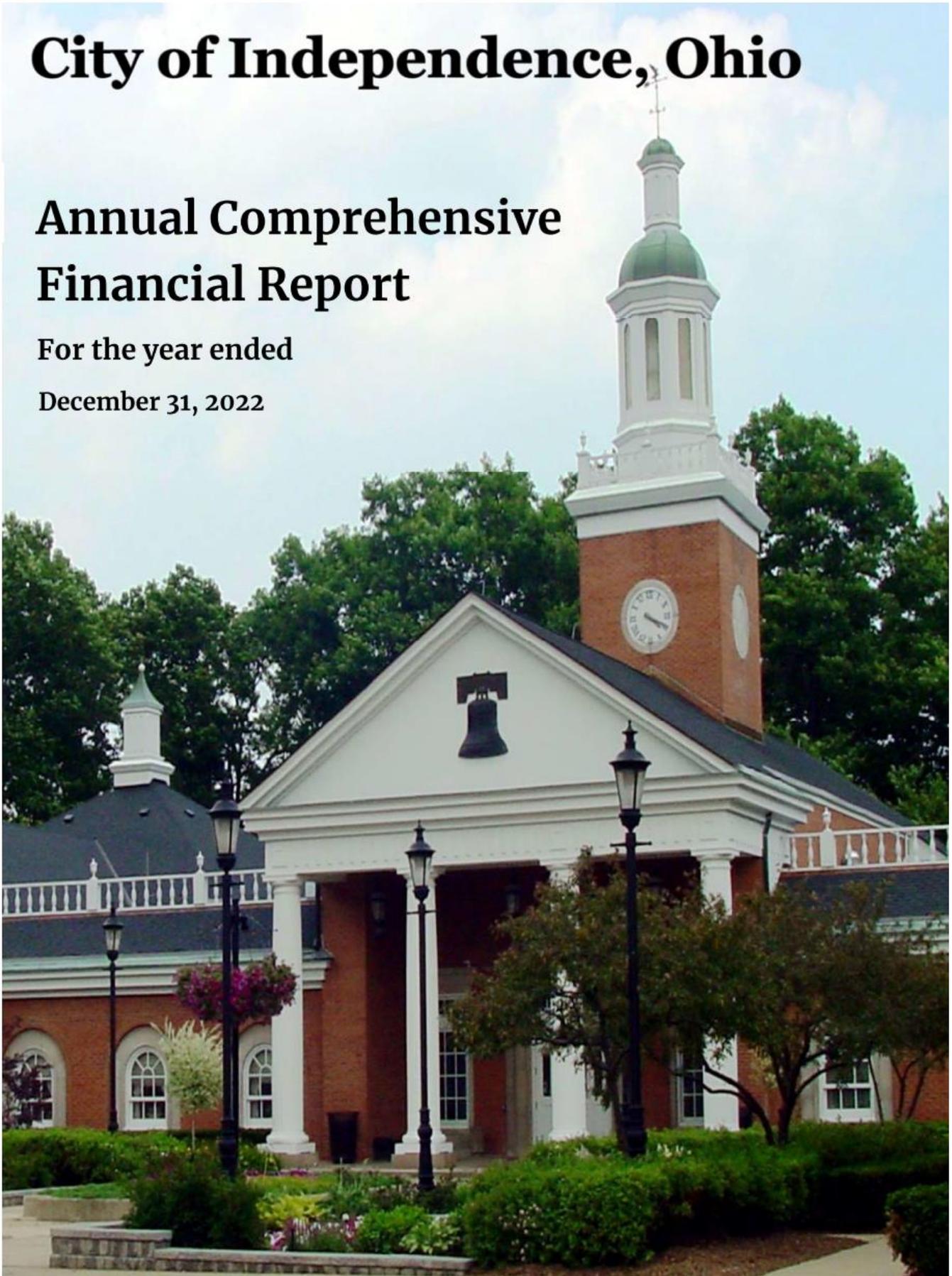


City of Independence, Ohio

Annual Comprehensive Financial Report

For the year ended

December 31, 2022



OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

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

We have reviewed the *Independent Auditor's Report* of the City of Independence, Cuyahoga County, prepared by Zupka & Associates, for the audit period January 1, 2022 through December 31, 2022. 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 "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

September 22, 2023

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CITY OF INDEPENDENCE, OHIO

ANNUAL COMPREHENSIVE

FINANCIAL REPORT

For the Year Ended December 31, 2022

Prepared by the City Finance Department

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Introductory

Section



**CITY OF INDEPENDENCE
 CUYAHOGA COUNTY, OHIO
 Annual Comprehensive Financial Report
 For the Year Ended December 31, 2022**

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City of Independence, Ohio

"THE HEART OF CUYAHOGA COUNTY"

6800 BRECKSVILLE ROAD

INDEPENDENCE, OHIO 44131

(216) 524-4131

July 26, 2023

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 has been 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.

Under Ohio law, regular audits are required to be performed on all financial related operations of the City. These audits may be done by either the State Auditor's Office or, if the State Auditor permits, an independent public accounting firm. For the year 2022, the City was audited by Zupka & Associates. Their unmodified opinion is included in 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. It was incorporated as a Village 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 7,520 (2022 Census estimate) indicating a comfortable average of approximately 773 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.

Independence City Hall and Police Facility was dedicated in 1982, and the Fire Station was dedicated in 1995. The Fire Dept. is staffed by 27 full-time and 3 part-time firefighters. The Police department is staffed with 35 full-time and one part-time police officer.

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 a number of 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. Terms shall be considered consecutive unless separated by a period of four (4) or more years.

The Mayor appoints, subject to the approval of Council, the Law Director, the Fire Chief, and Police Chief, as well as some members of the Zoning, Planning and Civil Service Boards. The Mayor appoints all of the Directors to the City's Departments with the exception of the Director of Finance and the Clerk of Council.

The Mayor serves as the conservator of the peace, and is responsible to the electors for enforcement of all laws and ordinances. The Mayor executes on behalf of the municipality all contracts, conveyances, and all other instruments to which the municipality is a party.

The Mayor is the official and ceremonial head of the City and shall receive all civil processes in any action wherein the municipality is a party. The Mayor also serves as the Safety Director and presides over Mayor's Court.

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

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

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.

Council enacts legislation in the form of ordinances and resolutions relative to City services, tax levies, appropriating and borrowing monies, and other municipal purposes.

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

Local Economy

Since the completion of the Interstate Highway System, the City of Independence has become a very strategically located industrial, commercial and residential community in the County. It is a developing Cleveland suburb and continues to see ongoing investment, primarily due to its location at the intersection of Interstates 77 and 480. Employees can conveniently get to Independence by either car or bus service, which is provided by the Greater Cleveland Regional Transit Authority.

The City of Independence is centrally located eight miles south of Downtown Cleveland. The northern third of Independence is where Rockside Road is located, linking the City with Interstate 77 (running north to Cleveland and south to Columbia, South Carolina) and Interstate 480, the auxiliary interstate of Interstate 80 connecting the west and east sides of the region. Interstate 480 connects with Interstate 80 (Turnpike) at both its east and west terminus, as well as Interstate-271 to the east and Interstate-71 to the west. The Ohio Turnpike interchange is 10 miles south via Interstate 77, and Cleveland Hopkins Airport is 12 miles west via Interstate 480.

There are also 47 restaurants and 14 hotels/motels with more than 2,100 available rooms located within the City – Comfort Inn, Courtyard by Marriott, Doubletree, Embassy Suites, Hampton Inn and Suites, Holiday Inn, Extended Stay America, LaQuinta, Red Roof Inn, Residence Inn by Marriott, Candlewood Suites, Ramada, SpringHill Suites by Marriott and Home2 Suites by Hilton – all with convenient access to the Interstates.

More than 800 businesses call Independence home, including prestigious corporations and organizations like Cleveland Clinic and the Cleveland Cavaliers NBA Team, Travelers Indemnity, CBIZ, Airgas, Independence Excavating, CSA America, Dayton Heidelberg Distributing, Fedeli Group Inc, Kent State University College of Podiatric Medicine, Famers Group, Redwood Living, Apple American Group, Roe Dental, and All Erection Crane Rental Co, just to name a few.

Even though the City's resident population is relatively small (7,520 as of the 2022 Census estimate), the daytime population approaches 25,000 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) in 2013. 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.

Another result of the EDSP were recommendations for the City's downtown area. The City took title to the former middle school and surrounding land in 2005. The site is strategically located in the downtown area, and has the potential to be a catalyst for area-wide redevelopment. At the end of 2016, City leadership determined that the former middle school building was a detriment to redeveloping downtown Independence, so the decision was made to demolish the structure. The City continues to pursue opportunities to enhance the historic nature of its downtown, and was in talks in 2022 to acquire a strategically located downtown property for housing purposes.

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

Rockside Woods Boulevard North was extended to Brecksville Road. The roadway was completed in 2020. The Rockside Woods Blvd North extension fills an important gap in the Rockside Road transportation network, providing commuters with an alternative access to the Rockside Road Business District, while offering some measure of relief at the I77/Rockside Road Interchange. Both the roadway extension and intersection projects had been included in the City's Capital Improvement Plan for several years.

The City diligently utilizes Tax Increment Financing (TIF) as an economic development tool. The City currently has 19 TIF Districts and received approximately \$2.15 million of payments in lieu of taxes in 2022.

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 Improvement 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 Improvement 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 forces long-term strategic planning and prioritization. It also changes the vision of planning from one year at a time planning five years into the future while also considering how to pay for current improvements and ones 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 and the School campus area: 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, conveying the City's intentions to the development community, and recommending future 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 areas. Following this recommendation, City Council approved the creation of Planned Unit Development (PUD) Districts for the Downtown area in 2015.

Relevant Financial Policies

The City has been able to minimize its debt by borrowing only for large capital/infrastructure improvements due to the departmental forecasting on the City's Five-Year Capital Improvement Plan and the steady revenue base that has assisted with some of the payments for the debt infrastructure projects. The City issued no new debt in 2022.

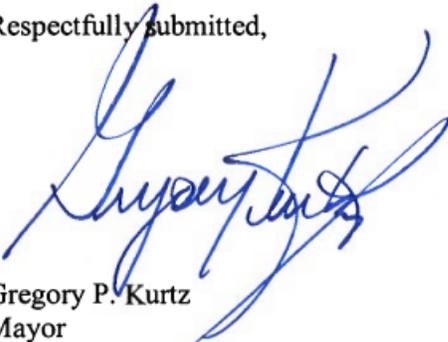
Awards and Acknowledgements

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 Annual Comprehensive Financial Report for 12 consecutive years including the fiscal year ended December 31, 2021. 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 has to publish an easily readable and efficiently organized annual comprehensive financial report that satisfies both generally accepted accounting principles (GAAP) and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The City believes the current report continues to meet the Certificate of Achievement Program's requirements, and it has been submitted to the GFOA to determine its eligibility for another certificate.

