$30,263,076	\$27,407,541	\$26,405,166

City of Independence, Ohio
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The City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of expendable resources. Such information is useful in assessing the City's financing requirements. In particular, 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 2015, 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 primarily a result of an increase in income taxes offset by an increase in expenditures. The increase in income tax revenues is a direct result of the incentives the City offers to business's to relocate, stay and expand within the City. The increase in expenditures can be attributed to employees receiving salary increases of 3 percent and increases in health care costs. 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 the transfers from the general fund outpacing the increase in the amount spent on 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 2015, 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.

City of Independence, Ohio
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Actual revenues received were higher than certification, due to lower estimates in several categories, mainly income taxes and 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.

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 2015, the City purchased equipment and vehicles for the City's various departments and also made improvements to Beverly Drive, Grandview Drive, Oaktree Boulevard South, as well as widening Pleasant Valley East. See Note 9 to the basic financial statements for more information regarding the City's capital assets. Table 4 compares capital assets as of December 31, 2015, to balances at December 31, 2014.

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

	2015	2014
Land	\$20,355,513	\$19,522,471
Construction in Progress	1,661,196	2,482,782
Buildings and Improvements	26,112,353	26,309,082
Machinery and Equipment	1,465,279	1,543,470
Furniture and Fixtures	127,700	122,470
Vehicles	2,670,174	2,904,716
Infrastructure	49,940,392	42,587,056
<i>Total</i>	\$102,332,607	\$95,472,047

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Debt

Table 5 summarizes outstanding long-term debt at December 31, 2015, compared to December 31, 2014.

Table 5
Outstanding Long Term Debt at Year End

	2015	2014
General Obligation Bonds	\$18,620,960	\$20,253,380
OPWC Loans	4,349,786	196,875
Various Improvement Notes	3,950,000	4,300,000
Net Pension Liability	18,356,277	17,519,235
OWDA Loan	11,177	22,005
Claims Payable	0	62,443
Compensated Absences	727,105	705,480
<i>Total</i>	<u>\$46,015,305</u>	<u>\$43,059,418</u>

The City's overall legal debt limit decreased slightly to \$47,654,426 as a result of a decrease in the total assessed property value. The amount of debt subject to the debt limit was \$22,085,963, leaving an overall debt margin of \$25,568,463. 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 16 to the basic financial statements.

Current Financial Related Activities

The City has continued to maintain the highest standards of services to our residents while diligently planning expenses, to stay within the City's revenues. During 2015, 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, 2015

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$19,817,955
Cash and Cash Equivalents in Segregated Accounts	54,294
Accounts Receivable	41,551
Hotel/Motel Taxes Receivable	86,226
Intergovernmental Receivable	419,508
Prepaid Items	78,973
Municipal Income Taxes Receivable	6,196,367
Property Taxes Receivable	1,187,659
Special Assessments Receivable	366,705
Payments in Lieu of Taxes Receivable	2,325,652
Nondepreciable Capital Assets	22,016,709
Depreciable Capital Assets, Net	80,315,898
<i>Total Assets</i>	132,907,497
Deferred Outflows of Resources	
Deferred Charge on Refunding	473,389
Pension	2,683,107
<i>Total Deferred Outflows of Resources</i>	3,156,496
Liabilities	
Accounts Payable	801,674
Accrued Wages	410,713
Contracts Payable	502,888
Intergovernmental Payable	403,066
Matured Compensated Absences Payable	6,555
Accrued Interest Payable	81,446
Retainage Payable	140,837
Notes Payable	350,000
Long-Term Liabilities:	
Due Within One Year	1,922,719
Due in More Than One Year	
Net Pension Liability (See Note 11)	18,356,277
Other Amounts Due in More than One Year	25,736,309
<i>Total Liabilities</i>	48,712,484
Deferred Inflows of Resources	
Property Taxes	745,077
Payments in Lieu of Taxes	1,487,079
Pension	123,381
<i>Total Deferred Inflows of Resources</i>	2,355,537
Net Position	
Net Investment in Capital Assets	75,013,690
Restricted for:	
Capital Projects	8,807,685
State Highway	149,136
Street Construction, Maintenance and Repair	539,077
Police Pension	532,177
Other Purposes	248,778
Unrestricted (Deficit)	(294,571)
<i>Total Net Position</i>	\$84,995,972

See accompanying notes to the basic financial statements

City of Independence, Ohio
Statement of Activities
For the Year Ended December 31, 2015

	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	\$9,037,847	\$396,719	\$0	\$0	(\$8,641,128)
Security of Persons and Property	8,961,555	606,527	10,774	0	(8,344,254)
Public Health and Welfare	48,133	17,350	0	0	(30,783)
Leisure Time Activities	3,684,540	603,786	0	0	(3,080,754)
Community Environment	3,543,729	236,479	0	0	(3,307,250)
Basic Utility Services	490,196	29,160	0	0	(461,036)
Transportation	4,669,027	56,063	513,478	1,189,630	(2,909,856)
Interest and Fiscal Charges	632,480	0	0	0	(632,480)
<i>Totals</i>	<u>\$31,067,507</u>	<u>\$1,946,084</u>	<u>\$524,252</u>	<u>\$1,189,630</u>	<u>(27,407,541)</u>
General Revenues					
Property Taxes Levied for:					
					818,505
					131,059
					28,691,285
					1,356,711
					270,740
					60,762
					1,635,817
					703,280
					<u>33,668,159</u>
					6,260,618
					<u>78,735,354</u>
					<u>\$84,995,972</u>

See accompanying notes to the basic financial statements

City of Independence, Ohio

Balance Sheet

Governmental Funds

December 31, 2015

	General	Quadrant Tax Increment Financing	Capital Improvements	Street Resurfacing	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$4,667,450	\$5,636,534	\$3,245,307	\$3,192,182	\$2,789,749	\$19,531,222
Cash and Cash Equivalents						
In Segregated Accounts	54,294	0	0	0	0	54,294
Accounts Receivable	37,293	0	0	0	658	37,951
Hotel/Motel Taxes Receivable	86,226	0	0	0	0	86,226
Interfund Receivable	16,272,000	0	1,310,000	0	0	17,582,000
Intergovernmental Receivable	124,431	47,866	0	0	247,211	419,508
Prepaid Items	66,824	0	1,657	0	2,853	71,334
Special Assessments Receivable	0	0	0	0	366,705	366,705
Payments in Lieu of Taxes Receivable	0	2,325,652	0	0	0	2,325,652
Property Taxes Receivable	1,025,705	0	0	0	161,954	1,187,659
Municipal Income Taxes Receivable	6,196,367	0	0	0	0	6,196,367
Restricted Assets:						
Equity in Pooled Cash and Cash Equivalents	661	0	0	0	0	661
<i>Total Assets</i>	<u>\$28,531,251</u>	<u>\$8,010,052</u>	<u>\$4,556,964</u>	<u>\$3,192,182</u>	<u>\$3,569,130</u>	<u>\$47,859,579</u>
Liabilities						
Accounts Payable	\$302,795	\$211,592	\$52,252	\$119,858	\$60,418	\$746,915
Accrued Wages	378,728	0	0	0	31,985	410,713
Contracts Payable	0	397,332	0	93,490	0	490,822
Intergovernmental Payable	311,777	0	0	0	90,669	402,446
Retainage Payable	0	60,753	0	80,084	0	140,837
Accrued Interest Payable	0	2,528	0	0	0	2,528
Notes Payable	0	350,000	0	0	0	350,000
Interfund Payable	0	18,972,000	0	0	0	18,972,000
Matured Compensated Absences Payable	6,555	0	0	0	0	6,555
<i>Total Liabilities</i>	<u>999,855</u>	<u>19,994,205</u>	<u>52,252</u>	<u>293,432</u>	<u>183,072</u>	<u>21,522,816</u>
Deferred Inflows of Resources						
Property Taxes	643,475	0	0	0	101,602	745,077
Payments in Lieu of Taxes	0	1,487,079	0	0	0	1,487,079
Unavailable Revenue	4,429,802	860,834	0	0	621,687	5,912,323
<i>Total Deferred Inflows of Resources</i>	<u>5,073,277</u>	<u>2,347,913</u>	<u>0</u>	<u>0</u>	<u>723,289</u>	<u>8,144,479</u>
Fund Balances						
Nonspendable	16,339,485	0	1,657	0	2,853	16,343,995
Restricted	0	0	4,503,055	2,898,750	2,242,636	9,644,441
Committed	0	0	0	0	417,280	417,280
Assigned	1,081,128	0	0	0	0	1,081,128
Unassigned (Deficit)	5,037,506	(14,332,066)	0	0	0	(9,294,560)
<i>Total Fund Balances (Deficit)</i>	<u>22,458,119</u>	<u>(14,332,066)</u>	<u>4,504,712</u>	<u>2,898,750</u>	<u>2,662,769</u>	<u>18,192,284</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$28,531,251</u>	<u>\$8,010,052</u>	<u>\$4,556,964</u>	<u>\$3,192,182</u>	<u>\$3,569,130</u>	<u>\$47,859,579</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, 2015*

Total Governmental Funds Balances	\$18,192,284
 <i>Amounts reported for governmental activities in the statement of net position are different because</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	102,332,607
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	442,582
Municipal Income Taxes	3,938,321
Intergovernmental	326,142
Delinquent Payments in Lieu of Taxes	838,573
Special Assessments	366,705
Total	5,912,323
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:	
Net Pension Liability	(18,356,277)
Deferred Outflows - Pension	2,683,107
Deferred Inflows - Pension	(123,381)
Total	(15,796,551)
In the statement of net position, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(78,918)
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.	1,619,866
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.	473,389
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
General Obligation Bonds	(18,620,960)
OPWC Loan	(4,349,786)
Notes Payable	(3,950,000)
OWDA Loan	(11,177)
Compensated Absences	(727,105)
Total	(27,659,028)
<i>Net Position of Governmental Activities</i>	\$84,995,972

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, 2015

	General	Quadrant Tax Increment Financing	Capital Improvements	Street Resurfacing	Other Governmental Funds	Total Governmental Funds
Revenues						
Property Taxes	\$758,315	\$0	\$0	\$0	\$121,555	\$879,870
Municipal Income Taxes	27,765,740	0	0	0	0	27,765,740
Hotel/Motel Taxes	1,356,711	0	0	0	0	1,356,711
Intergovernmental	246,523	1,156,106	0	0	519,034	1,921,663
Investment Income	41,929	5,984	0	0	2,183	50,096
Fees, Licenses and Permits	461,059	0	0	0	403,904	864,963
Fines and Forfeitures	228,410	0	0	0	82,644	311,054
Charges for Services	532,220	0	0	0	17,350	549,570
Rentals	220,497	0	0	0	0	220,497
Special Assessments	0	0	0	0	57,495	57,495
Payments in Lieu of Taxes	0	1,497,224	0	0	0	1,497,224
Miscellaneous	269,011	26,180	55,700	0	110,529	461,420
<i>Total Revenues</i>	<u>31,880,415</u>	<u>2,685,494</u>	<u>55,700</u>	<u>0</u>	<u>1,314,694</u>	<u>35,936,303</u>
Expenditures						
Current:						
General Government	5,779,155	0	0	0	76,079	5,855,234
Security of Persons and Property	7,728,146	0	0	0	575,519	8,303,665
Public Health and Welfare	0	0	0	0	48,085	48,085
Leisure Time Activities	2,911,784	0	0	0	617,827	3,529,611
Community Environment	3,422,437	0	0	0	0	3,422,437
Basic Utility Services	420,393	0	0	0	0	420,393
Transportation	816,515	0	0	0	1,790,444	2,606,959
Capital Outlay	0	7,409,113	2,081,285	2,847,624	476,791	12,814,813
Debt Service:						
Principal Retirement	0	593,750	911,892	0	66,436	1,572,078
Refunded Notes Redeemed	0	4,300,000	0	0	0	4,300,000
Interest and Fiscal Charges	0	401,566	267,482	0	13,185	682,233
Debt Issuance Costs	0	18,631	0	0	0	18,631
<i>Total Expenditures</i>	<u>21,078,430</u>	<u>12,723,060</u>	<u>3,260,659</u>	<u>2,847,624</u>	<u>3,664,366</u>	<u>43,574,139</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>10,801,985</u>	<u>(10,037,566)</u>	<u>(3,204,959)</u>	<u>(2,847,624)</u>	<u>(2,349,672)</u>	<u>(7,637,836)</u>
Other Financing Sources (Uses)						
General Obligation Notes Issued	0	3,950,000	0	0	0	3,950,000
OPWC Loan Issued	0	4,164,161	0	0	0	4,164,161
Transfers In	0	0	3,850,000	2,900,000	2,666,500	9,416,500
Transfers Out	(9,516,500)	0	0	0	0	(9,516,500)
<i>Total Other Financing Sources (Uses)</i>	<u>(9,516,500)</u>	<u>8,114,161</u>	<u>3,850,000</u>	<u>2,900,000</u>	<u>2,666,500</u>	<u>8,014,161</u>
<i>Net Change in Fund Balances</i>	<u>1,285,485</u>	<u>(1,923,405)</u>	<u>645,041</u>	<u>52,376</u>	<u>316,828</u>	<u>376,325</u>
Fund Balances (Deficit)						
<i>Beginning of Year</i>	<u>21,172,634</u>	<u>(12,408,661)</u>	<u>3,859,671</u>	<u>2,846,374</u>	<u>2,345,941</u>	<u>17,815,959</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$22,458,119</u>	<u>(\$14,332,066)</u>	<u>\$4,504,712</u>	<u>\$2,898,750</u>	<u>\$2,662,769</u>	<u>\$18,192,284</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, 2015*

Net Change in Fund Balances - Total Governmental Funds \$376,325

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	10,670,651	
Depreciation	<u>(3,775,743)</u>	
Total		6,894,908

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (34,348)

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

Delinquent Property Taxes	69,694	
Municipal Income Taxes	925,545	
Intergovernmental	51,696	
Payments in Lieu of Taxes	138,593	
Special Assessments	<u>(46,232)</u>	
Total		1,139,296

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	5,410	
Amortization of Deferred Charge on Refunding	(38,077)	
Amortization of Bond Premium	<u>82,420</u>	
Total		49,753

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	62,443	
Compensated Absences	<u>(21,625)</u>	
Total		40,818

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	1,550,000	
Payment on OPWC Loans	11,250	
Payment on Notes	4,300,000	
Payment on OWDA Loan	<u>10,828</u>	
Total		5,872,078

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

General Obligation Notes Issued	(3,950,000)	
Loans Issued	<u>(4,164,161)</u>	
Total		(8,114,161)

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. 85,494

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows. 1,819,926

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities. (1,869,471)

Change in Net Position of Governmental Activities \$6,260,618

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, 2015

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	\$699,924	\$799,542	\$758,315	(\$41,227)
Municipal Income Taxes	26,529,792	27,957,138	28,166,530	209,392
Hotel/Motel Taxes	1,271,396	1,339,799	1,349,834	10,035
Intergovernmental	206,753	217,877	286,837	68,960
Investment Income	46,813	49,332	49,701	369
Fees, Licenses and Permits	434,267	457,631	461,059	3,428
Fines and Forfeitures	209,573	220,848	222,502	1,654
Charges for Services	497,296	524,051	527,976	3,925
Rentals	205,566	216,626	218,248	1,622
Miscellaneous	251,452	264,980	266,965	1,985
<i>Total Revenues</i>	<u>30,352,832</u>	<u>32,047,824</u>	<u>32,307,967</u>	<u>260,143</u>
Expenditures				
Current:				
General Government	6,576,897	6,382,397	6,088,601	293,796
Security of Persons and Property	8,046,144	8,087,644	7,773,161	314,483
Leisure Time Activities	3,062,947	3,138,947	2,959,592	179,355
Community Environment	3,424,707	3,518,207	3,166,072	352,135
Basic Utility Services	570,427	537,427	432,100	105,327
Transportation	929,066	882,566	830,486	52,080
<i>Total Expenditures</i>	<u>22,610,188</u>	<u>22,547,188</u>	<u>21,250,012</u>	<u>1,297,176</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>7,742,644</u>	<u>9,500,636</u>	<u>11,057,955</u>	<u>1,557,319</u>
Other Financing Sources (Uses)				
Advances In	415,000	415,000	395,000	(20,000)
Advances Out	(405,000)	(1,890,000)	(1,890,000)	0
Transfers In	600,000	0	0	0
Transfers Out	(9,616,500)	(10,281,500)	(10,281,500)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(9,006,500)</u>	<u>(11,756,500)</u>	<u>(11,776,500)</u>	<u>(20,000)</u>
<i>Net Change in Fund Balance</i>	(1,263,856)	(2,255,864)	(718,545)	1,537,319
<i>Fund Balance Beginning of Year</i>	2,341,295	2,341,295	2,341,295	0
Prior Year Encumbrances Appropriated	1,023,788	1,023,788	1,023,788	0
<i>Fund Balance End of Year</i>	<u>\$2,101,227</u>	<u>\$1,109,219</u>	<u>\$2,646,538</u>	<u>\$1,537,319</u>