The Finance Team and the Mayor would like to thank the Members of Council for their support in striving for excellence in financial reporting and disclosure. Thanks are also offered to the staff from Zupka and Associates for their help in preparing the GASB 34 statements and the Annual Comprehensive Financial Report. They were helpful, cooperative, professional, and efficient and their assistance was extremely valuable.

This Annual Comprehensive Final Report was prepared by the Finance Department with the efficient and dedicated service of its entire staff. Sincere appreciation is offered to each of them and all other employees contributing to this effort.

Respectfully submitted,



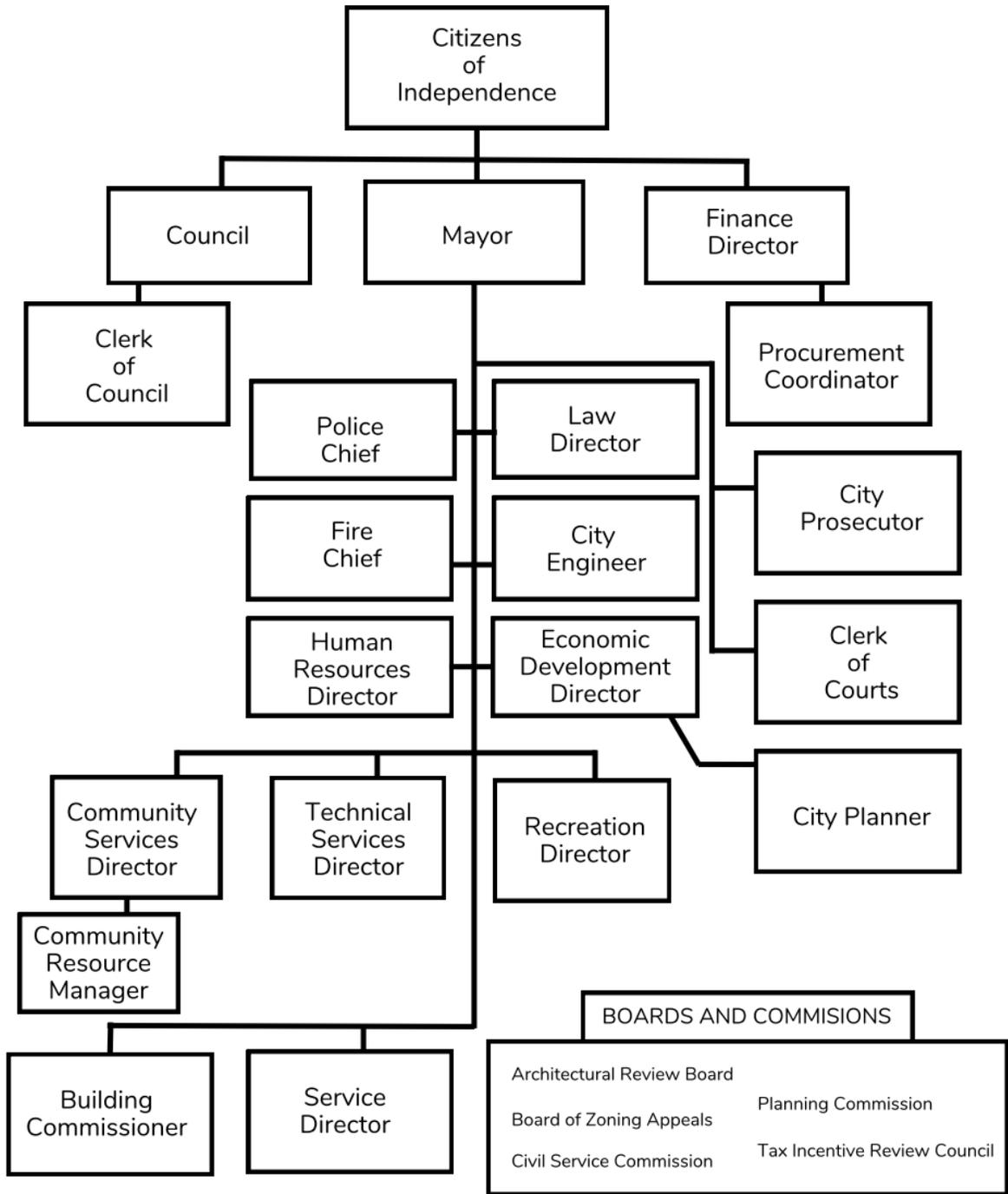
Gregory P. Kurtz
Mayor



Vernon Blaze
Finance Director

CITY OF INDEPENDENCE, OHIO

List of Principal Officials
December 31, 2022



Elected Officials

Mayor Gregory P. Kurtz
Finance Director Vernon Blaze
Vice Mayor David Grendel
Council Member John DiGeronimo
Council Member Thomas Narduzzi
Council Member Anthony Togliatti
Council Member James Trakas
Council Member Dale Veverka
Council Member Chris Walchanowicz

Appointed Officials

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

Administration

Building Official Michael Gero
City Engineer Don Ramm
City Planner Annie Lynch
Clerk of Court Angela T. Zidanic
Community Services Director Emily Thomas
Economic Development Director Jessica Hyser
Fire Chief Steve Rega
Human Resources Director Bridget Kozub
Police Chief Robert Butler
Procurement Coordinator Dennis Zdolshek
Recreation Director Tom Walchanowicz
Service Director Ronald Mckinley
Technical Services/ Facilities Maintenance Director..... David Snyderburn



Government Finance Officers Association

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

Presented to

**City of Independence
Ohio**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2021

Christopher P. Morill

Executive Director/CEO

Financial Section



INDEPENDENT AUDITOR'S REPORT

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

To the Members of City Council:

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Independence, Cuyahoga County, Ohio, (the City) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Independence as of December 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparisons for the General Fund and the High Intensity Drug Trafficking Area Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Schedules of Net Pension and Postemployment Benefit Liabilities and Pension and Postemployment Benefit Contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary 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 combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

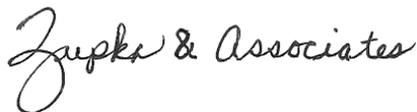
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 26, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Zupka & Associates
Certified Public Accountants

July 26, 2023

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City of Independence, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2022
Unaudited

The discussion and analysis of the City of Independence's (the City) financial performance provides an overall review of the City's financial activities for the year ended December 31, 2022. The intent of this discussion and analysis is to look at the City's financial performance. 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.
- ❖ The City has many continuing road projects that will be completed in future years. The City always strives to improve and repair its roads for the safety of its citizens.
- ❖ The City's net position increased by \$9,638,946 in 2022.

Using this Annual Financial Report

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

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

Major fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what dollars remain for future spending. The fund financial statements also look at the City's most significant funds with all other nonmajor funds presented in total in one column.

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

Statement of Net Position and the Statement of Activities

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

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

Reporting on the Most Significant Funds of the City of Independence

Fund Financial Statements

The fund financial statements, which begins with the balance sheet, provide detailed information about the City's major funds and include the balance sheet and the statement of revenues, expenditures and changes in fund balances. These statements tell how City services charged to major funds were financed in the short term as well as what remains for future spending. For the City of Independence, the most significant governmental funds are the General Fund, the High Intensity Drug Trafficking Area (HIDTA) special revenue fund, the Quadrant Tax Increment Financing (TIF) and the Street Resurfacing capital projects funds.

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

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 2022 and 2021.

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Table 1
Net Position

	Governmental Activities		Change
	2022	2021 *	
ASSETS			
Current and Other Assets	\$ 57,892,923	\$ 53,257,713	4,635,210
Capital Assets, Net	140,581,478	140,174,596	406,882
Net Pension Asset	135,715	104,438	31,277
Net OPEB Asset	1,624,178	894,745	729,433
Total Assets	200,234,294	194,431,492	5,802,802
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charge on Refunding Pension	87,717	105,321	(17,604)
OPEB	5,903,169	3,114,574	2,788,595
Asset Retirement Obligation	1,199,458	1,756,759	(557,301)
	44,000	49,500	(5,500)
Total Deferred Outflows of Resources	7,234,344	5,026,154	2,208,190
LIABILITIES			
Current and Other Liabilities	5,399,016	4,218,943	1,180,073
Long-term Liabilities:			
Due Within One Year	1,886,442	1,797,732	88,710
Due in More than One Year:			
Net Pension Liability	17,239,513	21,552,207	(4,312,694)
Net OPEB Liability	2,264,143	2,239,766	24,377
Other Amounts	22,521,039	24,209,942	(1,688,903)
Total Liabilities	49,310,153	54,018,590	(4,708,437)
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	951,059	1,003,760	(52,701)
Payments in Lieu of Taxes and Lease	3,219,014	3,613,035	(394,021)
Pension	10,785,488	5,823,716	4,961,772
OPEB	2,683,191	4,117,758	(1,434,567)
Total Deferred Inflows of Resources	17,638,752	14,558,269	3,080,483
NET POSITION			
Net Investment in Capital Assets	116,599,862	115,631,357	968,505
Restricted	16,091,751	16,639,976	(548,225)
Unrestricted	7,828,120	(1,390,546)	9,218,666
Total Net Position	\$ 140,519,733	\$ 130,880,787	9,638,946

* - Restated

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The net pension liability (NPL) is the largest single liability reported by the City at December 31, 2022. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the “employment exchange” – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, City is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e., sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. Changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, 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 payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

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

As of December 31, 2022, the City’s overall net position increased by \$9,638,946 from the prior year. Total assets increased by \$5.8 million. Current and other assets, primarily cash, was increased by \$4.6 million due to the increase in cash and cash equivalents. Capital assets increased by just by \$406,882 as additions exceeded depreciation and the City keeps a focus on improvements. The increase in total deferred outflows of resources was due in large part to adjustments in the current year calculations specific to the net pension and OPEB liabilities and assets. Liabilities decreased mainly due to changes in the net pension/OPEB liabilities as well as the continued repayment of the City’s long term debt obligations. Deferred inflows increased due to changes in the deferred inflows of resources related to pension and OPEB. Further details of the changes in net position between 2022 and 2021 can be observed in Table 2.

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Table 2
Changes in Net Position

	Governmental Activities		Change
	2022	2021	
REVENUES			
Program Revenues:			
Charges for Services	\$ 2,349,085	\$ 2,006,837	342,248
Operating Grants and Contributions	8,462,943	8,007,755	455,188
Capital Grants and Contributions	849,667	364,198	485,469
Total Program Revenues	<u>11,661,695</u>	<u>10,378,790</u>	<u>1,282,905</u>
General Revenues:			
Property Taxes	1,077,332	975,168	102,164
Municipal Income Taxes	34,852,612	34,967,308	(114,696)
Hotel/Motel Taxes	1,359,555	1,067,992	291,563
Amusement Taxes	286,205	277,817	8,388
Payments in lieu of taxes	2,347,836	2,539,322	(191,486)
Grants and Entitlements	458,074	413,573	44,501
Investment Income	546,463	242,765	303,698
Gain on Sale of Capital Assets	117,852	82,300	35,552
All Other Revenues	426,845	538,092	(111,247)
Total General Revenues	<u>41,472,774</u>	<u>41,104,337</u>	<u>368,437</u>
Total Revenues	<u>53,134,469</u>	<u>51,483,127</u>	<u>1,651,342</u>
EXPENSES			
Program Expenses:			
Security of Persons and Property	10,083,849	9,688,910	394,939
Public Health Services	52,766	27,616	25,150
Leisure Time Activities	3,102,677	1,549,736	1,552,941
Community Environment	4,211,112	2,034,654	2,176,458
Basic Utility Services	1,292,502	408,135	884,367
Transportation	4,098,350	5,518,977	(1,420,627)
General Government	20,064,299	17,098,075	2,966,224
Interest and Fiscal Charges	589,968	652,808	(62,840)
Total Expenses	<u>43,495,523</u>	<u>36,978,911</u>	<u>6,516,612</u>
Change in Net Position	9,638,946	14,504,216	
Net Position - Beginning of Year, Restated	<u>130,880,787</u>	<u>116,376,571</u>	
Net Position - End of Year	<u>\$ 140,519,733</u>	<u>\$ 130,880,787</u>	

Governmental Activities

Several revenue sources fund governmental activities with income tax revenue being the largest source. The City levies a municipal income tax of two 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 two percent, on the income earned outside of the City and paid to another municipality.

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

The overall financial strength and the net position of the City improved in 2022 from 2021. During these uncertain times and the ongoing global health pandemic, the City made a conscious effort to live within its financial means, follow its financial plan and take corrective measures, when necessary.

The governmental activities charges for services program revenue increased as a result of reported amounts involving more building and recreation related fee revenues. The governmental activities operating and capital grants and contributions program revenues increased as a result of the City receiving more grants in 2022.

Interest revenues increased in 2022 from 2021 as a result of an increasing interest rate environment. The City's revenues specific to Income, Hotel/Motel and Amusement tax collections increased as the public gains more trust in the economy after the pandemic.

Security of persons and property generally represents the highest program expense for the City by a large margin. However, during 2022, these expenses were increased in 2022 as a result of reported pension and OPEB expense amounts pursuant to GASB 68 and 75.

Most of the expenses were affected by the change in OPERS OPEB valuation as reported by the pension system for calculation year 2022 that resulted in increases. In addition to the increase in expenses from the OPERS OPEB valuation, expenses increased in leisure time activities, community environment, basic utility services, transportation, and general government.

Leisure time expenses saw a change from the prior year which was the result of 2022 having a full-year of "regular" operations vs. the impacts of the pandemic still being felt in 2021, resulting in "less than regular" operations at the Community Center and Field House.

Community Environment expenses saw a change from the prior year which was the result of some expenditures that were formerly expensed out of the Streets, Construction, Maintenance and Repair Fund and started to be expensed out of the Buildings and Land Group in the General Fund in 2022.

Basic Utility Services expenses saw a change from the prior year which was the result of projects capitalized in 2021 as compared to 2022.

Transportation expenses saw a change from the prior year which was the result of the City taking on additional road related maintenance projects in 2021 that were previously put on hold during the pandemic that resulted in additional expenses for 2021 as compared to 2022.

General Government expenses saw a change from the prior year which was the result of rampant inflation that caused an increased cost of labor, materials, and services.

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To curb the rising costs of health care, the City established a City-wide Joint Medical/Hospitalization Committee (the Healthcare Committee). The Healthcare 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 primary goal of the Healthcare Committee is to work with City administration and Council to manage overall healthcare costs and promote healthier lifestyles.

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	
	2022	2021	2022	2021
General Governmental	\$ 20,064,299	\$ 17,098,075	\$ 11,642,237	\$ 9,465,000
Security of Persons and Property	10,083,849	9,688,910	9,331,954	9,029,039
Public Health and Welfare	52,766	27,616	48,388	23,575
Leisure Time Activities	3,102,677	1,549,736	2,368,138	929,676
Community Environment	4,211,112	2,034,654	3,874,417	1,825,144
Basic Utility Services	1,292,502	408,135	1,227,657	347,820
Transportation	4,098,350	5,518,977	2,751,069	4,327,059
Interest and Fiscal Charges	589,968	652,808	589,968	652,808
Total Expenses	<u>\$ 43,495,523</u>	<u>\$ 36,978,911</u>	<u>\$ 31,833,828</u>	<u>\$ 26,600,121</u>

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 2022, the City's governmental funds reported a positive combined ending fund balance. Unassigned fund balance is available for appropriation at the City's discretion within certain legal constraints and purpose restrictions within the City's General Fund. The remainder of the fund balance is either nonspendable, restricted, committed or assigned to indicate that it is not available for future unrestricted spending.

The increase in the General Fund balance is primarily a result of revenues outpacing expenditures and the transfer subsidies to other funds. 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 worked to minimize overtime. The City's dedicated public servants strive to keep the City of Independence among the finest in Northeast Ohio.

The High Intensity Drug Trafficking Area (HIDTA) special revenue fund had a slight decrease in fund balance. Overall, the revenues and expenditures decreased slightly from the prior year.

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The Quadrant Tax Increment Financing (TIF) capital projects fund saw a decrease in fund balance primarily due to a transfer made to the TIF Projects debt service fund. The negative balance reflected in the Quadrant TIF fund is a result of interfund borrowing.

The street resurfacing capital projects fund had a decrease in fund balance due to a increased costs in road projects in 2022. The City continues to prioritize improvement and repair of its roads for the safety of its citizens.

Other governmental funds had an increase in fund balance. The City continues to seek out and utilize grant monies. Revenues and transfers in for subsidies were higher than 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 current year, the City amended its General Fund budget several times. In addition to day-to-day budget monitoring, the Director of Finance closely examines the budget with the preparation of the monthly financial statements and quarterly budget analysis reports.

Actual revenues received were higher than certification, due to lower estimates in several categories, mainly income taxes revenue. Actual expenditures were less than appropriations due mainly to the diligence of management to keep costs low. City Council has taken a proactive stance on budgeting by requiring that permanent appropriations be submitted and approved prior to the start of the year in non-election years. 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, City Engineer and Service Director review the condition of the City's infrastructure and determine what work needs to be completed. The projects are then prioritized, added to the Five-Year Capital Improvement Plan 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.

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At December 31, 2022, capital asset balances were as follows on table 4;

Table 4
Governmental Activities

	2022	2021 *
Land	\$ 21,861,131	\$ 21,532,655
Construction in progress	28,239,620	31,496,771
Buildings and Improvements	840,748	507,094
Land improvements	21,009,376	21,868,172
Machinery and Equipment	2,810,319	3,224,757
Furniture and Fixtures	83,044	68,076
Vehicles	5,183,826	5,081,210
Infrastructure	60,553,414	56,395,861
Total	\$ 140,581,478	\$ 140,174,596

* Restated

In 2022, the City made a land purchase, purchased equipment, furniture and fixtures, and vehicles for the City's various departments and also made improvements to numerous roads throughout the City and improvements to land and buildings. See Note 9 to the basic financial statements for more information regarding the City's capital assets and Note 19 regarding the restatement.

Long-Term Debt

The table 5 summarizes the long-term debt outstanding.

Table 5
Governmental Activities

	2022	2021
General Obligation Bonds	\$ 17,603,834	\$ 18,895,154
Special Assessment Bonds	2,940,260	3,044,575
OPWC Loan	2,917,684	3,137,142
Total Outstanding Debt	\$ 23,461,778	\$ 25,076,871

The City's overall legal debt limit is \$53,844,624. The amount of debt subject to the debt limit was \$13,215,000 leaving an overall debt margin of \$40,629,624. 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 long-term obligations and is committed to reducing its overall long-term obligations on an annual basis. Information relative to long-term obligations is identified in Note 16 to the basic financial statements.

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Current Financial Related Activities

The City has continued to maintain the highest standards of services to its residents while diligently planning expenses to stay within the City's revenues. During 2022, the City leadership team closely monitored revenues and expenditures to preserve the integrity of the General Fund's unencumbered cash balance. As with all municipalities in the State of Ohio, State funding and State legal issues are constantly monitored to determine the impact on the City. One major funding issue for cities and villages in Ohio is the impact on local income taxes caused by remote and hybrid work models. Income tax revenue in 2022 decreased from 2021, but certainty of that trend is not guaranteed going forward.

In conclusion, the City of Independence is in a period that presents both significant challenges and opportunities. The City leadership team is committed to working with all stakeholders to craft action plans that will most effectively use the available resources to continue to achieve the City's Mission and Vision for those stakeholders.

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. Any questions about this report or the need for additional financial information can be obtained by contacting the Finance Department at the City of Independence, 6800 Brecksville Road, Independence, Ohio 44131-5045, (216) 524-4131.

City of Independence, Ohio
Statement of Net Position
December 31, 2022

	Governmental Activities
ASSETS	
Equity in Pooled Cash and Cash Equivalents	\$ 40,000,055
Cash and Cash Equivalents:	
In Segregated Accounts	12,065
Accounts Receivable	74,025
Accrued Interest Receivable	177,438
Intergovernmental Receivable	1,725,272
Hotel Taxes Receivable	71,576
Amusement Taxes Receivable	106,250
Prepaid Items	338,479
Municipal Income Taxes Receivable	7,770,824
Property Taxes Receivable	1,008,117
Special Assessments Receivable	3,008,199
Payments in Lieu of Taxes Receivable	2,524,165
Lease Receivable	1,076,458
Nondepreciable Capital Assets	50,100,751
Depreciable Capital Assets	90,480,727
Net Pension Asset	135,715
Net OPEB Asset	1,624,178
Total Assets	200,234,294
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Charge on Refunding	87,717
Pension	5,903,169
OPEB	1,199,458
Asset Retirement Obligation	44,000
Total Deferred Outflows of Resources	7,234,344
LIABILITIES	
Accounts Payable	1,508,386
Contracts Payable	1,790,230
Accrued Wages and Benefits	306,393
Intergovernmental Payable	336,670
Deposits Held and Due to Others	483,925
Matured Compensated Absences Payable	7,075
Accrued Interest Payable	54,348
Retainage Payable	158,900
Unearned Revenue	753,089
Long-term Liabilities:	
Due Within One Year	1,886,442
Due in More than One Year:	
Net Pension Liability	17,239,513
Net OPEB Liability	2,264,143
Other Amounts Due in More than One Year	22,521,039
Total Liabilities	49,310,153
DEFERRED INFLOWS OF RESOURCES	
Property Taxes	951,059
Payments in Lieu of Taxes and Lease	3,219,014
Pension	10,785,488
OPEB	2,683,191
Total Deferred Inflows of Resources	17,638,752
NET POSITION	
Net Investment in Capital Assets	116,599,862
Restricted for:	
Capital Projects	14,942,202
Debt Service	137,807
State Highway	464,776
Street Construction, Maintenance and Repair	228,937
Police Pension	3,677
Law Enforcement	216,742
Other Purposes	97,610
Unrestricted	7,828,120
Total Net Position	\$ 140,519,733

The notes to the financial statements are an integral part of this statement.