See accompanying notes to the basic financial statements

City of Independence, Ohio

Statement of Fund Net Position

Internal Service Fund

December 31, 2015

	<u>Insurance</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$286,072
Interfund Receivable	1,390,000
Accounts Receivable	3,600
Prepaid Items	<u>7,639</u>
<i>Total Assets</i>	<u>1,687,311</u>
Liabilities	
Accounts Payable	54,759
Contracts Payable	12,066
Intergovernmental Payable	<u>620</u>
<i>Total Liabilities</i>	<u>67,445</u>
Net Position	
Unrestricted	<u><u>\$1,619,866</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, 2015*

	Insurance
Operating Revenues	
Other	\$241,860
Operating Expenses	
Contractual Services	50,847
Claims	216,185
	267,032
<i>Total Operating Expenses</i>	<i>267,032</i>
<i>Operating Income (Loss)</i>	<i>(25,172)</i>
Nonoperating Revenues (Expenses)	
Investment Income	10,666
	10,666
<i>Income (Loss) before Transfers</i>	<i>(14,506)</i>
Other Financing Sources (Uses)	
Transfer In	100,000
	100,000
<i>Change in Net Position</i>	<i>85,494</i>
<i>Net Position Beginning of Year</i>	<i>1,534,372</i>
	<i>1,534,372</i>
<i>Net Position End of Year</i>	<i>\$1,619,866</i>
	<i>\$1,619,866</i>

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, 2015

	Insurance
<i>Increase (Decrease) in Cash and Cash Equivalents</i>	
Cash Flows from Operating Activities	
Cash Received from Other Services	\$248,896
Cash Payments for Services	(35,399)
Cash Payments for Claims	(216,185)
	(2,688)
<i>Net Cash Provided by (Used for) Operating Activities</i>	
Cash Flows from Noncapital Financing Activities	
Advances Out	(1,240,000)
Transfer In	100,000
	(1,140,000)
<i>Net Cash Provided by (Used for) Noncapital Financing Activities</i>	
Cash Flows from Investing Activities	
Interest on Investments	10,666
	(1,132,022)
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	
<i>Cash and Cash Equivalents Beginning of Year</i>	1,418,094
<i>Cash and Cash Equivalents End of Year</i>	\$286,072
 Reconciliation of Operating Loss to Net Cash Used in Operating Activities	
<i>Operating Income (Loss)</i>	(\$25,172)
Adjustments:	
(Increase) Decrease in Assets:	
Accounts Receivable	7,036
Prepaid Items	(1,283)
Increase (Decrease) in Liabilities:	
Accounts Payable	45,537
Contracts Payable	(28,186)
Intergovernmental Payable	(620)
	(\$2,688)
<i>Net Cash Provided by (Used for) Operating Activities</i>	

See accompanying notes to the basic financial statements

City of Independence, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Fund
December 31, 2015

Assets	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$303,836</u></u>
Liabilities	
Deposits Held and Due to Others	<u><u>\$303,836</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, 2015

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 14 of the basic financial statements.

Note 2 – Summary of Significant Accounting Policies

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

Basis of Presentation

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

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

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, 2015

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, 2015

Basis of Accounting

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

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

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

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

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources include a deferred charge on refunding and pension 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. The deferred outflows of resources related to pension are explained in Note 11.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, payments in lieu of taxes, pension 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, 2015, but which were levied to finance 2016 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

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities found on page 19. Deferred inflows of resources related to pension are reported on the government-wide statement of net pension (See Note 11)

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

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

Pensions

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

Budgetary Process

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

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

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."

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

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 2015, 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, 2015.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2015 amounted to \$41,929, which includes \$29,850 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, 2015, 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.

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

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.

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, compensated absences and net pension liability 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.

City of Independence, Ohio
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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).

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. 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.

City of Independence, Ohio
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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.

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

Operating Revenues and Expenses

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

Deferred Charge on Refunding

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

Bond Premiums

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

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.

City of Independence, Ohio
Notes to the Basic Financial Statements
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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.

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	\$66,824	\$0	\$1,657	\$0	\$2,853	\$71,334
Interfund Loans	16,272,000	0	0	0	0	16,272,000
Unclaimed Funds	661	0	0	0	0	661
<i>Total Nonspendable</i>	16,339,485	0	1,657	0	2,853	16,343,995
<i>Restricted for</i>						
Road Improvements	0	0	0	0	614,973	614,973
Capital Improvements	0	0	4,503,055	2,898,750	944,957	8,346,762
Police Programs	0	0	0	0	103,840	103,840
Law Enforcement and Education	0	0	0	0	37,140	37,140
Mayor's Court Computer	0	0	0	0	24,285	24,285
Police Pension	0	0	0	0	466,509	466,509
Debt Service Payments	0	0	0	0	50,932	50,932
<i>Total Restricted</i>	0	0	4,503,055	2,898,750	2,242,636	9,644,441
<i>Committed to</i>						
Handicap Parking	0	0	0	0	25,803	25,803
Citizen-Focused Activities	0	0	0	0	60,018	60,018
City Upkeep	0	0	0	0	157,690	157,690
Recreation	0	0	0	0	173,769	173,769
<i>Total Committed</i>	\$0	\$0	\$0	\$0	\$417,280	\$417,280

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Fund Balances	General	Quadrant Tax Increment Financing	Capital Improvements	Street Resurfacing	Other Governmental Funds	Total
<i>Assigned to</i>						
Compensated Absences	\$343,710	\$0	\$0	\$0	\$0	\$343,710
Economic Development	125,000	0	0	0	0	125,000
<i>Purchases on Order</i>						
City Administration	309,954	0	0	0	0	309,954
Buildings and Land Maintenance	128,168	0	0	0	0	128,168
Engineering and Building Services	54,373	0	0	0	0	54,373
Fire Department	29,985	0	0	0	0	29,985
Police Department	17,037	0	0	0	0	17,037
Recreation	51,816	0	0	0	0	51,816
Economic Development	14,736	0	0	0	0	14,736
Transportation	3,288	0	0	0	0	3,288
Utility Services	3,061	0	0	0	0	3,061
<i>Total Assigned</i>	<u>1,081,128</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,081,128</u>
<i>Unassigned (Deficit)</i>	<u>5,037,506</u>	<u>(14,332,066)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(9,294,560)</u>
<i>Total Fund Balances (Deficit)</i>	<u>\$22,458,119</u>	<u>(\$14,332,066)</u>	<u>\$4,504,712</u>	<u>\$2,898,750</u>	<u>\$2,662,769</u>	<u>\$18,192,284</u>

The City has a general fund budget stabilization arrangement that does not meet the criteria to be classified as restricted or committed. Pursuant to Ohio Revised Code Section 5705.13, the City established a budget stabilization by ordinance to stabilize against cyclical changes in revenues. Additions are limited by state statute to five percent of the revenue credited in the preceding year to the general fund. These dollars will only be spent if there are significant reductions in revenue related to unexpected income tax refunds. The balance in the reserve at December 31, 2015, is \$800,000.

Note 4 – Fund Deficits

The Fund deficit in the Quadrant Tax Increment Financing bond retirement fund of \$14,332,066 is due to advances made for various tax increment financing projects. The general fund is liable for any deficit in these funds and provides transfers when cash is required, rather than when accruals occur.

Note 5 – Budgetary Basis of Accounting

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

- a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- b) Unrecorded cash represents amounts received but not included as revenue on the budget basis statements. These amounts are included as revenue on the GAAP basis operating statements.
- c) Investments are reported at cost (budget basis) rather than at fair value (GAAP basis).

City of Independence, Ohio
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- d) Advances In and Advances Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
- e) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
- f) Budgetary revenues and expenditures of the compensated absences, rainy day, and economic development funds are reclassified to the general fund for GAAP purposes.
- g) Encumbrances are treated as expenditures (budget basis) rather than as a restricted, committed or assigned fund balance (GAAP basis).

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

Net Change in Fund Balance	
	General
GAAP Basis	\$1,285,485
Net Adjustment for Revenue Accruals	419,780
Beginning Unrecorded Cash	875
Ending Unrecorded Cash	(1,918)
Beginning Fair Value Adjustment for Investments	(7,904)
Ending Fair Value Adjustment for Investments	16,719
Advances In	395,000
Advances Out	(1,890,000)
Net Adjustment for Expenditure Accruals	(279,130)
Perspective Differences:	
Compensated Absences Fund	270,212
Rainy Day Fund	(100,000)
Economic Development Fund	(60,000)
Encumbrances	(767,664)
Budget Basis	(\$718,545)

Note 6 – Deposits and Investments

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

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

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

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

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

1. United States Treasury bills, bonds notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions 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 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short-selling are also prohibited. 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.

City of Independence, Ohio
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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 \$17,304,695 of the City's bank balance of \$18,054,695 was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the City to a successful claim by the Federal Deposit Insurance Corporation.

The City has no deposit policy for custodial risk beyond the requirements of the State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the City or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105 percent of the deposits being secured.

Investments

As of December 31, 2015, the City had the following investments:

	Fair Value	Average Maturity
Star Ohio	\$27,940	49.4 days
US Treasury Notes	1,327,715	586 days
Federal Home Loan Mortgage Corporation Bonds	760,075	492 days
Federal National Mortgage Association Bonds	652,718	974 days
Total	\$2,768,448	

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

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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, 2015:

Investment Issuer	Percentage of Investments
Federal Home Loan Mortgage Corporation Bonds	27.45 %
Federal National Mortgage Association Bonds	23.58
US Treasury Notes	47.96
Star Ohio	1.01

Note 7 – Receivables

Receivables at December 31, 2015, 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 \$366,705. At December 31, 2015, there was \$1,263 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 2015 for real and public utility property taxes represents collections of 2014 taxes.

2015 real property taxes are levied after October 1, 2015, on the assessed value as of January 1, 2015, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2015 real property taxes are collected in and intended to finance 2016.

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. 2015 public utility property taxes which became a lien December 31, 2014, are levied after October 1, 2015, and are collected in 2016 with real property taxes.

City of Independence, Ohio
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For the Year Ended December 31, 2015

The full tax rate for all City operations for the year ended December 31, 2015, 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 2015 property tax receipts were based are as follows:

Real Property:	
Residential/Agricultural	\$251,749,270
Other Real Estate	181,909,760
Public Utility Personal Property	20,192,650
Total	\$453,851,680

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, 2015, and for which there is an enforceable legal claim. In the governmental funds, the portion of the receivable not levied to finance 2015 operations is offset to deferred inflows of resources – property taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

Income Tax

The City levies a municipal income tax of two percent on all wages, salaries, commissions and other compensation and net profits earned within the City as well as on incomes of residents earned outside the City. In the latter case, the City allows a credit of 100 percent of the tax paid to another municipality, not to exceed the amount owed. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the Regional Income Tax Agency (RITA) at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually. Taxes collected by RITA in one month are remitted to the City on the first and tenth business days of the following month. In 2015, the proceeds were allocated entirely to the general fund.

Intergovernmental Receivable

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

	Amount
Gasoline Excise Tax	\$157,211
Local Government	90,181
Auto Registration	65,474
ODOT Grant	47,866
Homestead and Rollback	38,980
Permissive Tax	12,010
City of Shaker Heights	7,200
Miscellaneous	586
Total Intergovernmental Receivables	\$419,508

City of Independence, Ohio
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Payments in Lieu of Taxes

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

Note 8 – Risk Management

Property and Liability

The City is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2015, the City contracted with Selective Insurance Company for various types of insurance as follows:

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, 2015. Changes in the fund's claims liability amount for 2014 and 2015 were:

	Beginning of Year	Year Claims	Payments	End of Year
2014	\$0	\$500,805	\$500,805	\$0
2015	0	216,185	216,185	0

Workers' Compensation

The City participated in the State Workers' Compensation retrospective rating and payment system in prior years. This plan involves the payment of a minimum premium for administrative services and stop-loss coverage plus the actual claims cost for injured employees. The maintenance of these benefits is accounted for in the general fund as general government expenditures. The City did not participate in 2015. There were no outstanding claims at December 31, 2015.

City of Independence, Ohio
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Changes in claims activity for 2014 and 2015 are as follows:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2014	\$12,733	\$62,443	\$12,733	\$62,443
2015	62,443	0	62,443	0

Note 9 – Capital Assets

Capital asset activity for the year ended December 31, 2015, was as follows:

	Balance 12/31/14	Additions	Reductions	Balance 12/31/15
Governmental Activities:				
Nondepreciable Capital Assets				
Land	\$19,522,471	\$833,042	\$0	\$20,355,513
Construction in Progress	2,482,782	5,866,342	(6,687,928)	1,661,196
<i>Total Nondepreciable Capital Assets</i>	<u>22,005,253</u>	<u>6,699,384</u>	<u>(6,687,928)</u>	<u>22,016,709</u>
Depreciable Capital Assets				
Buildings and Improvements	39,864,808	662,693	0	40,527,501
Machinery and Equipment	5,732,355	234,895	(164,780)	5,802,470
Furniture and Fixtures	1,777,166	25,173	0	1,802,339
Vehicles	8,146,292	303,463	(306,035)	8,143,720
Infrastructure				
Roads	51,506,747	9,432,971	0	60,939,718
Water Lines	5,432,820	0	0	5,432,820
Sanitary Sewers	2,670,596	0	0	2,670,596
Storm Sewers	10,269,259	0	0	10,269,259
<i>Total Depreciable Capital Assets</i>	<u>125,400,043</u>	<u>10,659,195</u>	<u>(470,815)</u>	<u>135,588,423</u>
Buildings and Improvements	(13,555,726)	(859,422)	0	(14,415,148)
Machinery and Equipment	(4,188,885)	(312,346)	164,040	(4,337,191)
Furniture and Fixtures	(1,654,696)	(19,943)	0	(1,674,639)
Vehicles	(5,241,576)	(504,397)	272,427	(5,473,546)
Infrastructure				
Roads	(21,288,459)	(1,774,536)	0	(23,062,995)
Water Lines	(1,261,745)	(54,328)	0	(1,316,073)
Sanitary Sewers	(776,923)	(35,608)	0	(812,531)
Storm Sewers	(3,965,239)	(215,163)	0	(4,180,402)
<i>Total Accumulated Depreciation</i>	<u>(51,933,249)</u>	<u>(3,775,743)</u>	<u>436,467</u>	<u>(55,272,525)</u>
Total Depreciable Capital Assets, Net	<u>73,466,794</u>	<u>6,883,452</u>	<u>(34,348)</u>	<u>80,315,898</u>
Governmental Activities Capital Assets, Net	<u>\$95,472,047</u>	<u>\$13,582,836</u>	<u>(\$6,722,276)</u>	<u>\$102,332,607</u>

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

General Government	\$3,045,767
Security of Persons and Property	338,563
Leisure Time Activities	56,820
Community Environment	65,058
Basic Utility Services	10,704
Transportation	<u>258,831</u>
Total	<u><u>\$3,775,743</u></u>

Note 10 – Contingencies

Grants

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

Litigation

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

Note 11 – Defined Benefit Pension Plan

Net Pension Liability

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

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

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

City of Independence, Ohio
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GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan’s unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. City employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS’ traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

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

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

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

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

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

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

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

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

	State and Local
2015 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2015 Actual Contribution Rates	
Employer:	
Pension	12.0 %
Post-employment Health Care Benefits	2.0 %
Total Employer	14.0 %
Employee	10.0 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City’s contractually required contribution was \$873,610 for 2015. Of this amount, \$91,966 is reported as an intergovernmental payable.

Plan Description – Ohio Police & Fire Pension Fund (OPF)

Plan Description - City full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan administered by OPF. OPF provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OPF issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OPF fiduciary net position. The report that may be obtained by visiting the OPF 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.

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

City of Independence, Ohio
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For the Year Ended December 31, 2015

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

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit.

Under normal service retirement, retired members who are at least 55 years old and have been receiving OPF benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to three percent of their base pension or disability benefit.

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

	Police	Firefighters
2015 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee:		
January 1, 2015 through July 1, 2015	11.50 %	11.50 %
July 2, 2015 through December 31, 2015	12.25 %	12.25 %
 2015 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50 %	0.50 %
 Total Employer	 19.50 %	 24.00 %
 Employee:		
January 1, 2015 through July 1, 2015	11.50 %	11.50 %
July 2, 2015 through December 31, 2015	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OPF was \$946,316 for 2015. Of this amount \$117,754 is reported as an intergovernmental payable.

City of Independence, Ohio
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Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability for OPERS was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OPF's total pension liability was measured as of December 31, 2014, and was determined by rolling forward the total pension liability as of January 1, 2014, to December 31, 2014. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$7,023,068	\$11,333,209	\$18,356,277
Proportion of the Net Pension Liability	0.058229%	0.2187702%	
Pension Expense	\$763,969	\$1,105,502	\$1,869,471

At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$374,730	\$488,451	\$863,181
City contributions subsequent to the measurement date	<u>873,610</u>	<u>946,316</u>	<u>1,819,926</u>
Total Deferred Outflows of Resources	<u>\$1,248,340</u>	<u>\$1,434,767</u>	<u>\$2,683,107</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	<u>\$123,381</u>	<u>\$0</u>	<u>\$123,381</u>

\$1,819,926 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Year Ending December 31:			
2016	\$36,754	\$122,113	\$158,867
2017	36,754	122,113	158,867
2018	84,158	122,113	206,271
2019	<u>93,683</u>	<u>122,112</u>	<u>215,795</u>
Total	<u>\$251,349</u>	<u>\$488,451</u>	<u>\$739,800</u>

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Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation	3.75 percent
Future Salary Increases, including inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA	3 percent, simple
Investment Rate of Return	8 percent
Actuarial Cost Method	Individual Entry Age

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

The most recent experience study was completed for the five year period ended December 31, 2010.