City of Independence, Ohio
Statement of Activities
For the Year Ended December 31, 2022

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Governmental Activities</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		<u>Capital Grants and Contributions</u>
Primary Government:					
Governmental activities:					
Security of Persons and Property	\$ 10,083,849	\$ 751,895	\$ -	\$ -	\$ (9,331,954)
Public Health and Welfare	52,766	4,378	-	-	(48,388)
Leisure Time Activities	3,102,677	734,539	-	-	(2,368,138)
Community Environment	4,211,112	168,262	-	168,433	(3,874,417)
Basic Utility Services	1,292,502	58,845	-	6,000	(1,227,657)
Transportation	4,098,350	42,953	629,094	675,234	(2,751,069)
General Government	20,064,299	588,213	7,833,849	-	(11,642,237)
Interest and Fiscal Charges	589,968	-	-	-	(589,968)
Total Primary Government	<u>\$ 43,495,523</u>	<u>\$ 2,349,085</u>	<u>\$ 8,462,943</u>	<u>\$ 849,667</u>	<u>(31,833,828)</u>

General Revenues:

Property Taxes levied for:	
General Purposes	933,595
Police Pension	143,737
Municipal Income Taxes levied for:	
General Purposes	34,852,612
Hotel/Motel Taxes Levied for General Purposes	1,359,555
Amusement Taxes Levied for General Purposes	286,205
Payments in Lieu of Taxes	2,347,836
Grants and Entitlements not Restricted to Specific Programs	458,074
Investment Income	546,463
Gain on Sale of Capital Assets	117,852
All Other Revenues	426,845
Total General Revenues	<u>41,472,774</u>
Change in Net Position	9,638,946
Net Position - Beginning of Year, Restated	130,880,787
Net Position - End of Year	<u>\$ 140,519,733</u>

The notes to the financial statements are an integral part of this statement.

City of Independence, Ohio
Balance Sheet
Governmental Funds
December 31, 2022

	General Fund	HIDTA	Quadrant Tax Increment Financing	Street Resurfacing	Other Governmental Funds	Total Governmental Funds
ASSETS						
Equity in Pooled Cash and Cash Equivalents	\$ 8,245,229	\$ 52,443	\$ 11,972,262	\$ 4,751,759	\$ 12,690,755	\$ 37,712,448
Cash and Cash Equivalents:						
In Segregated Accounts	11,385	-	-	-	680	12,065
Accrued Interest Receivable	120,659	-	-	56,779	-	177,438
Accounts Receivable	74,025	-	-	-	-	74,025
Interfund Receivable	40,600,424	-	-	-	500,000	41,100,424
Intergovernmental Receivable	138,392	-	520,128	-	1,066,752	1,725,272
Prepaid Items	333,035	-	-	-	5,444	338,479
Restricted Assets:						
Equity in Pooled Cash and Cash Equivalents	1,077,507	-	-	-	-	1,077,507
Hotel/Motel Taxes Receivable	71,576	-	-	-	-	71,576
Amusement Taxes Receivable	106,250	-	-	-	-	106,250
Municipal Income Taxes Receivable	7,770,824	-	-	-	-	7,770,824
Property Taxes Receivable	870,650	-	-	-	137,467	1,008,117
Special Assessments Receivable	-	-	-	-	3,008,199	3,008,199
Payment in Lieu of Taxes Receivable	-	-	2,524,165	-	-	2,524,165
Lease Receivable	1,076,458	-	-	-	-	1,076,458
Total Assets	\$ 60,496,414	\$ 52,443	\$ 15,016,555	\$ 4,808,538	\$ 17,409,297	\$ 97,783,247
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts Payable	\$ 470,275	\$ 891	\$ -	\$ 1,500	\$ 444,741	\$ 917,407
Accrued Wages and Benefits	283,326	21,845	-	-	1,222	306,393
Contracts Payable	127,116	-	120,543	1,413,210	129,361	1,790,230
Intergovernmental Payable	207,029	49,229	-	-	80,412	336,670
Matured Compensated Absences Payable	7,075	-	-	-	-	7,075
Retainage Payable	-	-	71,618	74,261	13,021	158,900
Interfund Payable	-	-	39,254,000	96,200	1,750,224	41,100,424
Unearned Revenue	-	-	-	-	753,089	753,089
Payables from Restricted Assets:						
Accounts Payable	590,979	-	-	-	-	590,979
Deposits Held and Due to Others	483,925	-	-	-	-	483,925
Total Liabilities	2,169,725	71,965	39,446,161	1,585,171	3,172,070	46,445,092
Deferred Inflows of Resources:						
Property Taxes and Payments in Lieu of Taxes	821,370	-	2,155,414	-	129,689	3,106,473
Lease	1,063,600	-	-	-	-	1,063,600
Unavailable Revenue - Delinquent Property Taxes	49,280	-	-	-	7,778	57,058
Unavailable Revenue - Income Taxes	5,167,330	-	-	-	-	5,167,330
Unavailable Revenue - Other	176,127	-	888,879	-	3,433,178	4,498,184
Total Deferred Inflows of Resources	7,277,707	-	3,044,293	-	3,570,645	13,892,645
Fund Balances:						
Nonspendable	39,087,035	-	-	-	5,444	39,092,479
Restricted	-	-	-	3,223,367	9,222,241	12,445,608
Committed	-	-	-	-	511,385	511,385
Assigned	4,361,413	-	-	-	1,562,917	5,924,330
Unassigned (Deficit)	7,600,534	(19,522)	(27,473,899)	-	(635,405)	(20,528,292)
Total Fund Balances	51,048,982	(19,522)	(27,473,899)	3,223,367	10,666,582	37,445,510
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 60,496,414	\$ 52,443	\$ 15,016,555	\$ 4,808,538	\$ 17,409,297	\$ 97,783,247

The notes to the financial statements are an integral part of this statement.

City of Independence, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 December 31, 2022*

Total Governmental Fund Balances \$ 37,445,510

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Capital Assets used in Governmental Activities are not financial resources and, therefore, are not reported in the funds 140,581,478

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

Delinquent property taxes	\$	57,058	
Municipal income taxes		5,167,330	
Special assessments		3,008,199	
Hotel/Motel and Amusement taxes		25,149	
Payment in Lieu of Taxes		368,751	
Intergovernmental		1,055,347	
Charges for services		19,814	
Miscellaneous		20,924	
Total			9,722,572

In the Statement of Activities, interest is accrued on outstanding bonds and loans, whereas in Governmental funds, an interest expenditure is reported when due. (54,348)

An Internal Service fund is used by management to charge the costs of certain activities, such as insurance to individual funds. The assets and liabilities of the Internal Service fund is included in Governmental Activities in the Statement of Net Position. 1,210,100

The net pension liability and the net OPEB liability are not due and payable in the current period; and the net pension and net OPEB asset are not available for spending in the current period; therefore, the liability/asset and related deferred inflows/outflows are not reported in governmental funds:

Deferred Outflows - Pension		5,903,169	
Deferred Inflows - Pension		(10,785,488)	
Net Pension Asset		135,715	
Net Pension Liability		(17,239,513)	
Deferred Outflows - OPEB		1,199,458	
Deferred Inflows - OPEB		(2,683,191)	
Net OPEB Liability		(2,264,143)	
Net OPEB Asset		1,624,178	
Total			(24,109,815)

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

General Obligation Bonds		(17,603,834)	
Special Assessment Bonds		(2,940,260)	
OPWC Loan		(2,917,684)	
Deferred Charge on refunding		87,717	
Deferred Outflows Asset Retirement		44,000	
Compensated absences		(725,703)	
Asset Retirement Obligation		(220,000)	
Total			(24,275,764)

Net Position of Governmental Activities \$ 140,519,733

The notes to the financial statements are an integral part of this statement.

City of Independence, Ohio
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2022

	General Fund	HIDTA	Quadrant Tax Increment Financing	Street Resurfacing	Other Governmental Funds	Total Governmental Funds
REVENUES						
Property Taxes	\$ 917,924	\$ -	\$ -	\$ -	\$ 141,266	\$ 1,059,190
Municipal Income Taxes	34,360,013	-	-	-	-	34,360,013
Hotel/Motel Taxes	1,341,408	-	-	-	-	1,341,408
Amusement Taxes	279,203	-	-	-	-	279,203
Payments in Lieu of Taxes	-	-	2,155,416	-	-	2,155,416
Intergovernmental	507,679	5,745,094	200,000	391,652	2,625,210	9,469,635
Interest	510,299	-	-	34,261	1,903	546,463
Fees, Licenses, and Permits	442,421	-	-	-	515,028	957,449
Fines and Forfeitures	126,771	-	-	-	154,851	281,622
Rentals	234,774	-	-	-	14,150	248,924
Charges for Services	785,150	12,518	-	-	-	797,668
Lease	49,470	-	-	-	-	49,470
Special Assessments	-	-	-	-	322,166	322,166
All Other Revenues	419,459	4,431	31,963	400	10,113	466,366
Total Revenues	<u>39,974,571</u>	<u>5,762,043</u>	<u>2,387,379</u>	<u>426,313</u>	<u>3,784,687</u>	<u>52,334,993</u>
EXPENDITURES						
Current:						
Security of Persons and Property	9,745,494	-	-	-	789,464	10,534,958
Public Health and Welfare	75,595	-	-	-	-	75,595
Leisure Time Activities	3,854,730	-	-	-	187,644	4,042,374
Community Environment	4,712,673	-	-	-	81,920	4,794,593
Basic Utility Services	1,008,081	-	-	-	456,427	1,464,508
Transportation	778,339	-	137,110	2,222,353	934,440	4,072,242
General Government	8,582,608	5,806,711	-	-	2,134,240	16,523,559
Capital Outlay	-	-	3,416,787	394,239	1,549,109	5,360,135
Debt Service:	-	-	-	-	-	-
Principal Retirement	-	-	-	-	1,484,458	1,484,458
Interest and Fiscal Charges	-	-	-	-	707,619	707,619
Total Expenditures	<u>28,757,520</u>	<u>5,806,711</u>	<u>3,553,897</u>	<u>2,616,592</u>	<u>8,325,321</u>	<u>49,060,041</u>
Excess of Revenues Over (Under) Expenditures	<u>11,217,051</u>	<u>(44,668)</u>	<u>(1,166,518)</u>	<u>(2,190,279)</u>	<u>(4,540,634)</u>	<u>3,274,952</u>
OTHER FINANCING SOURCES (USES)						
Sale of Capital Assets	34,106	-	83,746	-	-	117,852
Transfers In	600,000	-	-	1,310,000	6,824,538	8,734,538
Transfers Out	(6,442,460)	-	(1,973,809)	-	(818,269)	(9,234,538)
Total Other Financing Sources (Uses)	<u>(5,808,354)</u>	<u>-</u>	<u>(1,890,063)</u>	<u>1,310,000</u>	<u>6,006,269</u>	<u>(382,148)</u>
Net Change in Fund Balances	5,408,697	(44,668)	(3,056,581)	(880,279)	1,465,635	2,892,804
Fund Balances (Deficit) - Beginning of Year	45,640,285	25,146	(24,417,318)	4,103,646	9,200,947	34,552,706
Fund Balances (Deficit)- End of Year	<u>\$ 51,048,982</u>	<u>\$ (19,522)</u>	<u>\$ (27,473,899)</u>	<u>\$ 3,223,367</u>	<u>\$ 10,666,582</u>	<u>\$ 37,445,510</u>

The notes to the financial statements are an integral part of this statement.

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, 2022*

Net Change in Fund Balances-Total Governmental Funds \$ 2,892,804

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 cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation and contributions in the current period.

Capital Outlay	\$ 5,360,135	
Depreciation	<u>(4,953,253)</u>	
Total		406,882

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

Delinquent property taxes	18,142	
Municipal income taxes	492,599	
Special assessments	(9,142)	
Hotel/Motel and Amusement taxes	25,149	
Payment in Lieu of Taxes	192,420	
Intergovernmental	(57,250)	
Charges for services	19,814	
Miscellaneous	<u>(108)</u>	
Total		681,624

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

Pension		2,358,955
OPEB		49,358

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

Pension		(188,161)
OPEB		1,532,964

Repayment of principal on bonds and loans are expenditures in the Governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

1,484,458

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in Governmental funds.

Compensated absences	(14,900)	
Amortization of deferred outflows asset retirement obligation	(5,500)	
Accrued interest on bonds	4,620	
Amortization of bond premiums	130,635	
Amortization of deferred charge on refunding	<u>(17,604)</u>	
Total		97,251

An Internal Service fund is used by management to charge costs to certain activities, such as insurance to individual funds. The net revenue (expense) of an Internal Service fund is reported in the Governmental Activities.

322,811

Change in Net Position of Governmental Activities

\$ 9,638,946

The notes to the financial statements are an integral part of this statement.

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, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Property Taxes	\$ 862,704	\$ 917,831	\$ 917,924	\$ 93
Municipal Income Taxes	33,079,669	34,079,669	34,459,372	379,703
Hotel Taxes	1,193,899	1,193,899	1,356,442	162,543
Amusement Taxes	250,927	250,927	285,089	34,162
Intergovernmental	390,952	390,952	429,946	38,994
Interest	326,839	326,839	371,336	44,497
Fees, Licenses and Permits	467,680	467,680	537,511	69,831
Fines and Forfeitures	105,923	105,923	120,317	14,394
Rentals	260,261	260,261	295,694	35,433
Charges for Services	671,425	671,425	762,836	91,411
All Other Revenues	377,728	377,728	327,957	(49,771)
Total Revenues	<u>37,988,007</u>	<u>39,043,134</u>	<u>39,864,424</u>	<u>821,290</u>
Expenditures:				
Current:				
Security of Persons and Property	10,599,933	10,124,933	9,820,585	304,348
Public Health and Welfare	99,841	89,841	76,325	13,516
Leisure Time Activities	4,123,620	4,134,620	3,890,254	244,366
Community Environment	6,302,849	5,732,515	5,080,559	651,956
Basic Utility Services	1,233,618	1,165,284	1,067,210	98,074
Transportation	1,060,001	1,025,836	1,001,803	24,033
General Government	8,017,828	7,909,661	7,299,742	609,919
Total Expenditures	<u>31,437,690</u>	<u>30,182,690</u>	<u>28,236,478</u>	<u>1,946,212</u>
Excess of Revenues Over (Under)				
Expenditures	6,550,317	8,860,444	11,627,946	2,767,502
Other Financing Sources (Uses)				
Sale of Capital Assets	34,106	34,106	34,106	-
Advances In	2,802,500	1,715,500	1,715,500	-
Advances Out	(7,390,000)	(6,640,000)	(6,640,000)	-
Transfers In	21,600,000	21,600,000	21,600,000	-
Transfers Out	(27,575,000)	(28,042,460)	(28,042,460)	-
Total Other Financing Sources (Uses)	<u>(10,528,394)</u>	<u>(11,332,854)</u>	<u>(11,332,854)</u>	<u>-</u>
Net Change in Fund Balance	(3,978,077)	(2,472,410)	295,092	2,767,502
Fund Balance - Beginning of Year	3,605,212	3,605,212	3,605,212	-
Prior Year Encumbrances Appropriated	1,514,455	1,514,455	1,514,455	-
Fund Balance - End of Year	<u>\$ 1,141,590</u>	<u>\$ 2,647,257</u>	<u>\$ 5,414,759</u>	<u>\$ 2,767,502</u>

The notes to the financial statements are an integral part of this statement.

City of Independence, Ohio
Statement of Revenues, Expenditures, and Changes
in Fund Balance – Budget (Non-GAAP basis) and Actual
High Intensity Drug Trafficking Area Fund
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 5,982,351	\$ 5,982,351	\$ 5,745,094	\$ (237,257)
Charges for Services	13,035	13,035	12,518	(517)
All Other Revenues	4,614	4,614	4,431	(183)
Total Revenues	<u>6,000,000</u>	<u>6,000,000</u>	<u>5,762,043</u>	<u>(237,957)</u>
Expenditures:				
Current:				
General Government				
Salaries and Wages	1,087,670	1,087,670	1,048,709	38,961
Benefits	356,002	356,002	343,250	12,752
Other	4,556,328	4,556,328	4,393,118	163,210
Total Expenditures	<u>6,000,000</u>	<u>6,000,000</u>	<u>5,785,077</u>	<u>214,923</u>
Net Change in Fund Balance	-	-	(23,034)	(23,034)
Fund Balance - Beginning of Year	75,477	75,477	75,477	-
Fund Balance - End of Year	<u>\$ 75,477</u>	<u>\$ 75,477</u>	<u>\$ 52,443</u>	<u>\$ (23,034)</u>

The notes to the financial statements are an integral part of this statement.

City of Independence, Ohio
Statement of Fund Net Position
Internal Service Fund
December 31, 2022

	<u>Insurance</u>
ASSETS	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$ 1,210,100
Total Assets	<u>1,210,100</u>
NET POSITION	
Unrestricted	<u>1,210,100</u>
Total Net Position	<u>\$ 1,210,100</u>

The notes to the financial statements are an integral part of this statement.

City of Independence, Ohio
*Statement of Revenues,
Expenses, and Changes in Fund Net Position*
Internal Service Fund
For the Year Ended December 31, 2022

	Insurance
OPERATING REVENUES	
Miscellaneous	\$ 29,796
Total Operating Revenues	29,796
 OPERATING EXPENSES	
Contractual Services	165,566
Claims	41,419
Total Operating Expense	206,985
Operating Income (Loss)	(177,189)
 Transfers In	 500,000
Change in Net Position	322,811
 Net Position - Beginning of Year	 887,289
Net Position - End of Year	\$ 1,210,100

The notes to the financial statements are an integral part of this statement.

City of Independence, Ohio
Statement of Cash Flows
Internal Service Fund
For the Year Ended December 31, 2022

	Insurance
CASH FLOWS FROM OPERATING ACTIVITIES	
Other Cash Receipts	\$ 29,796
Cash Payments for Goods and Services	(166,086)
Cash Payments for Claims	(41,419)
Net Cash (Used in) Operating Activities	(177,709)
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfer In	500,000
Net Cash Provided by Noncapital Financing Activities	500,000
 Net Increase in Cash and Cash Equivalents	 322,291
 Cash and Cash Equivalents - Beginning of Year	 887,809
Cash and Cash Equivalents - End of Year	\$ 1,210,100
 RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES	
Operating Loss	\$ (177,189)
 Adjustments:	
Increase (Decrease) in Liabilities:	
Contracts Payable	(520)
Net Cash (Used in) Operating Activities	\$ (177,709)

The notes to the financial statements are an integral part of this statement.

City of Independence, Ohio
Statement of Fiduciary Net Position
Custodial Fund
December 31, 2022

	Custodial Funds
ASSETS	
Cash and Cash Equivalents in Segregated Accounts	\$ 17,082
Total Assets	17,082
 LIABILITIES	
Accounts Payable	4,740
Intergovernmental Payable	4,276
Total Liabilities	9,016
 NET POSITION	
Restricted For:	
Individuals, Organizations, and Other Governments	8,066
Total Net Position	\$ 8,066

The notes to the financial statements are an integral part of this statement.

City of Independence, Ohio
Statement of Changes in Fiduciary Net Position
Custodial Fund
For the Year Ended December 31, 2022

	Custodial Funds
ADDITIONS	
Fines and Forfeitures for Other Governments	\$ 54,155
Miscellaneous	61,626
Total Additions	115,781
DEDUCTIONS	
Fines and Forefeitures Distributions to Other Governments	54,832
Miscellaneous	60,015
Total Deductions	114,847
Net Increase in Fiduciary Net Position	934
Net Position - Beginning of Year	7,132
Net Position - End of Year	\$ 8,066

The notes to the financial statements are an integral part of this statement.

Notes to the Basic Financial Statements

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

The City of Independence (the “City”) 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, the Mayor oversees the enforcement of all laws and ordinances. The Mayor also appoints all department directors, with the exception of the Finance Director and the Clerk of Council 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 five jointly governed organizations: the Southwest Council of Governments, the Northeast Ohio Public Energy Council, the Cuyahoga Valley Regional Council of Governments, the Chagrin Valley Dispatch Council and the Regional Income Tax Agency. 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, 2022

Government-wide Financial Statements The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid “doubling up” revenues and expenses. Interfund services provided and used are not eliminated in the process of consolidation. The statements usually distinguish between those activities of the City that are governmental and those that are considered business-type. The City, however, has no business-type activities.