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

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 6.95 percent for 2014.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2014 and the long-term expected real rates of return:

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Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.31 %
Domestic Equities	19.90	5.84
Real Estate	10.00	4.25
Private Equity	10.00	9.25
International Equities	19.10	7.40
Other investments	18.00	4.59
Total	100.00 %	5.28 %

Discount Rate The discount rate used to measure the total pension liability was 8 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following table presents the City's proportionate share of the net pension liability calculated using the current period discount rate assumption of 8 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (7 percent) or one-percentage-point higher (9 percent) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	\$12,920,433	\$7,023,068	\$2,056,066

Actuarial Assumptions – OPF

OPF's total pension liability as of December 31, 2014 is based on the results of an actuarial valuation date of January 1, 2014, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OPF's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2014, are presented below:

City of Independence, Ohio
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Valuation Date	January 1, 2014
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.25 percent
Projected Salary Increases	4.25 percent to 11 percent
Payroll Increases	3.75 percent
Inflation Assumptions	3.25 percent
Cost of Living Adjustments	2.60 percent and 3.00 percent

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

The most recent experience study was completed January 1, 2012.

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OPF's target asset allocation as of December 31, 2014 are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash and Cash Equivalents	- %	(0.25) %
Domestic Equity	16.00	4.47
Non-US Equity	16.00	4.47
Core Fixed Income *	20.00	1.62
Global Inflation Protected *	20.00	1.33
High Yield	15.00	3.39
Real Estate	12.00	3.93
Private Markets	8.00	6.98
Timber	5.00	4.92
Master Limited Partnerships	8.00	7.03
Total	<u>120.00 %</u>	

* levered 2x

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

Discount Rate The total pension liability was calculated using the discount rate of 8.25 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of

City of Independence, Ohio
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return 8.25 percent. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate
 Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.25 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.25 percent), or one percentage point higher (9.25 percent) than the current rate.

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
City's proportionate share of the net pension liability	\$15,675,542	\$11,333,209	\$7,656,572

Note 12 - Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional 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 two cost-sharing, multiple-employer defined benefit postemployment health care trusts, which fund multiple health care plans including medical coverage, prescription drug coverage, deposits to a health reimbursement arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and combined plans. Members of the member-directed plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. See OPERS’ CAFR referenced below for additional information.

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

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml> by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of postemployment health care.

City of Independence, Ohio
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For the Year Ended December 31, 2015

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2015, state and local employers contributed at a rate of 14.0 percent of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

OPERS maintains three health care trusts. The two cost-sharing, multiple employer trusts, the 401(h) Health Care Trust and the 115 Health Care Trust, work together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. The third trust is a Voluntary Employee's Beneficiary Association (VEBA) that provides funding for a Retiree Medical Account for Member-Directed Plan members. Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2015. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2016 remained at 2.0 percent for both plans. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited to the VEBA for participants in the Member-Directed Plan for 2015 was 4.5 percent.

Substantially all of the City's contribution allocated to fund postemployment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contribution for the years ended December 31, 2015, 2014 and 2013 was \$145,602, \$142,782 and \$70,034, respectively. For 2015, 89.47 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2014 and 2013.

Police and Firemen's Disability and Pension Fund

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

OPF provides access to postretirement 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 OPF meets the definition of an Other Postemployment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 45.

The Ohio Revised Code allows, but does not mandate, OPF to provide OPEB benefits. Authority for the OPF 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.

OPF issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OPF website at www.opf.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 OPF defined benefit pension plan. Participating employers are required by the Ohio Revised Code to contribute to the pension plan at rates expressed as a percentage of

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

payroll of active pension plan members, currently 19.5 percent and 24 percent of covered payroll for police and firefighters, respectively. Active members do not make contributions to the OPEB Plan.

OPF 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 premium 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 OPF Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. The portion of employer contributions allocated to health care was 0.5 percent of covered payroll from January 1, 2015 through December 31, 2015. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OPF 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 OPF which were allocated to fund postemployment health care benefits for police and firefighters were \$13,973 and \$8,837 for the year ended December 31, 2015, \$13,473 and \$8,495 for the year ended December 31, 2014, and \$72,790 and \$44,601 for the year ended December 31, 2013. For 2015, 86.98 percent has been contributed for police and 88.29 percent has been contributed for firefighters with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2014 and 2013.

Note 13 – Compensated Absences

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

Note 14 – Jointly Governed Organizations

Southwest Council of Governments

The Southwest Council of Governments helps foster cooperation between municipalities in areas affecting health, safety, welfare, education, economic conditions and regional development. The Board is composed of one member from each of the 19 participating entities. The Board exercises total control over the operation of the Council including budgeting, appropriating, contracting and designating management. Budgets are adopted by the Board. Each City's degree of control is limited to its representation on the Board. In 2015, the City contributed \$15,000 which represents 5.2 percent of total contributions.

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

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 2015. 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 15 – Shared Facilities Joint Operating Agreement

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

Under the terms of the contribution agreement, the City contributed \$13,000,000 to the School District, which is 38 percent of the cost of the shared facility project and includes the costs of constructing, equipping and furnishing the shared facility; the cost of constructing, equipping and furnishing related joint use areas; and the costs of related design and other professional services. The City also purchased some unused School District property for \$2,000,000. In 2003, the City issued \$15,000,000 in general obligation bonds to meet its obligations. These bonds were refunded in 2011 as a portion of the 2011 various purpose refunding bonds. The land, community center and community field house are owned by the City; the high school facility and community auditorium are owned by the School District.

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

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

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 16 – Long-Term Obligations

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

Debt Issue	Interest Rate	Original Issue Amount	Date of Maturity
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	3.00-5.00	16,935,000	December 1, 2028
Ohio Public Works Commission Loans			
2011 Pleasant Valley Intersection	0.00	225,000	January 1, 2032
2015 Pleasant Valley Widening	0.00	4,164,161	January 1, 2040
Long-Term Notes Payable			
2015 Selig Drive Improvements	1.00	2,350,000	April 14, 2016
2015 Pleasant Valley Quadrant Improvements	1.00	900,000	April 14, 2016
2015 Chestnut Woods III Improvements	1.00	700,000	April 14, 2016
Ohio Water Development Authority Loan			
2011 Lower Brookside Watershed Study	3.20	52,500	July 1, 2016

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

	Balance 12/31/14	Additions	Reductions	Balance 12/31/15	Amounts Due in One Year
Governmental Activities					
General Obligation Bonds					
2005 Northeast Quadrant TIF					
Serial Bonds	\$200,000	\$0	(\$200,000)	\$0	\$0
Unamortized Premium	4,034	0	(4,034)	0	0
Total 2005 Northeast Quadrant TIF	204,034	0	(204,034)	0	0
2014 Northeast Quadrant TIF Refunding					
Serial Bonds	4,245,000	0	(30,000)	4,215,000	235,000
Unamortized Premium	295,037	0	(18,440)	276,597	0
Total 2005 Northeast Quadrant TIF	4,540,037	0	(48,440)	4,491,597	235,000
2011 Various Purpose Refunding					
Serial Bonds	14,745,000	0	(1,320,000)	13,425,000	1,335,000
Unamortized Premium	764,309	0	(59,946)	704,363	0
Total 2011 Various Purpose Refunding	15,509,309	0	(1,379,946)	14,129,363	1,335,000
<i>Total General Obligation Bonds</i>	\$20,253,380	\$0	(\$1,632,420)	\$18,620,960	\$1,570,000

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

	Balance 12/31/14	Additions	Reductions	Balance 12/31/15	Amounts Due in One Year
Governmental Activities (continued)					
<i>OPWC Loans</i>					
2011 Pleasant Valley Intersection	\$196,875	\$0	(\$11,250)	\$185,625	\$11,250
2015 Pleasant Valley Widening	0	4,164,161	0	4,164,161	104,104
<i>Total OPWC Loans</i>	<u>196,875</u>	<u>4,164,161</u>	<u>(11,250)</u>	<u>4,349,786</u>	<u>115,354</u>
<i>Notes Payable</i>					
<i>Selig Drive Improvements</i>	2,600,000	2,350,000	(2,600,000)	2,350,000	0
<i>Pleasant Valley Quadrant Improvements</i>	900,000	900,000	(900,000)	900,000	0
<i>Chestnut Woods III Improvements</i>	800,000	700,000	(800,000)	700,000	0
<i>Total Notes Payable</i>	<u>4,300,000</u>	<u>3,950,000</u>	<u>(4,300,000)</u>	<u>3,950,000</u>	<u>0</u>
<i>Other Long-term Obligations</i>					
Net Pension Liability					
OPERS	6,864,440	158,628	0	7,023,068	0
OP&F	10,654,795	678,414	0	11,333,209	0
Total Net Pension Liability	<u>17,519,235</u>	<u>837,042</u>	<u>0</u>	<u>18,356,277</u>	<u>0</u>
2011 OWDA Loan - Lower Brookside	22,005	0	(10,828)	11,177	11,177
Claims Payable	62,443	0	(62,443)	0	0
Compensated Absences	705,480	257,246	(235,621)	727,105	226,188
<i>Total Other Long-term Obligations</i>	<u>18,309,163</u>	<u>1,094,288</u>	<u>(308,892)</u>	<u>19,094,559</u>	<u>237,365</u>
<i>Total General Long-term Obligations</i>	<u>\$43,059,418</u>	<u>\$9,208,449</u>	<u>(\$6,252,562)</u>	<u>\$46,015,305</u>	<u>\$1,922,719</u>

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, 2015, \$12,940,000 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.

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Net proceeds of \$4,503,365 (including a \$299,647 premium and after payment of \$101,282 in issuance costs) were deposited in an irrevocable trust with an escrow agent to provide for all future debt payments on the refunded 2005 Northeast Quadrant TIF bonds. As a result, \$4,220,000 of these bonds was considered defeased and the liability for the refunded bonds has been removed from the City's financial statements. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statements. As of December 31, 2015, \$4,220,000 of the defeased bonds are still outstanding.

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.

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 pays obligations related to employee compensation from the fund benefitting from their service.

The City's overall legal debt margin was \$25,568,463 at December 31, 2015. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2015, are as follows:

	General Obligation Bonds		OPWC Loan	OWDA Loan	
	Principal	Interest	Principal	Principal	Interest
2016	\$1,570,000	\$602,500	\$115,354	\$11,177	\$269
2017	1,620,000	558,925	219,458	0	0
2018	1,665,000	513,925	219,458	0	0
2019	1,710,000	462,575	219,458	0	0
2020	1,780,000	396,625	219,458	0	0
2021-2025	6,050,000	1,147,625	1,097,290	0	0
2026-2030	3,245,000	271,975	1,097,290	0	0
2031-2035	0	0	1,057,915	0	0
2036	0	0	104,105	0	0
Total	\$17,640,000	\$3,954,150	\$4,349,786	\$11,177	\$269

Note 17 – Notes Payable

Changes in the City's note activity for the year ended December 31, 2015, were as follows:

Types / Issues	Balance			Balance 12/31/2015
	12/31/2014	Additions	Reductions	
Selig Drive Improvements	\$250,000	\$250,000	(\$250,000)	\$250,000
Chestnut Woods III Improvements	150,000	100,000	(150,000)	100,000
Total Short-Term Notes	\$400,000	\$350,000	(\$400,000)	\$350,000

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

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 14, 2016. 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 2016. As the result, the \$350,000 liability outstanding at December 31, 2015, was presented as a fund liability in the financial statements.

Note 18 – Interfund Transactions

Interfund Balances

Interfund Payable	Interfund Receivable			Totals
	General	Capital Improvements	Internal Service	
Quadrant Tax Increment Financing	\$16,272,000	\$1,310,000	\$1,390,000	\$18,972,000

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 and to fund various TIF projects. All interfund balances, except the balance of \$16,272,000 in the general fund and the quadrant tax increment financing fund, are expected to be repaid within one year.

Interfund Transfers

Interfund transfers for the year ended December 31, 2015, consisted of the following:

Transfer To	Transfer From General
Major Funds:	
Capital Improvements	\$3,850,000
Street Resurfacing	2,900,000
Total Major Funds	\$6,750,000

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Transfer To	Transfer From General
Other Governmental Funds:	
Street Construction, Maintenance and Repair	\$1,250,000
Twenty-Five and Alive	2,000
I Can	2,000
Tree	6,000
Cemetery	85,000
Recreation	200,000
Police Pension	450,000
Drain Water	385,000
Public Safety Equipment	275,000
Route 21 and Pleasant Valley	11,500
Total Other Governmental Funds	2,666,500
Internal Service	100,000
Total	\$9,516,500

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

Note 19 – 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:

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Governmental Funds:

General	\$767,664
Quadrant Tax Increment Financing	4,136,727
Capital Improvements	2,944,966
Street Resurfacing	2,888,445
Other Governmental Funds	825,059
<i>Total Governmental Funds</i>	<u>\$11,562,861</u>
Internal Service Fund	<u>\$58,881</u>
Agency Fund	<u>\$18,650</u>

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

For 2015, the City implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, “Accounting and Financial Reporting for Pensions” and GASB Statement No. 71, “Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68”. GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure.

The City has a restatement resulting from an overstatement of accounts payable in the route 21 and pleasant valley capital projects fund. The restatement of accounts payable had the following effect on fund balance as reported at December 31, 2015:

	General	Quadrant Tax Increment Financing	Capital Improvement	Street Resurfacing
Fund Balance December 31, 2014	\$21,172,634	(\$12,408,661)	\$3,859,671	\$2,846,374
Adjustment:				
Accounts Payable	0	0	0	0
Fund Balance December 31, 2014	<u>\$21,172,634</u>	<u>(\$12,408,661)</u>	<u>\$3,859,671</u>	<u>\$2,846,374</u>
		Other Governmental Funds	Total Governmental Funds	
Fund Balance December 31, 2014		\$2,340,316	\$17,810,334	
Adjustment:				
Accounts Payable		5,625	5,625	
Fund Balance December 31, 2014		<u>\$2,345,941</u>	<u>\$17,815,959</u>	

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

The implementation of this pronouncement and the overstated accounts payable had the following effect on net position as reported at December 31, 2014:

	<u>Governmental Activities</u>
Net Position December 31, 2014	\$94,476,735
Adjustments:	
Net Pension Liability	(17,519,235)
Deferred Outflow - Payments Subsequent to Measurement Date	1,772,229
Accounts Payable	<u>5,625</u>
Restated Net Position December 31, 2014	<u><u>\$78,735,354</u></u>

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

Note 21 – Subsequent Event

On April 14, 2016, the City retired \$4,300,000 in general obligation bond anticipation notes and issued \$6,050,000 in new notes. The new notes have a maturity date of April 13, 2017, and an interest rate of 2.00 percent.

Required Supplementary Information

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

	2014	2013
City's Proportion of the Net Pension Liability	0.058229%	0.058229%
City's Proportionate Share of the Net Pension Liability	\$7,023,068	\$6,864,440
City's Covered-Employee Payroll	\$7,139,083	\$7,003,438
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	98.37%	98.02%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.45%	86.36%

(1) Information prior to 2013 is not available.

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

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

	2014	2013
City's Proportion of the Net Pension Liability	0.2187702%	0.2187702%
City's Proportionate Share of the Net Pension Liability	\$11,333,209	\$10,654,795
City's Covered-Employee Payroll	\$4,415,260	\$4,301,102
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	256.68%	247.72%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.20%	73.00%

(1) Information prior to 2013 is not available.

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

City of Independence, Ohio
Required Supplementary Information
Schedule of the City's Contributions
Ohio Public Employees Retirement System - Traditional Plan
Last Three Years (1)

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$873,610	\$856,690	\$910,447
Contributions in Relation to the Contractually Required Contribution	<u>(873,610)</u>	<u>(856,690)</u>	<u>(910,447)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered-Employee Payroll	\$7,280,086	\$7,139,083	\$7,003,438
Contributions as a Percentage of Covered-Employee Payroll	12.00%	12.00%	13.00%

(1) Information prior to 2013 is not available.

See accountant's compilation report

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually Required Contribution	\$946,316	\$915,539	\$756,233	\$619,797
Contributions in Relation to the Contractually Required Contribution	<u>(946,316)</u>	<u>(915,539)</u>	<u>(756,233)</u>	<u>(619,797)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered-Employee Payroll	\$4,561,994	\$4,415,260	\$4,301,102	\$4,293,869
Contributions as a Percentage of Covered-Employee Payroll	20.74%	20.74%	17.58%	14.43%

2011	2010	2009	2008	2007	2006
\$631,679	\$658,058	\$654,806	\$666,398	\$641,035	\$569,014
<u>(631,679)</u>	<u>(658,058)</u>	<u>(654,806)</u>	<u>(666,398)</u>	<u>(641,035)</u>	<u>(569,014)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$4,359,499	\$4,536,830	\$4,514,375	\$4,590,211	\$4,411,728	\$4,197,757
14.49%	14.50%	14.50%	14.52%	14.53%	13.56%

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.

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 to stabilize against cyclical changes in revenues. This fund is included in the general fund for GAAP reporting as it does not have a restricted or committed revenue source.

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

Nonmajor Debt Service 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, 2015

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,784,440	\$50,932	\$954,377	\$2,789,749
Accounts Receivable	658	0	0	658
Intergovernmental Receivable	247,211	0	0	247,211
Prepaid Items	1,869	0	984	2,853
Special Assessments Receivable	0	0	366,705	366,705
Property Taxes Receivable	161,954	0	0	161,954
<i>Total Assets</i>	<u>\$2,196,132</u>	<u>\$50,932</u>	<u>\$1,322,066</u>	<u>\$3,569,130</u>
Liabilities				
Accounts Payable	\$55,998	\$0	\$4,420	\$60,418
Accrued Wages	31,985	0	0	31,985
Intergovernmental Payable	85,669	0	5,000	90,669
<i>Total Liabilities</i>	<u>173,652</u>	<u>0</u>	<u>9,420</u>	<u>183,072</u>
Deferred Inflows of Resources				
Property Taxes	101,602	0	0	101,602
Unavailable Revenue	254,982	0	366,705	621,687
<i>Total Deferred Inflows of Resources</i>	<u>356,584</u>	<u>0</u>	<u>366,705</u>	<u>723,289</u>
Fund Balances				
Nonspendable	1,869	0	984	2,853
Restricted	1,246,747	50,932	944,957	2,242,636
Committed	417,280	0	0	417,280
<i>Total Fund Balances</i>	<u>1,665,896</u>	<u>50,932</u>	<u>945,941</u>	<u>2,662,769</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$2,196,132</u>	<u>\$50,932</u>	<u>\$1,322,066</u>	<u>\$3,569,130</u>

City of Independence, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2015

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Property Taxes	\$121,555	\$0	\$0	\$121,555
Intergovernmental	519,034	0	0	519,034
Investment Income	2,183	0	0	2,183
Fees, Licenses and Permits	403,904	0	0	403,904
Fines and Forfeitures	82,644	0	0	82,644
Charges for Services	17,350	0	0	17,350
Special Assessments	0	0	57,495	57,495
Miscellaneous	110,529	0	0	110,529
<i>Total Revenues</i>	<u>1,257,199</u>	<u>0</u>	<u>57,495</u>	<u>1,314,694</u>
Expenditures				
Current:				
General Government	76,079	0	0	76,079
Security of Persons and Property	575,519	0	0	575,519
Public Health and Welfare	48,085	0	0	48,085
Leisure Time Activities	617,827	0	0	617,827
Transportation	1,790,444	0	0	1,790,444
Capital Outlay	0	0	476,791	476,791
Debt Service:				
Principal Retirement	0	0	66,436	66,436
Interest and Fiscal Charges	0	0	13,185	13,185
<i>Total Expenditures</i>	<u>3,107,954</u>	<u>0</u>	<u>556,412</u>	<u>3,664,366</u>
<i>Excess of Revenues Under Expenditures</i>	(1,850,755)	0	(498,917)	(2,349,672)
Other Financing Sources				
Transfers In	1,995,000	0	671,500	2,666,500
<i>Net Change in Fund Balances</i>	144,245	0	172,583	316,828
<i>Fund Balances Beginning of Year</i>	<u>1,521,651</u>	<u>50,932</u>	<u>773,358</u>	<u>2,345,941</u>
<i>Fund Balances End of Year</i>	<u><u>\$1,665,896</u></u>	<u><u>\$50,932</u></u>	<u><u>\$945,941</u></u>	<u><u>\$2,662,769</u></u>

City of Independence, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2015

	State Highway	Motor Vehicle License Tax	Street Construction, Maintenance and Repair	Enforcement and Education
Assets				
Equity in Pooled Cash and				
Cash Equivalents	\$132,434	\$68,973	\$438,504	\$11,724
Accounts Receivable	0	0	0	250
Intergovernmental Receivable	16,702	12,010	205,983	0
Prepaid Items	0	0	0	0
Property Taxes Receivable	0	0	0	0
<i>Total Assets</i>	<u>\$149,136</u>	<u>\$80,983</u>	<u>\$644,487</u>	<u>\$11,974</u>
Liabilities				
Accounts Payable	\$0	\$0	\$32,125	\$0
Accrued Wages	0	0	25,885	0
Intergovernmental Payable	0	0	12,309	0
<i>Total Liabilities</i>	<u>0</u>	<u>0</u>	<u>70,319</u>	<u>0</u>
Deferred Inflows of Resources				
Property Taxes	0	0	0	0
Unavailable Revenue	13,445	10,056	165,813	0
<i>Total Deferred Inflows of Resources</i>	<u>13,445</u>	<u>10,056</u>	<u>165,813</u>	<u>0</u>
Fund Balances				
Nonspendable	0	0	0	0
Restricted	135,691	70,927	408,355	11,974
Committed	0	0	0	0
<i>Total Fund Balances</i>	<u>135,691</u>	<u>70,927</u>	<u>408,355</u>	<u>11,974</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$149,136</u>	<u>\$80,983</u>	<u>\$644,487</u>	<u>\$11,974</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>
\$46,312	\$25,166	\$52,066	\$24,366	\$2,959	\$25,803
0	0	0	408	0	0
0	0	7,200	0	0	0
0	0	602	1,267	0	0
0	0	0	0	0	0
<u>\$46,312</u>	<u>\$25,166</u>	<u>\$59,868</u>	<u>\$26,041</u>	<u>\$2,959</u>	<u>\$25,803</u>
\$0	\$0	\$4,697	\$489	\$0	\$0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	4,697	489	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	602	1,267	0	0
46,312	25,166	54,569	24,285	2,959	0
0	0	0	0	0	25,803
<u>46,312</u>	<u>25,166</u>	<u>55,171</u>	<u>25,552</u>	<u>2,959</u>	<u>25,803</u>
<u>\$46,312</u>	<u>\$25,166</u>	<u>\$59,868</u>	<u>\$26,041</u>	<u>\$2,959</u>	<u>\$25,803</u>

(continued)

City of Independence, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2015

	Friends for Life	Twenty- Five and Alive	Home Days	I Can	Tree
Assets					
Equity in Pooled Cash and					
Cash Equivalents	\$2,085	\$14,877	\$27,839	\$16,482	\$30,390
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>\$14,877</u>	<u>\$27,839</u>	<u>\$16,482</u>	<u>\$30,390</u>
Liabilities					
Accounts Payable	\$0	\$0	\$900	\$365	\$0
Accrued Wages	0	0	0	0	0
Intergovernmental Payable	0	0	0	0	0
<i>Total Liabilities</i>	<u>0</u>	<u>0</u>	<u>900</u>	<u>365</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	14,877	26,939	16,117	30,390
<i>Total Fund Balances</i>	<u>2,085</u>	<u>14,877</u>	<u>26,939</u>	<u>16,117</u>	<u>30,390</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$2,085</u>	<u>\$14,877</u>	<u>\$27,839</u>	<u>\$16,482</u>	<u>\$30,390</u>

<u>Cemetery</u>	<u>Recreation</u>	<u>Police Pension</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$127,774	\$199,249	\$537,437	\$1,784,440
0	0	0	658
0	0	5,316	247,211
0	0	0	1,869
0	0	161,954	161,954
<u>\$127,774</u>	<u>\$199,249</u>	<u>\$704,707</u>	<u>\$2,196,132</u>
\$0	\$17,422	\$0	\$55,998
0	6,100	0	31,985
474	1,958	70,928	85,669
<u>474</u>	<u>25,480</u>	<u>70,928</u>	<u>173,652</u>
0	0	101,602	101,602
0	0	65,668	254,982
0	0	167,270	356,584
0	0	0	1,869
0	0	466,509	1,246,747
127,300	173,769	0	417,280
<u>127,300</u>	<u>173,769</u>	<u>466,509</u>	<u>1,665,896</u>
<u>\$127,774</u>	<u>\$199,249</u>	<u>\$704,707</u>	<u>\$2,196,132</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, 2015

	State Highway	Motor Vehicle License Tax	Street Construction, Maintenance and Repair	Enforcement and Education
Revenues				
Property Taxes	\$0	\$0	\$0	\$0
Intergovernmental	36,332	23,985	448,086	0
Investment Income	288	146	1,749	0
Fees, Licenses and Permits	0	0	0	0
Fines and Forfeitures	0	0	0	1,755
Charges for Services	0	0	0	0
Miscellaneous	0	0	40,183	0
<i>Total Revenues</i>	<u>36,620</u>	<u>24,131</u>	<u>490,018</u>	<u>1,755</u>
Expenditures				
Current:				
General Government	0	0	0	0
Security of Persons and Property	0	0	0	0
Public Health and Welfare	0	0	0	0
Leisure Time Activities	0	0	0	0
Transportation	0	0	1,790,444	0
<i>Total Expenditures</i>	<u>0</u>	<u>0</u>	<u>1,790,444</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	36,620	24,131	(1,300,426)	1,755
Other Financing Sources				
Transfers In	0	0	1,250,000	0
<i>Net Change in Fund Balances</i>	36,620	24,131	(50,426)	1,755
<i>Fund Balances Beginning of Year</i>	<u>99,071</u>	<u>46,796</u>	<u>458,781</u>	<u>10,219</u>
<i>Fund Balances End of Year</i>	<u><u>\$135,691</u></u>	<u><u>\$70,927</u></u>	<u><u>\$408,355</u></u>	<u><u>\$11,974</u></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>
\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
2,152	12,217	58,670	6,264	0	1,586
0	0	0	0	0	0
0	0	0	0	0	0
<u>2,152</u>	<u>12,217</u>	<u>58,670</u>	<u>6,264</u>	<u>0</u>	<u>1,586</u>
0	0	0	15,562	0	0
0	12,217	39,678	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>12,217</u>	<u>39,678</u>	<u>15,562</u>	<u>0</u>	<u>0</u>
2,152	0	18,992	(9,298)	0	1,586
0	0	0	0	0	0
2,152	0	18,992	(9,298)	0	1,586
<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>\$46,312</u>	<u>\$25,166</u>	<u>\$55,171</u>	<u>\$25,552</u>	<u>\$2,959</u>	<u>\$25,803</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, 2015

	Friends for Life	Twenty- Five and Alive	Home Days	I Can
Revenues				
Property Taxes	\$0	\$0	\$0	\$0
Intergovernmental	0	0	0	0
Investment Income	0	0	0	0
Fees, Licenses and Permits	0	0	0	0
Fines and Forfeitures	0	0	0	0
Charges for Services	0	0	0	0
Miscellaneous	0	2,161	59,495	3,758
<i>Total Revenues</i>	<u>0</u>	<u>2,161</u>	<u>59,495</u>	<u>3,758</u>
Expenditures				
Current:				
General Government	0	809	50,175	3,233
Security of Persons and Property	0	0	0	0
Public Health and Welfare	0	0	0	0
Leisure Time Activities	0	0	0	0
Transportation	0	0	0	0
<i>Total Expenditures</i>	<u>0</u>	<u>809</u>	<u>50,175</u>	<u>3,233</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	0	1,352	9,320	525
Other Financing Sources				
Transfers In	0	2,000	0	2,000
<i>Net Change in Fund Balances</i>	0	3,352	9,320	2,525
<i>Fund Balances Beginning of Year</i>	<u>2,085</u>	<u>11,525</u>	<u>17,619</u>	<u>13,592</u>
<i>Fund Balances End of Year</i>	<u><u>\$2,085</u></u>	<u><u>\$14,877</u></u>	<u><u>\$26,939</u></u>	<u><u>\$16,117</u></u>

Tree	Cemetery	Recreation	Police Pension	Total Nonmajor Special Revenue Funds
\$0	\$0	\$0	\$121,555	\$121,555
0	0	0	10,631	519,034
0	0	0	0	2,183
0	0	403,904	0	403,904
0	0	0	0	82,644
0	17,350	0	0	17,350
0	0	4,932	0	110,529
0	17,350	408,836	132,186	1,257,199
6,300	0	0	0	76,079
0	0	0	523,624	575,519
0	48,085	0	0	48,085
0	0	617,827	0	617,827
0	0	0	0	1,790,444
6,300	48,085	617,827	523,624	3,107,954
(6,300)	(30,735)	(208,991)	(391,438)	(1,850,755)
6,000	85,000	200,000	450,000	1,995,000
(300)	54,265	(8,991)	58,562	144,245
30,690	73,035	182,760	407,947	1,521,651
<u>\$30,390</u>	<u>\$127,300</u>	<u>\$173,769</u>	<u>\$466,509</u>	<u>\$1,665,896</u>

City of Independence, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2015

	Drain Water	Rockside Woods	Issue II
Assets			
Equity in Pooled Cash and Cash Equivalents	\$155,332	\$164	\$157,852
Prepaid Items	0	0	0
Special Assessments Receivable	0	0	366,705
<i>Total Assets</i>	<u>\$155,332</u>	<u>\$164</u>	<u>\$524,557</u>
Liabilities			
Accounts Payable	\$1,200	\$0	\$0
Intergovernmental Payable	5,000	0	0
<i>Total Liabilities</i>	<u>6,200</u>	<u>0</u>	<u>0</u>
Deferred Inflows of Resources			
Unavailable Revenue	0	0	366,705
Fund Balances			
Nonspendable	0	0	0
Restricted	149,132	164	157,852
<i>Total Fund Balances (Deficit)</i>	<u>149,132</u>	<u>164</u>	<u>157,852</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$155,332</u>	<u>\$164</u>	<u>\$524,557</u>

<u>Public Safety Equipment</u>	<u>Route 21 and Pleasant Valley</u>	<u>Total Nonmajor Capital Projects Funds</u>
\$639,934	\$1,095	\$954,377
984	0	984
0	0	366,705
<u>\$640,918</u>	<u>\$1,095</u>	<u>\$1,322,066</u>
\$3,220	\$0	\$4,420
0	0	5,000
<u>3,220</u>	<u>0</u>	<u>9,420</u>
0	0	366,705
984	0	984
636,714	1,095	944,957
<u>637,698</u>	<u>1,095</u>	<u>945,941</u>
<u>\$640,918</u>	<u>\$1,095</u>	<u>\$1,322,066</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, 2015

	Drain Water	Rockside Woods	Issue II
Revenues			
Special Assessments	\$0	\$10,000	\$47,495
Expenditures			
Capital Outlay	395,208	0	0
Debt Service:			
Principal Retirement	10,828	0	44,358
Interest and Fiscal Charges	618	0	12,567
<i>Total Expenditures</i>	406,654	0	56,925
<i>Excess of Revenues Over (Under) Expenditures</i>	(406,654)	10,000	(9,430)
Other Financing Sources			
Transfers In	385,000	0	0
<i>Net Change in Fund Balances</i>	(21,654)	10,000	(9,430)
<i>Fund Balances (Deficit) Beginning of Year</i>	170,786	(9,836)	167,282
<i>Fund Balances End of Year</i>	\$149,132	\$164	\$157,852

Public Safety Equipment	Route 21 and Pleasant Valley	Total Nonmajor Capital Projects Funds
\$0	\$0	\$57,495
81,583	0	476,791
0	11,250	66,436
0	0	13,185
81,583	11,250	556,412
(81,583)	(11,250)	(498,917)
275,000	11,500	671,500
193,417	250	172,583
444,281	845	773,358
<u>\$637,698</u>	<u>\$1,095</u>	<u>\$945,941</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, 2015

	Beginning Balance <u>12/31/14</u>	<u>Additions</u>	<u>Deductions</u>	Ending Balance <u>12/31/15</u>
<i>Deposits and Fees</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	<u>\$241,322</u>	<u>\$124,086</u>	<u>\$61,572</u>	<u>\$303,836</u>
Liabilities				
Deposits Held and Due to Others	<u>\$241,322</u>	<u>\$124,086</u>	<u>\$61,572</u>	<u>\$303,836</u>

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

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2015

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	\$699,924	\$799,542	\$758,315	(\$41,227)
Municipal Income Taxes	26,529,792	27,957,138	28,166,530	209,392
Hotel/Motel Taxes	1,271,396	1,339,799	1,349,834	10,035
Intergovernmental	206,753	217,877	286,837	68,960
Investment Income	46,813	49,332	49,701	369
Fees, Licenses and Permits	434,267	457,631	461,059	3,428
Fines and Forfeitures	209,573	220,848	222,502	1,654
Charges for Services	497,296	524,051	527,976	3,925
Rentals	205,566	216,626	218,248	1,622
Miscellaneous	251,452	264,980	266,965	1,985
<i>Total Revenues</i>	<u>30,352,832</u>	<u>32,047,824</u>	<u>32,307,967</u>	<u>260,143</u>
Expenditures				
Current:				
General Government:				
Mayor:				
Salaries and Wages	384,500	354,500	341,326	13,174
Benefits	148,000	149,000	123,334	25,666
Other	28,919	28,919	17,609	11,310
Total Mayor	<u>561,419</u>	<u>532,419</u>	<u>482,269</u>	<u>50,150</u>
Finance Department:				
Salaries and Wages	319,900	311,900	302,530	9,370
Benefits	145,000	145,000	128,874	16,126
Other	13,800	13,800	7,893	5,907
Total Finance Department	<u>478,700</u>	<u>470,700</u>	<u>439,297</u>	<u>31,403</u>
Council:				
Salaries and Wages	131,000	141,000	138,957	2,043
Benefits	120,600	135,600	122,441	13,159
Other	5,538	5,538	2,402	3,136
Total Council	<u>257,138</u>	<u>282,138</u>	<u>263,800</u>	<u>18,338</u>
Law Director:				
Other	<u>\$238,000</u>	<u>\$283,000</u>	<u>\$281,583</u>	<u>\$1,417</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, 2015