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

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

Fund Accounting

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

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

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

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

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

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

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

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

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

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

Fiduciary Funds Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into the following four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangement that has certain characteristics. The City does not have any trust funds. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The following is a description of the City's custodial fund.

Mayor's Court Fund To account for fines and forfeitures received and disbursed by the Independence Mayor's Court to the participating governments pursuant to the laws of the State of Ohio.

Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared 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 (e.g., revenues) and decreases (e.g., 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.

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

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 and the fiduciary fund are 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 these funds are included on the statement of fund net position. In the fiduciary fund, a liability to the beneficiaries of fiduciary activity is recognized when an event has occurred that compels the government to disburse fiduciary resources. Fiduciary fund liabilities other than those to beneficiaries are recognized using the economic resources measurement focus.

For the internal service fund, the statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activity.

Fiduciary funds present a statement of changes in fiduciary net position which reports additions to and deductions from the custodial fund.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and the statements presented for 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.

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

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, lease, 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 assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources are reported on the government-wide statement of net position for deferred charge on refunding, asset retirement obligations, pension and OPEB. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to asset retirement obligations is originally measured at the amount of the corresponding liability. This amount is expensed in a systematic and rational manner over the tangible asset's useful life. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 11 and 12.

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 assets 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, lease, payments in lieu of taxes, pension, OPEB and unavailable revenue. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of December 31, 2022, but which were levied to finance 2023 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, municipal income taxes, delinquent payments in lieu of taxes, special assessments, charges for services, hotel/motel and amusement taxes, intergovernmental grants and miscellaneous revenue. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities found on page 18. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 11 and 12)

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

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

Pensions/Other Postemployment Benefits (OPEB)

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

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Budgetary Process

All funds, except custodial 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 resolution, 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 Director of Finance 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 Director of Finance. The amounts reported as the original and final budgeted amounts on the budgetary statements reflect the amounts in the original and final amended certificate of estimated resources in effect at the time original and final appropriations were enacted by Council.

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

Cash and Cash Equivalents

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

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

During 2022, investments were limited to State Treasury Asset Reserve of Ohio (STAR Ohio), municipal bonds, and municipal securities. 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 has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The City measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2022, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

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

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the General Fund during 2022 amounted to \$510,299, which includes \$394,106 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, 2022, 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, accounts payable specific to occupancy bonds and deposits held and due to others.

Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The City was able to estimate the historical cost for the initial reporting of infrastructure by backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their acquisition values as of the date received. In 2022, the City increased the capitalization threshold from \$1,000 to \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	50 Years
Land Improvements	20-30 Years
Machinery and Equipment	10 Years
Furniture and Fixtures	20 Years
Vehicles	8-20 Years
Infrastructure	20-100 Years

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

Interfund Balances

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

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. Based on City policy, no vacation accrual was recorded.

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

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

Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds and long-term loans are recognized as a liability on the governmental fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan’s fiduciary net position is not sufficient for payment of those benefits.

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Fund Balance

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

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

Restricted Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (City ordinances). 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 Director of Finance to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. City Council assigned fund balance for compensated absences, for economic development and to cover a gap between estimated revenues and appropriations in 2022’s budget. All remaining assigned amounts in the General Fund were established by City Council.

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

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

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

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Interfund Activity

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

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

Estimates

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

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City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 3 – Fund Balances

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

Fund Balances	General	HIDTA	Quadrant Tax Increment Financing	Street Surfacing	Other Governmental Funds	Total Governmental Funds
<i>Nonspendable</i>						
Prepaid Items	\$ 333,035	\$ -	\$ -	\$ -	\$ 5,444	\$ 338,479
Unclaimed Funds	38,754,000	-	-	-	-	38,754,000
<i>Total Nonspendable</i>	<u>39,087,035</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,444</u>	<u>39,092,479</u>
<i>Restricted for</i>						
Road Improvements	-	-	-	-	323,312	323,312
Capital Improvements	-	-	-	3,223,367	8,287,460	11,510,827
Law Enforcement and Education	-	-	-	-	168,877	168,877
Mayor's Court Computer	-	-	-	-	26,410	26,410
FEMA Grant	-	-	-	-	4,280	4,280
Debt Service Payments	-	-	-	-	183,445	183,445
Drug Offense	-	-	-	-	21,455	21,455
Federal Forfeiture	-	-	-	-	93,330	93,330
Motor Vehicle License Tax	-	-	-	-	113,672	113,672
<i>Total Restricted</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,223,367</u>	<u>9,222,241</u>	<u>12,445,608</u>
<i>Committed to</i>						
Handicap Parking	-	-	-	-	28,283	28,283
Citizen-focused Activities	-	-	-	-	10,802	10,802
City Upkeep	-	-	-	-	69,690	69,690
Recreation	-	-	-	-	402,610	402,610
<i>Total Committed</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>511,385</u>	<u>511,385</u>
<i>Assigned to</i>						
Subsequent year Appropriations	1,870,923	-	-	-	-	1,870,923
Compensated Absences	612,235	-	-	-	-	612,235
Economic Development	796,427	-	-	-	-	796,427
Purchases on Order:						
City Administration	405,685	-	-	-	-	405,685
Buildings and Land Maintenance	66,776	-	-	-	-	66,776
Engineering and Building Services	39,658	-	-	-	-	39,658
Fire & Police Department	73,383	-	-	-	-	73,383
Recreation	40,833	-	-	-	-	40,833
Cemetery	187	-	-	-	-	187
Economic Development	101,488	-	-	-	-	101,488
Transportation and Utility Services	258,085	-	-	-	-	258,085
Technical Services and Information Technology	95,733	-	-	-	-	95,733
Debt Service Payments	-	-	-	-	2,038	2,038
Capital Improvement	-	-	-	-	1,560,879	1,560,879
<i>Total Assigned</i>	<u>4,361,413</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,562,917</u>	<u>5,924,330</u>
<i>Unassigned (Deficit)</i>	<u>7,600,534</u>	<u>(19,522)</u>	<u>(27,473,899)</u>	<u>-</u>	<u>(635,405)</u>	<u>(20,528,292)</u>
Total Fund Balances	<u>\$ 51,048,982</u>	<u>\$ (19,522)</u>	<u>\$ (27,473,899)</u>	<u>\$ 3,223,367</u>	<u>\$ 10,666,582</u>	<u>\$ 37,445,510</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, 2022, is \$1,026,060.

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 4 –Accountability

The fund deficits in the Quadrant Tax Increment Financing capital projects funds of \$27,473,899 is due to interfund payables for various tax increment financing projects. The fund deficits in HIDTA, the strike force and police pension special revenue funds of \$19,522, \$625,014 and \$10,391, respectively, were due to accrued liabilities. The General Fund is liable for any deficit in these funds and provides transfers when cash is required, rather than when accruals occur.

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 and the HIDTA fund are 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) Advances In and Advances Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
- c) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
- d) Budgetary revenues and expenditures of the compensated absences and economic development funds are reclassified to the General Fund for GAAP purposes.
- e) 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 and the major special revenue fund.

	<u>General</u>	<u>HIDTA</u>
GAAP Basis	\$ 5,408,697	\$ (44,668)
Net Adjustment for Revenue Accruals	(110,147)	-
Net Adjustment for Expenditure Accruals	392,945	21,634
Advance In	1,715,500	-
Advance Out	(6,640,000)	-
Perspective Differences:		
Compensated Absences Fund	17,965	-
Rainy Day Fund	573,940	-
Economic Development Fund	409,444	-
Encumbrances	<u>(1,473,252)</u>	<u>-</u>
Budget Basis	<u>\$ 295,092</u>	<u>\$ (23,034)</u>

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 6 – Deposits and Investments

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

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

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

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

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

1. United States Treasury bills, bonds notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

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

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

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

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

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$22,498,135 of the City's bank balance of \$23,372,507 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution.

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

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

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

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Investments

Investments are reported at fair value. As of December 31, 2022, the City had the following investments:

<u>Investment Type</u>	<u>Measurement Value</u>	<u>Credit Rating</u>	<u><1</u>	<u>1-3</u>
STAR Ohio	\$ 7,769,504	AAAm	\$ 7,769,504	\$ -
5/3 Securities- Level Two Inputs	7,010,716	AAAm	4,752,930	2,257,786
Municipal bonds- Level Two Inputs	2,681,821	AAAm	2,681,821	-
Total Investments	<u>\$17,462,041</u>		<u>\$15,204,255</u>	<u>\$2,257,786</u>

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the City's recurring fair value measurements as of December 31, 2022. The City's investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs).

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

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 Municipal Securities and the Certificates of Deposit are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty. The City has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the finance director or qualified trustee.

Credit Risk Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. All investments carry a rating of AAAm by Standard and Poor's. The City has no investment policy that addresses credit risk.

Concentration of Credit Risk The City places no limit on the amount it may invest in any one issuer.

Note 7 – Receivables

Receivables at December 31, 2022, consisted primarily of payments in lieu of taxes, property taxes, municipal income taxes, lease, accounts (billings for user charged services), special assessments, hotel/motel taxes, amusement taxes and intergovernmental receivables arising from grants, entitlements and shared revenues.

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

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

Special assessments expected to be collected in more than one year amount to \$3,008,199. At December 31, 2022, the City had \$72,919 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 2022 for real and public utility property taxes represents collections of 2021 taxes.

2022 real property taxes are levied after October 1, 2022, on the assessed value as of January 1, 2022, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2022 real property taxes are collected in and intended to finance 2023.

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. 2022 public utility property taxes which became a lien December 31, 2021, are levied after October 1, 2022, and are collected in 2023 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2022, 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 2022 property tax receipts were based are as follows:

Real Property:		
Residential/Agricultural	\$	306,618,410
Other Real Estate		171,685,450
Public Utility Personal Property		34,502,080
Total	\$	<u>512,805,940</u>

The County Fiscal Officer collects property taxes on behalf of all taxing districts in the county, including the City of Independence. The County Fiscal Officer periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real property taxes and public utility property taxes which were measurable as of December 31, 2022, and for which there is an enforceable legal claim. In the governmental funds, the portion of the receivable not levied to finance 2022 operations is offset to deferred inflows of resources – property taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

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 2022, the proceeds were allocated entirely to the General Fund.

The Regional Income Tax Agency administers and-collects income taxes for the City. Payments are remitted monthly net of collection fees of approximately 0.93 percent.