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Other:				
Salaries and Wages	\$52,700	\$47,700	\$45,352	\$2,348
Benefits	188,400	188,400	186,263	2,137
Insurance	211,000	256,000	253,991	2,009
Professional Fees	731,930	603,430	561,755	41,675
Other	<u>1,912,052</u>	<u>1,851,052</u>	<u>1,791,697</u>	<u>59,355</u>
Total Other	<u>3,096,082</u>	<u>2,946,582</u>	<u>2,839,058</u>	<u>107,524</u>
Court:				
Salaries and Wages	208,100	213,100	209,259	3,841
Benefits	83,800	85,800	74,730	11,070
Other	<u>61,879</u>	<u>61,879</u>	<u>60,891</u>	<u>988</u>
Total Court	<u>353,779</u>	<u>360,779</u>	<u>344,880</u>	<u>15,899</u>
Service Administration:				
Salaries and Wages	504,100	434,100	421,060	13,040
Benefits	213,573	198,573	166,172	32,401
Other	<u>8,700</u>	<u>8,700</u>	<u>3,156</u>	<u>5,544</u>
Total Service Administration	<u>726,373</u>	<u>641,373</u>	<u>590,388</u>	<u>50,985</u>
Income Tax Collection:				
Other	<u>850,406</u>	<u>850,406</u>	<u>839,836</u>	<u>10,570</u>
Court Program Fees:				
Other	<u>15,000</u>	<u>15,000</u>	<u>7,490</u>	<u>7,510</u>
Total General Government	<u>6,576,897</u>	<u>6,382,397</u>	<u>6,088,601</u>	<u>293,796</u>
Security of Persons and Property:				
Police:				
Salaries and Wages	3,689,600	3,740,600	3,699,012	41,588
Benefits	978,200	945,700	873,222	72,478
Other	<u>227,217</u>	<u>227,217</u>	<u>139,317</u>	<u>87,900</u>
Total Police	<u>4,895,017</u>	<u>4,913,517</u>	<u>4,711,551</u>	<u>201,966</u>
Fire:				
Salaries and Wages	1,959,100	1,994,100	1,968,468	25,632
Benefits	906,569	902,569	860,233	42,336
Other	<u>285,458</u>	<u>277,458</u>	<u>232,909</u>	<u>44,549</u>
Total Fire	<u>3,151,127</u>	<u>3,174,127</u>	<u>3,061,610</u>	<u>112,517</u>
Total Security of Persons and Property	<u>\$8,046,144</u>	<u>\$8,087,644</u>	<u>\$7,773,161</u>	<u>\$314,483</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, 2015

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Leisure Time Activities:				
Parks and Playgrounds:				
Salaries and Wages	\$174,600	\$164,600	\$146,023	\$18,577
Benefits	47,800	48,800	40,749	8,051
Other	150,026	150,026	138,728	11,298
Total Parks and Playgrounds	372,426	363,426	325,500	37,926
Pools:				
Salaries and Wages	277,800	267,800	249,665	18,135
Benefits	40,200	42,200	39,551	2,649
Other	42,147	42,147	40,991	1,156
Total Pools	360,147	352,147	330,207	21,940
Concession Stand:				
Salaries and Wages	37,100	37,100	33,442	3,658
Other	51,914	51,914	50,696	1,218
Total Concession Stand	89,014	89,014	84,138	4,876
Field House:				
Salaries and Wages	66,800	47,800	40,096	7,704
Benefits	32,600	22,600	17,282	5,318
Other	46,212	46,212	21,016	25,196
Total Field House	145,612	116,612	78,394	38,218
Administration:				
Salaries and Wages	277,764	357,764	343,686	14,078
Benefits	370,000	341,000	320,826	20,174
Other	5,386	5,386	3,088	2,298
Total Administration	653,150	704,150	667,600	36,550
Civic Center Recreation:				
Salaries and Wages	198,379	198,379	198,379	0
Custodial:				
Salaries and Wages	\$343,257	\$343,257	\$343,257	\$0

(continued)

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Civic Center:				
Salaries and Wages	\$571,300	\$623,300	\$620,769	\$2,531
Benefits	198,200	217,200	204,332	12,868
Other	131,462	131,462	107,016	24,446
Total Civic Center	900,962	971,962	932,117	39,845
Total Leisure Time Activities	3,062,947	3,138,947	2,959,592	179,355
Community Environment:				
Building and Lands:				
Salaries and Wages	314,800	335,800	325,830	9,970
Benefits	142,200	127,200	116,530	10,670
Other	476,908	476,908	349,930	126,978
Total Building and Lands	933,908	939,908	792,290	147,618
Technical Services:				
Salaries and Wages	409,700	465,700	462,871	2,829
Benefits	218,932	188,932	169,776	19,156
Other	281,719	291,719	264,821	26,898
Total Technical Services	910,351	946,351	897,468	48,883
IT Department:				
Salaries and Wages	127,500	147,500	138,836	8,664
Benefits	51,600	54,100	46,159	7,941
Other	142,761	142,761	140,471	2,290
Total IT Department	321,861	344,361	325,466	18,895
Building Department:				
Salaries and Wages	206,000	224,000	220,980	3,020
Benefits	91,900	63,900	56,261	7,639
Other	125,984	125,984	111,722	14,262
Total Building Department	423,884	413,884	388,963	24,921
Engineering Department:				
Salaries and Wages	322,900	329,700	323,244	6,456
Benefits	110,500	111,500	99,819	11,681
Other	66,744	85,944	52,522	33,422
Total Engineering Department	\$500,144	\$527,144	\$475,585	\$51,559

(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, 2015

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Economic Department:				
Salaries and Wages	\$132,000	\$144,000	\$142,527	\$1,473
Benefits	50,700	50,700	46,248	4,452
Other	91,459	91,459	45,263	46,196
Total Economic Department	274,159	286,159	234,038	52,121
Boards and Commissions:				
Salaries and Wages	52,300	52,300	45,776	6,524
Benefits	7,600	7,600	6,464	1,136
Other	500	500	22	478
Total Boards and Commissions	60,400	60,400	52,262	8,138
Total Community Environment	3,424,707	3,518,207	3,166,072	352,135
Basic Utility Services:				
Rubbish:				
Salaries and Wages	40,000	20,000	17,929	2,071
Benefits	6,000	6,000	2,737	3,263
Other	284,359	284,359	228,128	56,231
Total Rubbish	330,359	310,359	248,794	61,565
Sewer/Water Control:				
Salaries and Wages	148,900	135,900	126,147	9,753
Benefits	73,400	73,400	56,484	16,916
Other	17,768	17,768	675	17,093
Total Sewer/Water Control	240,068	227,068	183,306	43,762
Total Basic Utility Services	570,427	537,427	432,100	105,327
Transportation:				
Equipment and Motor Pool:				
Salaries and Wages	349,900	310,900	291,099	19,801
Benefits	154,000	136,500	112,507	23,993
Other	425,166	435,166	426,880	8,286
Total Transportation	929,066	882,566	830,486	52,080
<i>Total Expenditures</i>	22,610,188	22,547,188	21,250,012	1,297,176
<i>Excess of Revenues Over</i> <i>(Under) Expenditures</i>	\$7,742,644	\$9,500,636	\$11,057,955	\$1,557,319

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Other Financing Sources (Uses)				
Advances In	\$415,000	\$415,000	\$395,000	(\$20,000)
Advances Out	(405,000)	(1,890,000)	(1,890,000)	0
Transfers In	600,000	0	0	0
Transfers Out	(9,616,500)	(10,281,500)	(10,281,500)	0
<i>Total Other Financing (Uses)</i>	(9,006,500)	(11,756,500)	(11,776,500)	(20,000)
<i>Net Change in Fund Balance</i>	(1,263,856)	(2,255,864)	(718,545)	1,537,319
<i>Fund Balance Beginning of Year</i>	2,341,295	2,341,295	2,341,295	0
Prior Year Encumbrances Appropriated	1,023,788	1,023,788	1,023,788	0
<i>Fund Balance End of Year</i>	\$2,101,227	\$1,109,219	\$2,646,538	\$1,537,319

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$2,360,429	\$2,070,429	\$2,058,208	(\$12,221)
Investment Income	6,700	6,700	5,984	(716)
Payments in Lieu of Taxes	2,158,300	1,486,700	1,497,224	10,524
Miscellaneous	0	0	26,180	26,180
<i>Total Revenues</i>	4,525,429	3,563,829	3,587,596	23,767
Expenditures				
Capital Outlay	9,773,859	12,731,359	11,975,657	755,702
Debt Service:				
Principal Retirement	5,293,800	5,293,800	5,293,750	50
Interest and Fiscal Charges	402,000	402,000	401,927	73
Debt Issuance Cost	23,500	23,500	18,631	4,869
<i>Total Debt Service</i>	5,719,300	5,719,300	5,714,308	4,992
<i>Total Expenditures</i>	15,493,159	18,450,659	17,689,965	760,694
<i>Excess of Revenues Over (Under) Expenditures</i>	(10,967,730)	(14,886,830)	(14,102,369)	784,461
Other Financing Sources (Uses)				
General Obligation Notes Issued	3,500,000	4,300,000	4,300,000	0
OPWC Loans Issued	3,886,796	3,886,796	4,164,161	277,365
Advances In	325,000	3,440,000	3,440,000	0
Advances Out	(238,500)	(520,000)	(500,000)	20,000
<i>Total Other Financing Sources (Uses)</i>	7,473,296	11,106,796	11,404,161	297,365
<i>Net Change in Fund Balance</i>	(3,494,434)	(3,780,034)	(2,698,208)	1,081,826
<i>Fund Balance Beginning of Year</i>	663,981	663,981	663,981	0
Prior Year Encumbrances Appropriated	3,534,037	3,534,037	3,534,037	0
<i>Fund Balance End of Year</i>	\$703,584	\$417,984	\$1,499,810	\$1,081,826

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Miscellaneous	\$165,000	\$40,000	\$55,700	\$15,700
Expenditures				
Capital Outlay	4,172,666	5,280,666	5,187,146	93,520
Debt Service:				
Principal Retirement	911,912	911,900	911,892	8
Interest and Fiscal Charges	267,488	267,500	267,482	18
Total Debt Service	1,179,400	1,179,400	1,179,374	26
<i>Total Expenditures</i>	5,352,066	6,460,066	6,366,520	93,546
<i>Excess of Revenues Over (Under) Expenditures</i>	(5,187,066)	(6,420,066)	(6,310,820)	109,246
Other Financing Sources (Uses)				
Advances In	0	165,000	165,000	0
Transfers In	3,000,000	3,850,000	3,850,000	0
<i>Total Other Financing Sources (Uses)</i>	3,000,000	4,015,000	4,015,000	0
<i>Net Change in Fund Balance</i>	(2,187,066)	(2,405,066)	(2,295,820)	109,246
<i>Fund Balance Beginning of Year</i>	352,995	352,995	352,995	0
Prior Year Encumbrances Appropriated	2,243,165	2,243,165	2,243,165	0
<i>Fund Balance End of Year</i>	\$409,094	\$191,094	\$300,340	\$109,246

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Miscellaneous	\$0	\$68,000	\$0	(\$68,000)
Expenditures				
Capital Outlay	5,740,622	5,971,622	5,684,868	286,754
<i>Excess of Revenues Over (Under) Expenditures</i>	(5,740,622)	(5,903,622)	(5,684,868)	218,754
Other Financing Sources (Uses)				
Transfers In	2,800,000	2,900,000	2,900,000	0
<i>Net Change in Fund Balance</i>	(2,940,622)	(3,003,622)	(2,784,868)	218,754
<i>Fund Balance Beginning of Year</i>	73,983	73,983	73,983	0
Prior Year Encumbrances Appropriated	3,014,622	3,014,622	3,014,622	0
<i>Fund Balance End of Year</i>	<u>\$147,983</u>	<u>\$84,983</u>	<u>\$303,737</u>	<u>\$218,754</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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$32,500	\$32,500	\$37,826	\$5,326
Interest	0	0	288	288
<i>Total Revenues</i>	32,500	32,500	38,114	5,614
Expenditures				
Current:				
Transportation:				
Streets, Sidewalks, and Maintenance:				
Other	50,000	50,000	0	50,000
<i>Net Change in Fund Balance</i>	(17,500)	(17,500)	38,114	55,614
<i>Fund Balance Beginning of Year</i>	94,320	94,320	94,320	0
<i>Fund Balance End of Year</i>	<u>\$76,820</u>	<u>\$76,820</u>	<u>\$132,434</u>	<u>\$55,614</u>

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Motor Vehicle License Tax Fund
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$25,000	\$25,000	\$23,886	(\$1,114)
Interest	0	0	146	146
<i>Total Revenues</i>	25,000	25,000	24,032	(968)
Expenditures				
Current:				
Transportation:				
Streets, Sidewalks, and Maintenance:				
Other	50,000	50,000	0	50,000
<i>Net Change in Fund Balance</i>	(25,000)	(25,000)	24,032	49,032
<i>Fund Balance Beginning of Year</i>	44,941	44,941	44,941	0
<i>Fund Balance End of Year</i>	<u>\$19,941</u>	<u>\$19,941</u>	<u>\$68,973</u>	<u>\$49,032</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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$400,000	\$400,000	\$466,520	\$66,520
Investment Income	0	0	1,749	1,749
Miscellaneous	0	0	40,183	40,183
<i>Total Revenues</i>	<u>400,000</u>	<u>400,000</u>	<u>508,452</u>	<u>108,452</u>
Expenditures				
Current:				
Transportation:				
Streets, Sidewalks, and Maintenance:				
Salaries and Wages	779,400	842,400	809,412	32,988
Benefits	293,222	293,222	282,340	10,882
Other	829,214	829,214	782,556	46,658
<i>Total Expenditures</i>	<u>1,901,836</u>	<u>1,964,836</u>	<u>1,874,308</u>	<u>90,528</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(1,501,836)	(1,564,836)	(1,365,856)	198,980
Other Financing Sources (Uses)				
Transfers In	1,250,000	1,250,000	1,250,000	0
<i>Net Change in Fund Balance</i>	(251,836)	(314,836)	(115,856)	198,980
<i>Fund Balance Beginning of Year</i>	344,940	344,940	344,940	0
Prior Year Encumbrances Appropriated	123,236	123,236	123,236	0
<i>Fund Balance End of Year</i>	<u>\$216,340</u>	<u>\$153,340</u>	<u>\$352,320</u>	<u>\$198,980</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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeitures	\$1,000	\$1,000	\$1,605	\$605
Expenditures				
Current:				
Security of Persons and Property:				
Police Department:				
Other	1,000	1,000	0	1,000
<i>Net Change in Fund Balance</i>	0	0	1,605	1,605
<i>Fund Balance Beginning of Year</i>	10,119	10,119	10,119	0
<i>Fund Balance End of Year</i>	<u>\$10,119</u>	<u>\$10,119</u>	<u>\$11,724</u>	<u>\$1,605</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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeitures	\$5,000	\$5,000	\$2,402	(\$2,598)
Expenditures				
Current:				
Security of Persons and Property:				
Police Department:				
Other	10,000	10,000	0	10,000
<i>Net Change in Fund Balance</i>	(5,000)	(5,000)	2,402	7,402
<i>Fund Balance Beginning of Year</i>	43,910	43,910	43,910	0
<i>Fund Balance End of Year</i>	<u>\$38,910</u>	<u>\$38,910</u>	<u>\$46,312</u>	<u>\$7,402</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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeitures	\$25,000	\$25,000	\$12,217	(\$12,783)
Expenditures				
Current:				
Security of Persons and Property:				
Police Department:				
Other	25,000	25,000	12,217	12,783
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	25,166	25,166	25,166	0
<i>Fund Balance End of Year</i>	<u>\$25,166</u>	<u>\$25,166</u>	<u>\$25,166</u>	<u>\$0</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, 2015

	<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	\$51,470	\$1,470
Expenditures				
Current:				
Security of Persons and Property:				
Police Department:				
Other	61,500	61,500	37,993	23,507
<i>Net Change in Fund Balance</i>	(11,500)	(11,500)	13,477	24,977
<i>Fund Balance Beginning of Year</i>	21,689	21,689	21,689	0
Prior Year Encumbrances Appropriated	11,500	11,500	11,500	0
<i>Fund Balance End of Year</i>	<u>\$21,689</u>	<u>\$21,689</u>	<u>\$46,666</u>	<u>\$24,977</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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeitures	\$12,000	\$12,000	\$6,189	(\$5,811)
Expenditures				
Current:				
General Government:				
Mayor's Court Computer:				
Other	21,988	21,988	17,947	4,041
<i>Net Change in Fund Balance</i>	(9,988)	(9,988)	(11,758)	(1,770)
<i>Fund Balance Beginning of Year</i>	31,301	31,301	31,301	0
Prior Year Encumbrances Appropriated	1,988	1,988	1,988	0
<i>Fund Balance End of Year</i>	<u>\$23,301</u>	<u>\$23,301</u>	<u>\$21,531</u>	<u>(\$1,770)</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, 2015

	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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeitures	\$1,000	\$1,000	\$1,586	\$586
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)	1,586	10,586
<i>Fund Balance Beginning of Year</i>	24,217	24,217	24,217	0
<i>Fund Balance End of Year</i>	<u>\$15,217</u>	<u>\$15,217</u>	<u>\$25,803</u>	<u>\$10,586</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, 2015

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

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Twenty-Five and Alive Fund
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Miscellaneous	\$4,100	\$2,100	\$2,161	\$61
Expenditures				
Current:				
General Government:				
Other General Government:				
Other	5,700	5,700	1,250	4,450
<i>Excess of Revenues Over (Under) Expenditures</i>	(1,600)	(3,600)	911	4,511
Other Financing Sources (Uses)				
Transfers In	0	2,000	2,000	0
<i>Net Change in Fund Balance</i>	(1,600)	(1,600)	2,911	4,511
<i>Fund Balance Beginning of Year</i>	11,525	11,525	11,525	0
Prior Year Encumbrances Appropriated	200	200	200	0
<i>Fund Balance End of Year</i>	<u>\$10,125</u>	<u>\$10,125</u>	<u>\$14,636</u>	<u>\$4,511</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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Miscellaneous	\$50,000	\$50,000	\$59,495	\$9,495
Expenditures				
Current:				
General Government:				
Other General Government:				
Other	50,000	50,000	49,275	725
<i>Excess of Revenues Over (Under) Expenditures</i>	0	0	10,220	10,220
Other Financing Sources (Uses)				
Advances In	50,000	50,000	50,000	0
Advances Out	(50,000)	(50,000)	(50,000)	0
<i>Total Other Financing Sources (Uses)</i>	0	0	0	0
<i>Net Change in Fund Balance</i>	0	0	10,220	10,220
<i>Fund Balance Beginning of Year</i>	17,619	17,619	17,619	0
<i>Fund Balance End of Year</i>	\$17,619	\$17,619	\$27,839	\$10,220

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Miscellaneous	\$4,000	\$4,000	\$3,758	(\$242)
Expenditures				
Current:				
General Government:				
Other General Government:				
Other	7,181	7,181	5,198	1,983
<i>Excess of Revenues Over (Under) Expenditures</i>	(3,181)	(3,181)	(1,440)	1,741
Other Financing Sources (Uses)				
Transfers In	2,000	2,000	2,000	0
<i>Net Change in Fund Balance</i>	(1,181)	(1,181)	560	1,741
<i>Fund Balance Beginning of Year</i>	13,522	13,522	13,522	0
Prior Year Encumbrances Appropriated	182	182	182	0
<i>Fund Balance End of Year</i>	<u>\$12,523</u>	<u>\$12,523</u>	<u>\$14,264</u>	<u>\$1,741</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, 2015

	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	11,114	0
<i>Excess of Revenues Over (Under) Expenditures</i>	(11,114)	(11,114)	(11,114)	0
Other Financing Sources (Uses)				
Transfers In	6,000	6,000	6,000	0
<i>Net Change in Fund Balance</i>	(5,114)	(5,114)	(5,114)	0
<i>Fund Balance Beginning of Year</i>	25,876	25,876	25,876	0
Prior Year Encumbrances Appropriated	4,814	4,814	4,814	0
<i>Fund Balance End of Year</i>	<u>\$25,576</u>	<u>\$25,576</u>	<u>\$25,576</u>	<u>\$0</u>

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Cemetery Fund
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$25,000	\$25,000	\$17,350	(\$7,650)
Expenditures				
Current:				
Public Health and Welfare:				
Cemetery:				
Other	106,930	106,930	47,769	59,161
<i>Excess of Revenues Over (Under) Expenditures</i>	(81,930)	(81,930)	(30,419)	51,511
Other Financing Sources (Uses)				
Transfers In	85,000	85,000	85,000	0
<i>Net Change in Fund Balance</i>	3,070	3,070	54,581	51,511
<i>Fund Balance Beginning of Year</i>	71,263	71,263	71,263	0
Prior Year Encumbrances Appropriated	1,930	1,930	1,930	0
<i>Fund Balance End of Year</i>	<u>\$76,263</u>	<u>\$76,263</u>	<u>\$127,774</u>	<u>\$51,511</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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fees, Licenses and Permits	\$350,000	\$350,000	\$403,904	\$53,904
Miscellaneous	0	0	4,932	4,932
<i>Total Revenues</i>	350,000	350,000	408,836	58,836
Expenditures				
Current:				
Leisure Time Activities:				
Recreation:				
Other	583,140	658,140	633,395	24,745
<i>Excess of Revenues Over (Under) Expenditures</i>	(233,140)	(308,140)	(224,559)	83,581
Other Financing Sources (Uses)				
Transfers In	200,000	200,000	200,000	0
<i>Net Change in Fund Balance</i>	(33,140)	(108,140)	(24,559)	83,581
<i>Fund Balance Beginning of Year</i>	169,427	169,427	169,427	0
Prior Year Encumbrances Appropriated	33,140	33,140	33,140	0
<i>Fund Balance End of Year</i>	<u>\$169,427</u>	<u>\$94,427</u>	<u>\$178,008</u>	<u>\$83,581</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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$110,515	\$126,245	\$121,555	(\$4,690)
Intergovernmental	0	0	10,631	10,631
<i>Total Revenues</i>	110,515	126,245	132,186	5,941
Expenditures				
Current:				
Security of Persons and Property:				
Police Department:				
Other	700,000	700,000	544,812	155,188
<i>Excess of Revenues Over (Under) Expenditures</i>	(589,485)	(573,755)	(412,626)	161,129
Other Financing Sources (Uses)				
Transfers In	450,000	450,000	450,000	0
<i>Net Change in Fund Balance</i>	(139,485)	(123,755)	37,374	161,129
<i>Fund Balance Beginning of Year</i>	500,063	500,063	500,063	0
<i>Fund Balance End of Year</i>	<u>\$360,578</u>	<u>\$376,308</u>	<u>\$537,437</u>	<u>\$161,129</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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Current:				
General Government:				
Other General Government:				
Other	50,000	50,000	20,212	29,788
<i>Excess of Revenues Over (Under) Expenditures</i>	(50,000)	(50,000)	(20,212)	29,788
Other Financing Sources (Uses)				
Advances Out	0	(360,000)	(360,000)	0
Transfers In	110,000	110,000	110,000	0
<i>Total Other Financing Sources (Uses)</i>	110,000	(250,000)	(250,000)	0
<i>Net Change in Fund Balance</i>	60,000	(300,000)	(270,212)	29,788
<i>Fund Balance Beginning of Year</i>	613,922	613,922	613,922	0
<i>Fund Balance End of Year</i>	\$673,922	\$313,922	\$343,710	\$29,788

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, 2015

	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 (Under) 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>	700,000	700,000	700,000	0
<i>Fund Balance End of Year</i>	<u>\$800,000</u>	<u>\$800,000</u>	<u>\$800,000</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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Current:				
General Government:				
Economic Development:				
Other	375,000	520,000	495,000	25,000
<i>Excess of Revenues Over (Under) Expenditures</i>	(375,000)	(520,000)	(495,000)	25,000
Other Financing Sources (Uses)				
Transfers In	375,000	555,000	555,000	0
<i>Net Change in Fund Balance</i>	0	35,000	60,000	25,000
<i>Fund Balance Beginning of Year</i>	65,000	65,000	65,000	0
<i>Fund Balance End of Year</i>	<u>\$65,000</u>	<u>\$100,000</u>	<u>\$125,000</u>	<u>\$25,000</u>

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Bond Retirement Fund
For the Year Ended December 31, 2015

	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	0	5,000
<i>Net Change in Fund Balance</i>	(5,000)	(5,000)	0	5,000
<i>Fund Balance Beginning of Year</i>	50,932	50,932	50,932	0
<i>Fund Balance End of Year</i>	\$45,932	\$45,932	\$50,932	\$5,000

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay	425,819	525,819	491,069	34,750
Debt Service:				
Principal Retirement	10,400	10,828	10,828	0
Interest and Fiscal Charges	1,300	872	618	254
Total Debt Service	11,700	11,700	11,446	254
<i>Total Expenditures</i>	437,519	537,519	502,515	35,004
<i>Excess of Revenues Over (Under) Expenditures</i>	(437,519)	(537,519)	(502,515)	35,004
Other Financing Sources (Uses)				
Transfers In	350,000	385,000	385,000	0
<i>Net Change in Fund Balance</i>	(87,519)	(152,519)	(117,515)	35,004
<i>Fund Balance Beginning of Year</i>	24,967	24,967	24,967	0
Prior Year Encumbrances Appropriated	145,819	145,819	145,819	0
<i>Fund Balance End of Year</i>	<u>\$83,267</u>	<u>\$18,267</u>	<u>\$53,271</u>	<u>\$35,004</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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Special Assessments	\$4,000	\$10,000	\$10,000	\$0
Expenditures				
Capital Outlay	500	100	0	100
<i>Excess of Revenues Over (Under) Expenditures</i>	3,500	9,900	10,000	100
Other Financing Sources (Uses)				
Advances Out	0	(10,000)	(10,000)	0
<i>Net Change in Fund Balance</i>	3,500	(100)	0	100
<i>Fund Balance Beginning of Year</i>	164	164	164	0
<i>Fund Balance End of Year</i>	<u>\$3,664</u>	<u>\$64</u>	<u>\$164</u>	<u>\$100</u>

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Issue II Fund
For the Year Ended December 31, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Special Assessments	\$50,000	\$50,000	\$47,495	(\$2,505)
Expenditures				
Capital Outlay	1,000	1,000	0	1,000
Debt Service:				
Principal Retirement	44,416	44,400	44,358	42
Interest and Fiscal Charges	12,584	12,600	12,567	33
Total Debt Service	57,000	57,000	56,925	75
<i>Total Expenditures</i>	58,000	58,000	56,925	1,075
<i>Net Change in Fund Balance</i>	(8,000)	(8,000)	(9,430)	(1,430)
<i>Fund Balance Beginning of Year</i>	167,282	167,282	167,282	0
<i>Fund Balance End of Year</i>	<u>\$159,282</u>	<u>\$159,282</u>	<u>\$157,852</u>	<u>(\$1,430)</u>

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, 2015

	<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				
Capital Outlay	<u>681,583</u>	<u>681,583</u>	<u>678,217</u>	<u>3,366</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(681,583)	(681,583)	(678,217)	3,366
Other Financing Sources (Uses)				
Transfers In	<u>275,000</u>	<u>275,000</u>	<u>275,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(406,583)	(406,583)	(403,217)	3,366
<i>Fund Balance Beginning of Year</i>	29,704	29,704	29,704	0
Prior Year Encumbrances Appropriated	<u>413,384</u>	<u>413,384</u>	<u>413,384</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$36,505</u></u>	<u><u>\$36,505</u></u>	<u><u>\$39,871</u></u>	<u><u>\$3,366</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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Debt Service:				
Principal Retirement	11,300	11,300	11,250	50
<i>Excess of Revenues Over (Under) Expenditures</i>	(11,300)	(11,300)	(11,250)	50
Other Financing Sources (Uses)				
Transfers In	11,500	11,500	11,500	0
<i>Net Change in Fund Balance</i>	200	200	250	50
<i>Fund Balance Beginning of Year</i>	845	845	845	0
<i>Fund Balance End of Year</i>	<u>\$1,045</u>	<u>\$1,045</u>	<u>\$1,095</u>	<u>\$50</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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Investment Income	\$0	\$0	\$762	\$762
Miscellaneous	50,000	285,000	248,896	(36,104)
<i>Total Revenues</i>	<u>50,000</u>	<u>285,000</u>	<u>249,658</u>	<u>(35,342)</u>
Expenses				
Contractual Services	0	6,419	6,419	0
Claims	260,542	304,123	304,046	77
<i>Total Expenses</i>	<u>260,542</u>	<u>310,542</u>	<u>310,465</u>	<u>77</u>
<i>Excess of Revenues Over (Under) Expenses</i>	(210,542)	(25,542)	(60,807)	(35,265)
Other Financing Sources (Uses)				
Advances Out	0	(1,240,000)	(1,240,000)	0
Operating Transfers In	0	100,000	100,000	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>(1,140,000)</u>	<u>(1,140,000)</u>	<u>0</u>
<i>Net Change in Fund Equity</i>	(210,542)	(1,165,542)	(1,200,807)	(35,265)
<i>Fund Equity Beginning of Year</i>	1,398,319	1,398,319	1,398,319	0
Prior Year Encumbrances Appropriated	60,542	60,542	60,542	0
<i>Fund Equity End of Year</i>	<u>\$1,248,319</u>	<u>\$293,319</u>	<u>\$258,054</u>	<u>(\$35,265)</u>

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Statistical Section



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Statistical Section

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

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>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Governmental Activities				
Net Investment in Capital Assets	\$75,013,690	\$70,074,840	\$64,925,722	\$62,244,507
Restricted:				
Capital Projects	8,807,685	7,906,956	7,231,782	6,332,527
State Highway	149,136	111,791	103,078	63,120
Street Construction, Maintenance and Repair	539,077	585,918	913,005	785,419
Police Pension	532,177	463,968	475,691	493,713
Other Purposes	248,778	210,794	275,126	612,104
Unrestricted	<u>(294,571)</u>	<u>(618,913)</u>	<u>17,847,927</u>	<u>16,064,345</u>
<i>Total Governmental Activities Net Position</i>	<u><u>\$84,995,972</u></u>	<u><u>\$78,735,354</u></u>	<u><u>\$91,772,331</u></u>	<u><u>\$86,595,735</u></u>

Note: The City reported the impact of GASB Statement No. 68 beginning in 2014.

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

2011	2010	2009	2008	2007	2006
\$61,396,249	\$60,224,288	\$58,812,856	\$58,712,220	\$55,982,088	\$51,169,988
5,970,224	5,626,721	5,682,081	5,045,601	4,749,445	4,666,275
50,709	47,440	160,172	128,179	252,401	102,812
488,409	417,443	370,883	229,877	349,348	319,972
266,244	178,065	0	0	0	0
382,347	376,685	729,207	479,632	235,472	313,121
13,997,009	8,859,361	9,641,596	7,570,792	7,132,575	10,334,270
<u>\$82,551,191</u>	<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>

City of Independence, Ohio

Changes in Net Position

Last Ten Years

(Accrual Basis of Accounting)

	2015 (3)	2014	2013	2012
Program Revenues				
Governmental Activities:				
Charges for Services and Sales:				
General Government	\$396,719	\$377,216	\$414,541	\$306,760
Security of Persons and Property	606,527	562,774	516,590	537,653
Public Health and Welfare	17,350	23,565	20,244	24,625
Leisure Time Activities	603,786	559,216	67,118	456,211
Community Environment	236,479	198,060	194,238	125,813
Basic Utility Services	29,160	30,306	36,172	28,388
Transportation	56,063	45,279	548,161	76,006
Operating Grants and Contributions	524,252	493,672	603,478	534,869
Capital Grants and Assessments	1,189,630	1,567,822	114,562	95,572
<i>Total Government Activities Program Revenues</i>	<u>3,659,966</u>	<u>3,857,910</u>	<u>2,515,104</u>	<u>2,185,897</u>
Expenses				
Governmental Activities:				
General Government	9,037,847	8,650,919	8,587,665	8,505,708
Security of Persons and Property	8,961,555	9,005,655	8,389,502	8,572,099
Public Health and Welfare	48,133	78,417	110,014	96,354
Leisure Time Activities	3,684,540	3,767,299	3,463,666	3,470,342
Community Environment	3,543,729	3,096,160	2,739,330	2,492,457
Basic Utility Services	490,196	547,380	570,714	578,200
Transportation	4,669,027	4,465,226	3,199,635	3,754,236
Intergovernmental	0	0	0	0
Interest and Fiscal Charges	632,480	652,020	764,052	1,098,008
<i>Total Governmental Activities Expenses</i>	<u>31,067,507</u>	<u>30,263,076</u>	<u>27,824,578</u>	<u>28,567,404</u>
Net (Expense)/Revenue				
Governmental Activities	<u>(27,407,541)</u>	<u>(26,405,166)</u>	<u>(25,309,474)</u>	<u>(26,381,507)</u>
General Revenues and Other Changes in Net Position				
Governmental Activities				
Property and Other Local Taxes Levied For (1):				
General Purposes	818,505	814,219	868,418	877,092
Debt Service	0	0	0	0
Other Purposes	131,059	129,669	134,216	138,482
Municipal Income Tax levied for General Purposes	28,691,285	24,615,423	26,429,663	25,743,991
Estate Taxes (2)	0	0	0	0
Hotel/Motel Tax Levied for General Purposes	1,356,711	1,319,446	1,293,185	1,188,902
Amusement Tax Levied for General Purposes	0	0	0	11,078
Grants and Entitlements not Restricted to Specific Programs	270,740	259,332	757,689	404,523
Investment Income	60,762	61,208	68,148	89,027
Payments in Lieu of Taxes	1,635,817	1,348,759	1,094,482	1,289,281
Miscellaneous	703,280	561,514	366,333	683,675
<i>Total Governmental Activities General Revenues</i>	<u>33,668,159</u>	<u>29,109,570</u>	<u>31,012,134</u>	<u>30,426,051</u>
Change in Governmental Activities Net Position	<u>\$6,260,618</u>	<u>\$2,704,404</u>	<u>\$5,702,660</u>	<u>\$4,044,544</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.
(3) Expenses are first impacted by the implementation of GASB Statement No. 68 beginning in 2015.