Intergovernmental Receivable

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

	<u>Amount</u>
Kent State University	\$ 520,128
Gasoline Excise Tax	261,822
Grant	731,558
Auto Registration	44,334
Local Government	83,414
Bureau of Workers' Compensation	15,143
Homestead and Rollback	46,125
Miscellaneous Governmental Agencies	20,899
Permissive Tax	<u>1,849</u>
Total Intergovernmental Receivables	<u><u>\$ 1,725,272</u></u>

Payments in Lieu of Taxes

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

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Lease Receivable

For the year ended December 31, 2022, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below

The City of Independence entered a lease as Lessor for the use of a Cell Tower. An initial lease receivable was recorded in the amount of \$1,113,070. As of December 31, 2022, the value of the lease receivable is \$1,076,458. The lessee is required to make monthly fixed payments of \$5,666. The lease has an interest rate of 3.00%. The value of the deferred inflow of resources as of December 31, 2022 was \$1,063,600, and City of Independence recognized lease revenue of \$49,470 during the fiscal year. The lessee has four extension option(s), each for 60 months.

Principal and interest requirements for repayment of the lease at December 31, 2022, are as follows:

	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2023	\$ 36,200	\$ 31,799	\$ 67,999
2024	37,301	30,698	67,999
2025	38,436	29,563	67,999
2026	39,605	28,394	67,999
2027	40,810	27,189	67,999
2028-2032	223,440	116,555	339,995
2033-2037	259,551	80,444	339,995
2038-2042	301,499	38,496	339,995
2043	99,616	2,383	101,999
	\$ 1,076,458	\$ 385,521	\$ 1,461,979

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

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 2022, the City contracted with Traveler’ Insurance Company for various types of insurance as follows:

Type	Coverage	Deductible
Inland Marine		
Contractor's Equipment	\$ 250,000	\$ 10,000
Property	53,325,744	10,000
Employee Dishonesty	250,000	5,000
Forgery	250,000	5,000
Computer Fraud	250,000	5,000
Automobile under \$100,000	1,000,000	1,000
Automobile over \$100,000	1,000,000	2,500

Settled claims have not exceeded this coverage in any of the last three years. There has not been a 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, 2022. Changes in the fund’s claims liability amount for 2021 and 2022 were:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2021	\$ -	\$ 27,610	\$ 27,610	\$ -
2022	-	41,419	41,419	-

Workers’ Compensation

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

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 9 – Capital Assets

Capital asset activity for the year ended December 31, 2022 was as follows:

	Restated Balances 12/31/2021	Additions	Disposals	Balances 12/31/2022
Governmental Activities				
Nondepreciable Assets:				
Land	\$ 21,532,655	\$ 328,476	\$ -	\$ 21,861,131
Construction in progress	31,496,771	3,785,938	(7,043,089)	28,239,620
Total Nondepreciable Assets	<u>53,029,426</u>	<u>4,114,414</u>	<u>(7,043,089)</u>	<u>50,100,751</u>
Depreciable Assets:				
Buildings and Improvements	657,662	361,056	-	1,018,718
Land Improvements	41,734,654	83,173	-	41,817,827
Machinery and equipment	8,144,560	63,641	-	8,208,201
Furniture and Fixtures	1,442,892	23,693	-	1,466,585
Vehicles	11,685,262	714,158	(86,344)	12,313,076
Infrastructure:				
Roads	77,858,883	7,043,089	-	84,901,972
Sanitary sewer	6,715,499	-	-	6,715,499
Storm sewer	10,849,706	-	-	10,849,706
Water Lines	5,432,820	-	-	5,432,820
Total Depreciable Assets	<u>164,521,938</u>	<u>8,288,810</u>	<u>(86,344)</u>	<u>172,724,404</u>
Less Accumulated Depreciation				
Buildings and Improvements	(150,568)	(27,402)	-	(177,970)
Land Improvements	(19,866,482)	(941,969)	-	(20,808,451)
Machinery and equipment	(4,919,803)	(478,079)	-	(5,397,882)
Furniture and Fixtures	(1,374,816)	(8,725)	-	(1,383,541)
Vehicles	(6,604,052)	(611,542)	86,344	(7,129,250)
Infrastructure:				
Roads	(36,136,215)	(2,547,059)	-	(38,683,274)
Sanitary sewer	(1,200,423)	(54,328)	-	(1,254,751)
Storm sewer	(5,482,366)	(67,155)	-	(5,549,521)
Water Lines	(1,642,043)	(216,994)	-	(1,859,037)
Total Accumulated Depreciation	<u>(77,376,768)</u>	<u>(4,953,253)</u> *	<u>86,344</u>	<u>(82,243,677)</u>
Total Depreciable Assets, Net	<u>87,145,170</u>	<u>3,335,557</u>	<u>-</u>	<u>90,480,727</u>
Governmental Activities Capital Assets, Net	<u>\$ 140,174,596</u>	<u>\$ 7,449,971</u>	<u>\$ (7,043,089)</u>	<u>\$ 140,581,478</u>

* Depreciation expense was charged to governmental activities as follows:

Governmental Activities:	
General government	\$ 4,795,725
Security of persons and property	39,960
Leisure time activities	19,140
Community environment	7,668
Basic utility services	4,167
Transportation	86,593
Total Depreciation Expense	<u>\$ 4,953,253</u>

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

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 Plans

Net Pension Liability (Asset)

The net pension liability/asset reported on the statement of net position represents a liability/asset 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/asset 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/asset calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting 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.

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.

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

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 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’ Annual Comprehensive Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C 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 62 with 60 months of service credit or Age 57 with 25 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

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. The base amount of a member’s pension benefit is locked in upon receipt of the initial benefit payment for calculation of the annual cost-of-living adjustment. When a traditional plan benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

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. Cost-of-living adjustments for OPERS members in 2022 will be 3 percent for all those eligible to receive the annual benefit increase.

A death benefit of \$500 - \$2,500, determined by the number of years of service credit of the retiree, is paid to the beneficiary of a deceased retiree or disability benefit recipient under the Tradition pension plan and the Combined Plan.

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

Beginning in 2022, the combined plan will be consolidated under the traditional pension plan (defined benefit plan) and the combined plan will no longer be available for new hires beginning in 2022.

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

	State and Local
2022 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
2022 Actual Contribution Rates	
Employer:	
Pension **	14.0 %
Post-Employment Health Care Benefits **	0.0
Total Employer	14.0 %
Employee	10.0 %

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

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

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

The portion of employer contributions used to fund pension benefits is net of postemployment health care benefits. The portion of the employer's contribution allocated to health care was 0% for 2022 for the Traditional and Combined plans. The portion of the employer's contribution allocated to health care was 4% for the Member-Directed plan for 2022. Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contributions was \$1,165,431 for fiscal year ending December 31, 2022. Of this amount, \$116,083 is reported as an intergovernmental payable.

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

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

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

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

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

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

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

	Police	Firefighters
2022 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
 2022 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	 12.25 %	 12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$1,193,524 for 2022. Of this amount, \$138,449 is reported as an intergovernmental payable.

Pension Liabilities, Pension Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability/asset for OPERS was measured as of December 31, 2021, and the total pension liability/asset used to calculate the net pension liability/asset was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2021, and was determined by rolling forward the total pension liability as of January 1, 2021, to December 31, 2021. The City's proportion of the net pension liability/asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS Traditional Pension Plan	OPERS Combined Pension Plan	OP&F	Total
Proportion of the Net Pension Liability/Asset				
Prior Measurement Date	0.048226%	0.036180%	0.2113950%	
Proportion of the Net Pension Liability/Asset				
Current Measurement Date	0.049819%	0.034445%	0.2065661%	
Change in Proportionate Share	0.001593%	-0.001735%	-0.0048289%	
 Proportionate Share of the:				
Net Pension Liability	\$ 4,334,455	\$ -	\$ 12,905,058	\$ 17,239,513
Net Pension Asset	-	(135,715)	-	(135,715)
Pension Expense	\$ (491,385)	\$ 17,349	\$ 662,197	\$ 188,161

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At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS Traditional Pension Plan	OPERS Combined Pension Plan	OP&F	Total
Deferred Outflows of Resources				
Differences between expected and actual experience	\$ 220,964	\$ 842	\$ 372,105	\$ 593,911
Changes of assumptions	542,019	6,817	2,358,491	2,907,327
Changes in proportion and differences between City contributions and proportionate share of contributions City contributions subsequent to the measurement date	-	27,083	15,893	42,976
	<u>1,145,515</u>	<u>19,916</u>	<u>1,193,524</u>	<u>2,358,955</u>
Total Deferred Outflows of Resources	<u>\$ 1,908,498</u>	<u>\$ 54,658</u>	<u>\$ 3,940,013</u>	<u>\$ 5,903,169</u>
Deferred Inflows of Resources				
Net difference between projected and actual earnings on pension plan investments	\$ 5,155,673	\$ 29,098	\$ 3,383,505	\$ 8,568,276
Differences between expected and actual experience	95,065	15,180	670,886	781,131
Changes in proportion and differences between City contributions and proportionate share of contributions	490,271	24,813	920,997	1,436,081
Total Deferred Inflows of Resources	<u>\$ 5,741,009</u>	<u>\$ 69,091</u>	<u>\$ 4,975,388</u>	<u>\$ 10,785,488</u>

\$2,358,955 reported as deferred outflows of resources related to pension resulting from City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS Traditional Pension Plan	OPERS Combined Pension Plan	OP&F	Total
Year Ending December 31:				
2023	\$(1,058,898)	\$ (8,656)	\$ (269,250)	\$ (1,336,804)
2024	(1,886,672)	(12,069)	(1,159,519)	(3,058,260)
2025	(1,212,306)	(7,822)	(600,074)	(1,820,202)
2026	(820,150)	(5,720)	(420,257)	(1,246,127)
2027	-	181	220,201	220,382
Thereafter	-	(263)	-	(263)
Total	<u>\$(4,978,026)</u>	<u>\$ (34,349)</u>	<u>\$(2,228,899)</u>	<u>\$ (7,241,274)</u>

Actuarial Assumptions - OPERS

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

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Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. In 2021, the Board's actuarial consultants conducted an experience study for the period 2016 through 2020, comparing assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 7.2% down to 6.9%, for the defined benefit investments. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below:

	<u>Traditional Pension Plan</u>	<u>Combined Plan</u>
Wage Inflation		
Current Measurement Date:	2.75 percent	2.75 percent
Prior Measurement Date:	3.25 percent	3.25 percent
Future Salary Increases, including inflation		
Current Measurement Date:	2.75 to 10.75 percent including wage inflation	2.75 to 8.25 percent including wage inflation
Prior Measurement Date:	3.25 to 10.75 percent including wage inflation	3.25 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA		
Pre 1/7/2013 retirees:	3 percent, simple	3 percent, simple
Post 1/7/2013 retirees:		
Current Measurement Date:	3 percent, simple through 2022, then 2.05 percent simple	3 percent, simple through 2022, then 2.05 percent simple
Prior Measurement Date:	0.50 percent, simple through 2021, then 2.15 percent simple	0.50 percent, simple through 2021, then 2.15 percent simple
Investment Rate of Return		
Current Measurement Date:	6.9 percent	6.9 percent
Prior Measurement Date:	7.2 percent	7.2 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The long-term expected 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 three investment portfolios: the Defined Benefits portfolio, the Health Care 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. 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.