2011	2010	2009	2008	2007	2006
\$292,763	\$458,491	\$306,346	\$228,665	\$163,975	\$186,680
491,945	660,947	427,036	426,786	285,474	380,208
32,305	29,091	35,615	80,519	1,605	5,601
447,776	544,419	467,713	497,839	449,308	388,899
99,303	164,973	100,143	110,965	73,080	74,654
23,449	38,713	26,540	24,477	19,201	19,305
33,168	56,584	33,412	38,807	28,045	28,936
448,183	503,565	471,385	509,418	594,026	474,954
387,666	126,493	161,639	32,489	6,871,738	425,251
<u>2,256,558</u>	<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>
8,703,896	8,438,678	7,220,679	6,550,823	6,994,963	8,191,861
8,350,722	8,589,758	8,391,597	8,812,839	8,396,575	7,642,209
93,610	92,233	86,508	146,451	51,713	150,106
3,345,289	3,290,294	3,236,299	3,350,070	3,178,450	2,780,531
2,130,225	2,297,512	2,193,992	2,514,940	2,375,832	2,020,142
913,604	899,624	735,732	705,039	699,018	938,050
4,546,613	3,748,132	4,375,394	4,669,006	6,222,871	3,459,425
0	0	0	0	6,777,393	0
386,620	1,225,360	1,279,989	1,418,440	1,578,292	1,618,688
<u>28,470,579</u>	<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>(26,214,021)</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>
900,223	719,362	1,167,611	1,016,192	1,151,317	2,024,599
0	220,812	368,719	318,699	326,369	313,916
128,505	111,137	184,358	170,232	203,220	160,227
24,050,310	21,115,584	23,982,611	22,488,246	23,387,075	21,378,552
4,785,946	550,909	0	0	0	0
1,072,995	981,164	939,861	1,150,342	1,088,235	0
8,268	15,273	18,078	18,027	19,796	0
457,658	747,657	789,889	1,548,168	796,657	859,930
75,505	120,620	143,810	368,767	770,803	604,679
934,263	1,279,283	669,941	1,880,535	876,043	226,583
621,536	469,722	455,977	723,407	964,031	950,187
<u>33,035,209</u>	<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>\$6,821,188</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>

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

	2015	2014	2013	2012
General Fund				
Reserved	\$0	\$0	\$0	\$0
Unreserved	0	0	0	0
Nonspendable	16,339,485	14,475,791	9,658,313	9,604,531
Assigned	1,081,128	2,469,127	2,848,726	3,081,515
Unassigned	5,037,506	4,227,716	8,228,235	6,656,522
Total General Fund	<u>22,458,119</u>	<u>21,172,634</u>	<u>20,735,274</u>	<u>19,342,568</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	4,510	7,174	0	0
Restricted	9,644,441	8,703,905	7,812,603	4,772,796
Committed	417,280	355,523	307,434	253,832
Unassigned (Deficit)	(14,332,066)	(12,423,277)	(9,149,791)	(8,628,368)
Total All Other Governmental Funds	<u>(4,265,835)</u>	<u>(3,356,675)</u>	<u>(1,029,754)</u>	<u>(3,601,740)</u>
Total Governmental Funds	<u>\$18,192,284</u>	<u>\$17,815,959</u>	<u>\$19,705,520</u>	<u>\$15,740,828</u>

Note: The City implemented GASB 54 in 2011.

2011	2010	2009	2008	2007	2006
\$0	\$0	\$6,970,514	\$6,469,398	\$5,685,909	\$2,319,792
0	0	5,821,100	4,810,920	5,234,359	8,859,983
9,683,982	8,136,230	0	0	0	0
1,409,336	643,004	0	0	0	0
9,057,536	5,680,452	0	0	0	0
<u>20,150,854</u>	<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>
0	0	4,302,965	4,004,877	6,058,850	3,077,867
0	0	956,246	573,411	364,175	457,896
0	0	(7,647,339)	(7,267,284)	(6,531,435)	364,832
0	0	(393,020)	(32,682)	(2,108,901)	(2,719,260)
1,875,000	1,875,000	0	0	0	0
4,415,800	4,152,964	0	0	0	0
203,276	161,907	0	0	0	0
(10,369,372)	(9,255,698)	0	0	0	0
<u>(3,875,296)</u>	<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>\$16,275,558</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>

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

	2015	2014	2013	2012
Revenues				
Taxes (1)	\$30,002,321	\$26,344,858	\$28,297,945	\$27,059,648
Intergovernmental	1,921,663	2,409,871	1,338,264	821,712
Investment Income	50,096	45,874	65,759	65,720
Fees, Licenses and Permits	864,963	737,548	674,645	665,541
Fines and Forfeitures	311,054	259,754	304,447	323,332
Charges for Services	549,570	557,486	590,273	312,093
Rentals	220,497	241,628	227,699	221,322
Special Assessments	57,495	175,629	50,442	54,732
Payment in Lieu of Taxes	1,497,224	1,273,291	1,307,885	914,807
Miscellaneous	461,420	550,560	366,333	683,675
<i>Total Revenues</i>	<u>35,936,303</u>	<u>32,596,499</u>	<u>33,223,692</u>	<u>31,122,582</u>
Expenditures				
Current:				
General Government	5,855,234	5,549,948	6,165,368	5,689,973
Security of Persons and Property	8,303,665	8,313,475	7,164,583	8,078,230
Public Health and Welfare	48,085	76,612	101,608	95,769
Leisure Time Activities	3,529,611	3,449,266	3,310,319	3,297,852
Community Environment	3,422,437	2,942,887	2,687,884	2,430,958
Basic Utility Services	420,393	448,869	499,164	546,855
Transportation:				
Intergovernmental	0	0	0	0
Other	2,606,959	2,589,496	2,599,750	2,359,506
Capital Outlay	12,814,813	8,431,969	4,963,406	5,413,460
Debt Service:				
Principal Retirement	1,572,078	1,540,123	1,128,199	248,277
Refunded Notes Redeemed	4,300,000	4,700,000	4,500,000	7,100,000
Interest and Fiscal Charges	682,233	719,884	840,930	931,817
Debt Issuance Costs	18,631	124,813	33,979	39,867
<i>Total Expenditures</i>	<u>43,574,139</u>	<u>38,887,342</u>	<u>33,995,190</u>	<u>36,232,564</u>
<i>Excess of Revenues Over</i> <i>(Under) Expenditures</i>	<u>(7,637,836)</u>	<u>(6,290,843)</u>	<u>(771,498)</u>	<u>(5,109,982)</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	0	0	0	0
Current Refunding	0	0	0	0
Refunding Notes Issued	3,950,000	4,300,000	4,700,000	4,500,000
General Obligation Refunding Bonds Issued	0	4,305,000	0	0
OPWC Loan Issued	4,164,161	0	0	0
OWDA Loan Issued	0	0	0	42,852
Premium on General Obligation Bonds	0	299,647	0	0
Premium on Refunding Notes	0	0	36,190	32,400
Payment to Refunded Bond Escrow Agent	0	(4,503,365)	0	0
Transfers In	9,416,500	7,821,500	9,631,100	9,817,000
Transfers Out	(9,516,500)	(7,821,500)	(9,631,100)	(9,817,000)
<i>Total Other Financing Sources (Uses)</i>	<u>8,014,161</u>	<u>4,401,282</u>	<u>4,736,190</u>	<u>4,575,252</u>
<i>Net Change in Fund Balances</i>	<u>\$376,325</u>	<u>(\$1,889,561)</u>	<u>\$3,964,692</u>	<u>(\$534,730)</u>
Debt Service as a Percentage of Noncapital Expenditures	19.9%	21.6%	21.5%	25.7%

(1) Includes All Taxes

2011	2010	2009	2008	2007	2006
\$30,438,989	\$24,505,900	\$24,760,639	\$25,645,624	\$25,700,104	\$23,702,165
1,453,994	1,802,980	1,463,683	2,028,911	8,039,065	1,819,536
75,505	67,424	75,323	245,344	590,439	466,309
674,082	749,258	639,937	691,127	709,936	681,069
320,814	552,602	462,930	378,855	298,541	394,785
275,753	393,243	50,765	83,205	12,211	18,021
150,060	258,115	243,173	254,871	0	1,808
51,439	58,064	89,812	54,539	88,289	54,674
1,388,145	1,033,254	1,272,801	770,376	712,048	226,583
621,536	469,722	446,465	723,407	873,393	950,187
<u>35,450,317</u>	<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>
6,057,103	5,832,145	5,785,603	5,356,297	5,534,996	5,233,963
8,049,439	8,343,766	8,100,541	8,450,592	8,024,379	7,684,493
92,369	92,021	86,508	96,797	49,480	156,935
3,268,970	3,237,635	3,187,729	3,313,837	3,065,576	2,843,285
2,057,304	2,241,800	2,136,723	2,472,765	2,315,832	2,098,700
496,390	526,243	565,095	552,082	592,856	540,928
0	0	0	0	6,777,393	0
2,301,417	2,534,624	2,390,799	2,725,884	2,450,069	2,118,211
6,633,360	3,693,599	1,905,592	4,511,425	8,292,293	9,286,939
1,485,600	1,445,553	1,390,398	1,365,248	1,359,148	1,247,070
0	0	1,200,000	600,000	600,000	600,000
900,657	1,260,627	1,330,508	1,579,585	1,620,157	1,751,059
231,073	43,200	0	0	0	0
<u>31,573,682</u>	<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>3,876,635</u>	<u>639,349</u>	<u>1,426,032</u>	<u>(148,253)</u>	<u>(3,658,153)</u>	<u>(5,246,446)</u>
0	0	20,125	3,936	0	0
(6,600,000)	(5,900,000)	(5,900,000)	(7,100,000)	(7,700,000)	(8,300,000)
7,100,000	6,600,000	5,900,000	7,100,000	7,700,000	8,300,000
16,935,000	0	0	0	0	0
225,000	0	0	0	0	0
9,668	0	0	0	0	0
959,129	44,044	5,669	0	0	0
82,573	0	0	0	0	0
(17,706,306)	0	0	0	0	0
8,375,800	8,376,500	5,576,485	7,669,000	11,268,134	5,557,000
(8,375,800)	(8,376,500)	(5,576,485)	(7,669,000)	(11,268,134)	(5,557,000)
<u>1,005,064</u>	<u>744,044</u>	<u>25,794</u>	<u>3,936</u>	<u>0</u>	<u>0</u>
<u>\$4,881,699</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>
8.7%	10.1%	10.1%	13.4%	10.4%	14.3%

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
2015	\$251,749,270	\$181,909,760	\$1,239,025,800	\$20,192,650	\$22,946,193
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

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	\$453,851,680	\$1,261,971,993	35.96%	\$2.20
0	0	458,014,830	1,276,000,766	35.89	2.20
0	0	456,374,110	1,273,754,660	35.83	2.20
0	0	455,719,670	1,274,340,952	35.76	2.20
0	0	479,219,710	1,344,052,960	35.65	2.20
0	0	480,541,670	1,349,084,746	35.62	2.60
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	1,514,137,988	34.72	2.80

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

	2015	2014	2013	2012
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	\$34.1022	\$34.3800	\$36.0000	\$33.7028
Commercial/Industrial and Public Utility Real	36.1000	35.8000	34.5646	35.2000
General Business and Public Utility Personal	36.1000	35.8000	36.0000	35.2000
Cuyahoga Valley Career Center				
Residential/Agricultural Real	2.0000	2.0000	2.0000	2.0000
Commercial/Industrial and Public Utility Real	2.0000	2.0000	2.0000	2.0000
General Business and Public Utility Personal	2.0000	2.0000	2.0000	2.0000
Cuyahoga County				
Residential/Agricultural Real	13.8698	14.0500	14.0500	13.2200
Commercial/Industrial and Public Utility Real	14.0500	14.0200	14.0500	12.9968
General Business and Public Utility Personal	14.0500	14.0500	13.9495	13.2200
Special Taxing Districts (1)				
Residential/Agricultural Real	9.2368	9.3600	10.4800	7.5635
Commercial/Industrial and Public Utility Real	9.3676	9.3400	10.4639	7.4621
General Business and Public Utility Personal	9.3800	9.3800	10.3843	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

2011	2010	2009	2008	2007	2006
\$1.9000	\$1.9000	\$1.9000	\$1.9000	\$1.9000	\$1.9000
0.3000	0.3000	0.3000	0.3000	0.3000	0.3000
2.2000	2.2000	2.2000	2.2000	2.2000	2.2000
0.0000	0.4000	0.6000	0.6000	0.6000	0.6000
\$2.2000	\$2.6000	\$2.8000	\$2.8000	\$2.8000	\$2.8000

\$32.9393	\$29.8969	\$30.0066	\$29.2736	\$29.3470	\$28.5895
34.0233	30.9096	30.8481	29.7397	29.8339	29.9017
34.9000	31.9000	32.0000	31.4000	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	13.1866	13.1789	12.6607	11.8688	11.7227
12.8413	12.8413	12.8457	12.8153	12.4535	12.5880
13.3200	13.3200	13.3200	13.3200	13.4200	13.5200

7.5041	7.4900	7.0068	6.6597	5.9676	6.2900
7.3648	7.3450	6.9119	6.8911	6.2519	6.5596
7.5800	7.5800	7.2800	7.2800	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
2015	\$1,008,975	\$932,934	92.46%	\$22,666
2014	1,005,375	888,506	88.38	30,503
2013	1,005,183	941,152	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

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>
\$955,600	94.71%	\$442,852	43.89%
919,009	91.41	372,888	37.09
967,319	96.23	346,308	34.45
2,125,647	71.82	837,915	28.31
2,354,962	74.30	808,231	25.50
2,374,549	72.69	939,371	28.76
2,588,016	102.61	1,145,874	45.43
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

City of Independence, Ohio
Principal Real Property Taxpayers
2015 and 2007 (1)

<i>2015</i>		
Taxpayer	Real Property Assessed Valuation	Percentage of Total Assessed Valuation
FMC Investment Opportunities	\$15,406,620	3.55 %
Cleveland-Cuyahoga County Port Authority	14,700,000	3.39
Cleveland Clinic	12,885,570	2.97
Cleveland Electric Illuminating Company	11,219,490	2.59
Summit Cleveland Realty LP	10,133,040	2.34
Rockside-77 Properties LLC	9,135,010	2.11
City of Independence	7,244,450	1.67
Duke Realty Ohio	6,433,400	1.48
Rockside Magnolia SCC LLC	6,213,970	1.43
AP/AM Independence Suites LLC	6,064,450	1.40
Total	\$99,436,000	22.93 %
Total Real Property Assessed Valuation	\$433,659,030	

<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>
2015	2.00%	\$28,765,250	\$24,459,092	85.03%	\$3,118,153	10.84%	\$1,188,005	4.13%
2014	2.00	24,615,423	21,248,033	86.32	2,424,619	9.85	942,771	3.83
2013	2.00	26,429,663	22,393,040	84.73	3,107,726	11.76	928,897	3.51
2012	2.00	25,743,991	21,957,050	85.29	2,777,777	10.79	1,009,164	3.92
2011	2.00	24,050,310	21,013,688	87.37	2,119,560	8.82	917,062	3.81
2010	2.00	21,115,584	18,391,674	87.10	1,942,634	9.20	781,276	3.70
2009	2.00	23,982,611	20,306,077	84.67	2,724,424	11.36	952,110	3.97
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

(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 2015 and 2008 (1)

Tax Year 2015 (2)				
Income Range	Number of Filers	Percent of Filers	Taxable Income	Percent of Taxable Income
Over \$100,000	759	26.73 %	\$159,504,689	66.54 %
75,001-100,000	296	10.43	26,066,729	10.87
50,001-75,000	387	13.63	28,317,371	11.81
25,000-50,000	455	16.03	16,780,369	7.00
Under 25,000	942	33.18	9,052,202	3.78
Total	<u>2,839</u>	<u>100.00 %</u>	<u>\$239,721,360</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 2014

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
2015	\$18,620,960	\$1,261,971,993	1.48%	2,583
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

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
2015	\$18,620,960	\$0	\$4,349,786	\$11,177	\$3,950,000
2014	20,253,380	0	196,875	22,005	4,300,000
2013	21,540,762	0	211,509	32,494	4,712,069
2012	22,706,384	0	229,526	42,676	4,510,800
2011	22,947,006	0	241,918	4,785	7,127,524
2010	23,983,905	522,222	23,685	0	6,614,681
2009	25,439,723	554,074	30,452	0	5,901,889
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

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

Capital Leases	Total	Percentage of Personal Income	Per Capita
\$0	\$26,931,923	10.46 %	\$3,736
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

City of Independence, Ohio

Legal Debt Margin

Last Ten Years

	2015	2014	2013	2012
Total Assessed Property Value	<u>\$453,851,680</u>	<u>\$458,014,830</u>	<u>\$456,374,110</u>	<u>\$455,719,670</u>
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	<u>\$47,654,426</u>	<u>\$48,091,557</u>	<u>\$47,919,282</u>	<u>\$47,850,565</u>
Debt Outstanding:				
General Obligation Bonds	17,640,000	19,190,000	20,620,000	21,720,000
Special Assessment Bonds	0	0	0	0
OPWC Loans	4,349,786	196,875	211,509	229,526
OWDA Loan	11,177	22,005	32,494	42,676
Notes	<u>4,300,000</u>	<u>4,700,000</u>	<u>5,450,000</u>	<u>6,800,000</u>
Total Gross Indebtedness	26,300,963	24,108,880	26,314,003	28,792,202
Less:				
General Obligation Bonds	(4,215,000)	(4,445,000)	(4,605,000)	(4,785,000)
Special Assessment Bonds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Net Debt Applicable to Debt Limit	<u>22,085,963</u>	<u>19,663,880</u>	<u>21,709,003</u>	<u>24,007,202</u>
Legal Debt Margin Within 10 ½ % Limitations	<u>\$25,568,463</u>	<u>\$28,427,677</u>	<u>\$26,210,279</u>	<u>\$23,843,363</u>
Legal Debt Margin as a Percentage of the Debt Limit	53.65%	59.11%	54.70%	49.83%
Unvoted Debt Limitation (5 ½ % of Assessed Valuation)	<u>\$24,961,842</u>	<u>\$25,190,816</u>	<u>\$25,100,576</u>	<u>\$25,064,582</u>
Gross Indebtedness	26,300,963	24,108,880	26,314,003	28,792,202
Less:				
General Obligation Bonds	(4,215,000)	(4,445,000)	(4,605,000)	(4,785,000)
Special Assessment Bonds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Debt Within 5 ½ % Limitations	<u>22,085,963</u>	<u>19,663,880</u>	<u>21,709,003</u>	<u>24,007,202</u>
Unvoted Legal Debt Margin Within 5 ½ % Limitations	<u>\$2,875,879</u>	<u>\$5,526,936</u>	<u>\$3,391,573</u>	<u>\$1,057,380</u>
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	11.52%	21.94%	13.51%	4.22%

Source: City Financial Records

2011	2010	2009	2008	2007	2006
<u>\$479,219,710</u>	<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>\$50,318,070</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>
21,895,000	23,235,000	24,640,000	25,990,000	27,315,000	28,615,000
0	500,000	530,000	560,000	590,000	620,000
241,918	23,685	30,452	37,219	43,986	50,753
4,785	0	0	0	0	0
<u>7,100,000</u>	<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>
29,241,703	31,458,685	32,300,452	34,287,219	36,248,986	38,185,753
(4,960,000)	(12,255,000)	(12,675,000)	(13,075,000)	(13,470,000)	(13,860,000)
0	(500,000)	(530,000)	(560,000)	(590,000)	(620,000)
<u>24,281,703</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>\$26,036,367</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>
51.74%	62.93%	63.70%	63.50%	60.64%	57.06%
<u>\$26,357,084</u>	<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>
29,241,703	31,458,685	32,300,452	34,287,219	36,248,986	38,185,753
(4,960,000)	(12,255,000)	(12,675,000)	(13,075,000)	(13,470,000)	(13,860,000)
0	(500,000)	(530,000)	(560,000)	(590,000)	(620,000)
<u>24,281,703</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>\$2,075,381</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>
7.87%	29.23%	30.71%	30.31%	24.87%	18.02%

City of Independence, Ohio
*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
December 31, 2015*

	Debt Attributable to Governmental Activities	Percentage Applicable to City (1)	Amount of Direct and Overlapping Debt
Direct Debt:			
City of Independence			
General Obligation Bonds	\$18,620,960	100.00 %	\$18,620,960
OPWC Loan	4,349,786	100.00	4,349,786
OWDA Loan	11,177	100.00	11,177
Notes Payable	<u>3,950,000</u>	100.00	<u>3,950,000</u>
<i>Total Direct Debt</i>	<u>26,931,923</u>		<u>26,931,923</u>
Overlapping Debt:			
Independence Local School District Bonds	14,796,246	100.00	14,796,246
Cuyahoga County			
General Obligation Bonds	265,325,306	1.65	4,377,868
Revenue Bonds	632,267,039	1.65	10,432,406
Certificates of Participation	256,864,058	1.65	4,238,257
Loans Payable	3,641,944	1.65	60,092
Capital Lease Obligations	454,910,836	1.65	7,506,029
Greater Cleveland Regional Transit Authority			
General Obligation Bonds	120,519,194	1.65	1,988,567
Capital Lease Obligations	<u>12,634,072</u>	1.65	<u>208,462</u>
<i>Total Overlapping Debt</i>	<u>1,760,958,695</u>		<u>43,607,927</u>
<i>Total Direct and Overlapping Debt</i>	<u><u>\$1,787,890,618</u></u>		<u><u>\$70,539,850</u></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 2015 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	
2015	7,209	\$257,570,361	\$35,729	\$74,411	5.0%	4.9%	9.73
2014	7,169	247,258,810	34,490	67,471	5.5	5.1	9.73
2013	7,136	231,484,704	32,439	73,403	7.2	7.1	9.73
2012	7,083	248,117,490	35,030	70,432	6.6	6.8	9.73
2011	7,133	231,387,387	32,439	73,403	7.1	8.7	9.73
2010	7,133	223,448,358	31,326	69,727	8.6	10.1	9.73
2009	7,109	285,000,000	40,090	65,059	9.0	10.2	9.73
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

(1) Years 2006-2009 - U.S. Census Bureau 2000; 2010-2011 - U.S. Census Bureau 2010; 2012-2015 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

2015 and 2008 (1)

2015			
Employer	Nature of Activity	Employees	Percentage of Total City Employment
Cleveland Clinic Foundation	Health Care	1,500	7.95 %
City of Independence	Municipality	515	2.73
L D Kichler Co	Lighting Products	500	2.65
CC Home Care	Health Care	415	2.20
Independence Local School District	Education	332	1.76
Airgas USA LLC	Gas Industry	332	1.76
SIRVA INC	Mortgage Company	300	1.59
Farmers Group Incorporated	Insurance Company	298	1.58
Travelers Indemnity Company	Insurance Company	208	1.10
Goodrich Company	Engineering Company	166	0.88
Total		<u>4,566</u>	<u>24.20 %</u>
Total Employment within the City		<u>18,871</u>	

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		<u>4,565</u>	<u>22.79 %</u>
Total Employment within the City		<u>20,028</u>	

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

(1) Information prior to 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	2015	2014	2013	2012
General Government				
Council	4.50	4.50	4.50	5.00
Mayor	3.50	3.50	2.50	2.50
Finance	3.50	3.00	3.50	3.50
Purchasing	1.00	1.00	1.00	1.50
Mayor's Court	3.00	3.00	3.00	3.00
Technology	2.00	2.00	2.00	2.00
Engineering	5.50	4.50	4.00	4.00
Administrative Support	7.50	5.00	5.00	4.50
Security of Persons and Property				
Police	46.50	47.50	47.50	48.00
Fire	28.00	24.50	24.50	26.50
Leisure Time Activities				
Recreation Center	51.50	50.00	50.00	45.00
Community Services	17.00	14.00	14.00	15.00
Community Environment				
Building Inspection	4.50	5.00	4.00	5.50
Transportation				
Service and Technical Service	40.00	41.00	42.00	45.00
Totals:	<u>218.00</u>	<u>208.50</u>	<u>207.50</u>	<u>211.00</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

2011	2010	2009	2008	2007	2006
5.00	5.00	5.00	5.50	5.50	5.50
2.50	2.50	2.50	2.50	2.50	2.50
3.50	4.00	4.00	4.00	3.50	3.50
1.50	1.00	1.00	1.00	1.50	1.50
3.00	3.00	3.00	3.00	3.50	3.50
1.00	1.00	1.00	1.00	1.00	1.00
4.00	3.00	3.00	1.50	0.50	0.50
4.00	4.00	4.00	4.00	3.50	3.50
50.00	51.00	51.00	53.50	56.50	54.00
28.00	28.00	28.00	27.00	28.00	28.00
49.00	42.50	42.50	47.00	43.00	40.50
16.00	23.50	23.50	22.00	22.50	21.00
3.00	3.00	3.00	5.00	6.00	6.00
50.50	51.00	51.00	47.00	50.00	50.00
221.00	222.50	222.50	224.00	227.50	221.00

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

Function/Program	2015	2014	2013	2012
General Government				
Square Footage of Building (1)	35,200	35,200	35,200	35,200
Building Department Vehicles	1.5	4	4	4
Other Department Vehicles	7	5	5	5
Police				
Stations	1	1	1	1
Square Footage of Building (1)	35,200	35,200	35,200	35,200
Vehicles	35	39	39	39
Fire				
Stations	1	1	1	1
Square Footage of Building	19,350	19,350	19,350	19,350
Vehicles	13	13	13	13
Service Department				
Streets (miles)	52	52	52	52
Vehicles	43	53	53	53
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	4	5	5	5
Number of Pickle Ball Courts	6	0	0	0
Number of Horse Shoe Pitts	6	0	0	0
Number of Bocce Ball Courts	3	0	0	0
Number of Full Sized Soccer Fields	3	3	3	3
Vehicles	4	3	3	3
Community Services				
Community Services Center Square Footage (2)	82,000	82,000	82,000	82,000
Vehicles	9	7	7	7

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

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

Source: City Records

2011	2010	2009	2008	2007	2006
35,200	35,200	35,200	35,200	35,200	35,200
3	3	3	3	3	3
8	0	0	0	0	0
1	1	1	1	1	1
35,200	35,200	35,200	35,200	35,200	35,200
37	37	44	45	44	44
1	1	1	1	1	1
19,350	19,350	19,350	19,350	19,350	19,350
12	11	12	12	12	12
52	52	52	52	52	52
56	55	60	62	59	59
2	2	2	2	2	2
82,000	82,000	82,000	82,000	82,000	82,000
7,570	7,570	7,570	7,570	7,570	7,570
1	1	1	1	1	1
6	6	6	6	6	6
2	2	2	2	2	2
5	5	5	5	5	5
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
3	3	3	3	3	3
3	3	4	4	3	3
82,000	82,000	82,000	82,000	82,000	82,000
6	6	9	9	6	6

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

Function/Program	2015	2014	2013	2012
General Government				
Law Expenditures (in thousands)	\$282	\$239	\$244	\$250
Engineering Expenditures (in thousands)	452	448	360	244
Finance Expenditures (in thousands)	439	452	400	388
Mayor's Office Expenditures (in thousands)	481	506	546	510
Council Expenditures (in thousands)	263	246	221	260
Security of Persons and Property				
Police Expenditures (in thousands)	\$4,688	\$4,650	\$4,483	\$4,495
Total Arrests	2,838	3,204	3,023	2,257
Part One Offenses	227	214	231	222
OVI Arrests	77	83	151	65
Prisoners	363	378	393	353
Motor Vehicle Accidents	575	597	547	578
Calls for Service	22,073	25,531	29,342	22,434
Incidents per Citizen	3.0619	3.5613	4.1400	3.1600
Cost per Citizen	\$650.30	\$648.63	\$631.34	\$634.62
Fire Expenditures (in thousands)	\$3,026	\$3,009	\$2,851	\$2,796
Emergency Responses	1,919	1,902	1,658	1,714
Fire Safety Inspections	591	860	459	601
Fire Protection Systems Inspected	796	584	209	237
Building Fire Protection Plans Reviewed	452	177	19	67
Percentage of Business Inspected	98%	75%	63%	96%
Number of Community Programs	20	20	20	14
Emergency Responses per Citizen	0.2662	0.2666	0.2210	0.2420
Cost per Citizen	\$419.75	\$421.84	\$401.59	\$394.75
Fire Safety Education - Business	8	3	5	6
Street Lights Expenditures (in thousands)	\$295	\$256	\$220	\$236

2011	2010	2009	2008	2007	2006
\$175	\$243	\$248	\$217	\$282	\$274
73	71	71	70	287	294
362	366	445	425	405	397
564	544	530	460	454	431
238	242	263	312	306	287
\$4,584	\$4,749	\$4,839	\$4,782	\$4,618	\$4,411
5,337	5,337	4,811	4,326	3,453	4,377
166	166	197	248	248	275
83	83	102	108	103	94
543	543	572	681	813	780
407	407	490	572	558	544
28,220	28,220	30,022	31,104	26,491	29,001
3,9600	3,9600	4,2900	4,3753	3,7264	4,0795
\$642.65	\$665.78	\$680.69	\$672.67	\$649.60	\$620.48
\$2,798	\$2,878	\$2,978	\$2,916	\$2,800	\$2,702
1,503	1,607	1,607	1,637	1,530	1,482
503	502	502	575	590	604
53	187	187	239	258	251
68	22	22	11	10	18
74%	87%	87%	94%	100%	100%
14	12	12	13	13	12
0.2116	0.2300	0.2300	0.2303	0.2152	0.2085
\$392.26	\$409.00	\$418.91	\$410.18	\$393.87	\$380.08
6	29	29	46	48	44
\$184	\$158	\$190	\$190	\$183	\$203

(continued)

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

Function/Program	2015	2014	2013	2012
Leisure Time Activities				
Recreational Expenditures (in thousands)	\$1,979	\$2,002	\$1,948	\$1,969
Civic Center Expenditures (in thousands)	912	848	855	828
Totals	\$2,891	\$2,850	\$2,803	\$2,797
Cost per Citizen	\$401.03	\$397.55	\$394.71	\$394.89
Civic Center Square Feet	82,000	82,000	82,000	82,000
Square Feet per Citizen	11.37	11.44	11.55	11.58
Total Recreational Revenue (in thousands)	\$715	\$676	\$519	\$631
Civic Center Members	9,898	7,243	7,208	2,740
Total Participations	149,001	152,187	103,243	170,399
Participations of Members Over Age 60	19,834	20,792	20,513	21,236
Community Environment				
Building Department Expenditures (in thousands)	\$350	\$343	\$338	\$464
Cost per Citizen	\$48.55	\$47.84	\$47.59	\$65.51
Building Permits - Residential	68	50	65	61
Dollar Value of Permits (in thousands)	\$6,493	\$4,734	\$5,839	\$2,500
Building Permits - Commercial	59	57	45	47
Dollar Value of Permits (in thousands)	\$25,884	\$12,627	\$8,082	\$8,000
Transportation				
Service Department Expenditures (in thousands)	\$3,349	\$3,529	\$3,295	\$3,198
Street Construction Maintenance and Repair Expenditures (in thousands)	\$750	\$739	\$654	\$547
Snow and Ice Removal Expenditures (in thousands)	\$340	\$433	\$421	\$237
Leaves, grass, chipped material (in cubic yards)	8,603	9,598	10,295	12,428

Source: City Records

2011	2010	2009	2008	2007	2006
\$1,927	\$1,911	\$1,874	\$1,584	\$1,585	\$1,553
825	788	859	1,076	1,098	944
\$2,752	\$2,699	\$2,733	\$2,660	\$2,683	\$2,497
\$385.81	\$378.38	\$384.44	\$374.17	\$377.41	\$351.24
82,000	82,000	82,000	82,000	82,000	82,000
11.50	11.50	12.00	11.53	11.53	11.53
\$663	\$695	\$645	\$99	\$93	\$95
2,840	1,676	2,445	3,798	2,563	2,586
175,750	98,362	2,454	83,636	93,227	94,673
19,798	467	678	18,790	18,869	19,790
\$564	\$523	\$487	\$497	\$510	\$489
\$79.07	\$73.32	\$68.50	\$69.91	\$71.74	\$68.79
48	86	58	68	91	97
\$2,300	\$5,500	\$3,100	\$2,000	\$3,300	\$4,500
56	53	45	91	62	72
\$8,200	\$12,100	\$3,300	\$3,300	\$7,100	\$17,100
\$3,239	\$3,617	\$947	\$3,975	\$2,970	\$2,732
\$538	\$1,088	\$2,652	\$1,835	\$1,490	\$1,374
\$346	\$431	\$362	\$376	\$289	\$148
11,600	11,600	11,000	10,000	14,428	12,744

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

Members of the City Council
City of Independence, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Independence, Ohio (the "City"), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 29, 2016, wherein we noted that the City adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, and as a result restated their December 31, 2014 net position, as disclosed in Note 20 to the basic financial statements.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider to be a material weakness (Finding No. 2015-001).

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*.

City's Response to Finding

The City's response to the finding identified in our audit is described in the accompanying schedule of findings. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Ciuni + Panichi, Inc.

Cleveland, Ohio
July 29, 2016

City of Independence, Ohio

Schedule of Findings

For the Year Ended December 31, 2015

1. Summary of Auditor's Results

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Was there any material control weaknesses reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No

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

2015-001 - Material Weakness in Internal Control:

Condition:

We noted the City had improperly excluded accounts payable amounts from the financial statements resulting from improper cutoff procedures and resulted in material adjustments made to liability and expense accounts.

Criteria:

The internal control structure and processes should provide for accurate cutoff procedures at year-end.

Cause:

Controls related to the compilation of the City's accounts payable listing were not in place to ensure compliance with the City's cutoff procedures.

Effect:

The lack of controls over the cutoff procedures relating to accounts payable may result in errors or irregularities going undetected and decrease the reliability of financial data at year-end.

Recommendation:

We recommend the City implement controls over the year-end cutoff procedures to help ensure that a proper cutoff is achieved, thereby increasing the reliability of the financial data at year-end.

Management's Response:

The City is taking the necessary steps to ensure proper cutoff is achieved. These steps include the training of finance department staff to allow those individuals to properly identify items that should be recorded as accounts payable at year-end and, when account payables are noted, the City has implemented procedures to be sure that these items are communicated with third parties assisting with the GAAP conversion.

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Dave Yost • Auditor of State

CITY OF INDEPENDENCE

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 6, 2016**