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Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money weighted rate of return expressing investment performance, net of investments expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a gain of 15.3 percent for 2021.

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 2021 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Geometric)</u>
Fixed Income	24.00 %	1.03 %
Domestic Equities	21.00	3.78
Real Estate	11.00	3.66
Private Equity	12.00	7.43
International Equities	23.00	4.88
Risk Parity	5.00	2.92
Other investments	4.00	2.85
Total	<u>100.00 %</u>	4.21 %

Discount Rate The discount rate used to measure the total pension liability was 6.9 percent, post-experience study results. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability 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 6.9 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 or one-percentage-point higher than the current rate:

<u>City's proportionate share of the net pension liability/(asset)</u>	<u>1% Decrease (5.90%)</u>	<u>Current Discount Rate (6.90%)</u>	<u>1% Increase (7.90%)</u>
Traditional Pension Plan	\$ 11,427,980	\$ 4,334,455	\$ 1,568,302
Combined Plan	\$ (101,268)	\$ (135,715)	\$ (162,580)

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Actuarial Assumptions – OP&F

OP&F’s total pension liability as of December 31, 2021 is based on the results of an actuarial valuation date of January 1, 2021, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F’s actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements, and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2021, are presented below:

Valuation Date	January 1, 2021, with actuarial liabilities rolled forward to December 31, 2021
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.50 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	3.25 percent per annum, compounded annually, consisting of inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Cost of Living Adjustments	2.2 percent simple

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

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

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

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

The most recent experience study was completed December 31, 2016.

City of Independence, Ohio
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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 OP&F's target asset allocation as of December 31, 2021 are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return **</u>
Domestic Equity	21.00 %	3.60 %
International Equity	14.00	4.40
Core Fixed Income *	23.00	1.10
U.S. Inflation Linked Bonds *	17.00	0.80
High Yield Fixed Income	7.00	3.00
Private Real Estate	12.00	4.80
Private Markets	8.00	6.80
Midstream Energy Infrastructure	5.00	5.00
Private Credit	5.00	4.50
Real Assets	8.00	5.90
Gold	5.00	2.40
Total	125.00 %	

Note: Assumptions are geometric

* levered 2x

** numbers are net of expected inflation

OP&F's Board of Trustees has incorporated the "risk parity" concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.25 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 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 7.50 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 7.50 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 (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

City of Independence, Ohio
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	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability	\$ 19,138,021	\$ 12,905,058	\$ 7,714,539

Note 12 - Defined Benefit OPEB Plans

Net OPEB Liability/Asset

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

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

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

GASB 75 assumes that any liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of each plan’s unfunded and funded benefits are presented as a long-term *net OPEB liability or net OPEB asset* on the accrual basis of accounting. Any liability for the contractually-required OPEB 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 - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

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

Effective January 1, 2022, OPERS will discontinue the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses. These changes are reflected in the December 31, 2021, measurement date health care valuation.

In order to qualify for postemployment health care coverage, generally age and service retirees under the traditional pension and combined plans must be at least age sixty with twenty or more years of qualifying Ohio service credit, or thirty years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Annual Comprehensive Financial Report 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. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, health care was no longer being funded.

Employer contribution rates are expressed as a percentage of covered payroll. In 2022, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2022, OPERS did not allocate employer contributions to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2022 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$20,748 for 2022.

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

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) a cost-sharing, multiple-employer defined post-employment healthcare plan that provides various levels of health care to retired, disabled and beneficiaries, as well as their dependents. On January 1, 2019, OP&F changed the way it supports retiree health care. A stipend-based health care model has replaced the self-insured group health care plan that had been in place. A stipend funded by OP&F is available to these members through a Health Reimbursement Arrangement and can be used to reimburse retirees for qualified health care expenses. A summary of the full benefit provisions can be found in OP&F’s annual comprehensive financial report.

OP&F provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 75. The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

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

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.5 percent and 24 percent of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2022, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll.

The amount of employer contributions allocated to the health care plan each year is subject to the Trustees’ primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The City’s contractually required contribution to OP&F was \$28,610 for 2022. Of this amount, \$3,321 is reported as an intergovernmental payable.

City of Independence, Ohio
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OPEB Liabilities/Asset, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB asset and total OPEB asset for OPERS were determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2021, and was determined by rolling forward the total OPEB liability as of January 1, 2021, to December 31, 2021. The City's proportion of the net OPEB liability/asset was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportion of the Net OPEB Liability/Asset Prior Measurement Date	0.050222%	0.2113950%	
Proportion of the Net OPEB Liability/Asset Current Measurement Date	<u>0.051855%</u>	<u>0.2065661%</u>	
Change in Proportionate Share	<u>0.001633%</u>	<u>-0.0048289%</u>	
Proportionate Share of the:			
Net OPEB Liability	\$ -	\$ 2,264,143	\$ 2,264,143
Net OPEB Asset	(1,624,178)	-	(1,624,178)
OPEB Expense	\$ (1,686,454)	\$ 153,490	\$ (1,532,964)

At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$ -	\$ 102,999	\$ 102,999
Changes of assumptions	-	1,002,180	1,002,180
Changes in proportion and differences between City contributions and proportionate share of contributions	27,476	17,445	44,921
City contributions subsequent to the measurement date	<u>20,748</u>	<u>28,610</u>	<u>49,358</u>
Total Deferred Outflows of Resources	<u>\$ 48,224</u>	<u>\$ 1,151,234</u>	<u>\$ 1,199,458</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$ 246,362	\$ 299,238	\$ 545,600
Changes of assumptions	657,449	262,967	920,416
Net difference between projected and actual earnings on OPEB plan investments	774,291	204,527	978,818
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>82,136</u>	<u>156,221</u>	<u>238,357</u>
Total Deferred Inflows of Resources	<u>\$ 1,760,238</u>	<u>\$ 922,953</u>	<u>\$ 2,683,191</u>

\$49,358 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability and increase of the net OPEB asset in 2023.

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Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	OPERS	OP&F	Total
Year Ending December 31:			
2023	\$(1,101,931)	\$ 61,524	\$(1,040,407)
2024	(350,454)	31,158	(319,296)
2025	(169,178)	44,725	(124,453)
2026	(111,199)	2,375	(108,824)
2027	-	31,086	31,086
Thereafter	-	28,803	28,803
Total	<u>\$(1,732,762)</u>	<u>\$ 199,671</u>	<u>\$(1,533,091)</u>

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	
Current Measurement Date:	2.75 percent
Prior Measurement Date:	3.25 percent
Projected Salary Increases, including inflation	
Current Measurement Date:	2.75 to 10.75 percent, including wage inflation
Prior Measurement Date:	3.25 to 10.75 percent, including wage inflation
Single Discount Rate:	6.00 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate	
Current Measurement Date:	1.84 percent
Prior Measurement Date:	2.00 percent
Health Care Cost Trend Rate	
Current Measurement Date:	5.50 percent initial, 3.50 percent ultimate in 2034
Prior Measurement Date:	8.50 percent initial, 3.50 percent ultimate in 2035
Actuarial Cost Method	Individual Entry Age

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Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

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

During 2021, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a gain of 14.30 percent for 2021.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2021 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	34.00 %	0.91 %
Domestic Equities	25.00	3.78
Real Estate Investment Trust	7.00	3.71
International Equities	25.00	4.88
Risk Parity	2.00	2.92
Other investments	7.00	1.93
Total	<u>100.00 %</u>	3.45 %

Discount Rate A single discount rate of 6.00 percent was used to measure the OPEB asset on the measurement date of December 31, 2021. A single discount rate of 6.00 percent was used to measure the OPEB asset on the measurement date of December 31, 2020.

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Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 1.84 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2121. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2121, the duration of the projection period through which projected health care payments are fully funded.

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

The following table presents the City's proportionate share of the net OPEB asset calculated using the single discount rate of 6.00 percent, as well as what the City's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is one-percentage-point lower (5.00 percent) or one-percentage-point higher (7.00 percent) than the current rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
City's proportionate share of the net OPEB asset	\$ 955,169	\$ 1,624,178	\$ 2,179,466

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

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

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2022 is 5.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB asset	\$ 1,641,729	\$ 1,624,178	\$ 1,603,357

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Actuarial Assumptions – OP&F

OP&F’s total OPEB liability as of December 31, 2021, is based on the results of an actuarial valuation date of January 1, 2021, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F’s actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

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

Valuation Date	January 1, 2021, with actuarial liabilities rolled forward to December 31, 2021
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.5 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Single discount rate:	
Current measurement date	2.84 percent
Prior measurement date	2.96 percent
Cost of Living Adjustments	2.2 percent simple

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

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

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

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

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

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2021, are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return **</u>
Cash and Cash Equivalents	0.00 %	0.00 %
Domestic Equity	21.00	3.60
Non-US Equity	14.00	4.40
Core Fixed Income *	23.00	1.10
U.S. Inflation Linked Bonds *	17.00	0.80
High Yield Fixed Income	7.00	3.00
Private Real Estate	12.00	4.80
Private Markets	8.00	6.80
Midstream Energy Infrastructure	5.00	5.00
Private Credit	5.00	4.50
Real Assets	8.00	5.90
Gold	5.00	2.40
Total	125.00 %	

Note: Assumptions are geometric

* levered 2x

** numbers are net of expected inflation

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments.

From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.25 times due to the application of leverage in certain fixed income asset classes in core fixed income and U.S. inflation linked bonds and the implementation approach for gold.

City of Independence, Ohio
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Discount Rate The total OPEB liability was calculated using the discount rate of 2.84 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 7.50 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 2.05 percent at December 31, 2021 and 2.12 percent at December 31, 2020, was blended with the long-term rate of 7.50 percent, which resulted in a blended discount rate of 2.84 percent. The municipal bond rate was determined using the S&P Municipal Bond 20 Year High Grade Rate Index. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2037. The long-term expected rate of return on health care investments was applied to projected costs through 2037, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 2.84 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.84 percent), or one percentage point higher (3.84 percent) than the current rate.

	1% Decrease (1.84%)	Current Discount Rate (2.84%)	1% Increase (3.84%)
City's proportionate share of the net OPEB liability	\$ 2,846,078	\$ 2,264,143	\$ 1,785,791

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate Net OPEB liability is sensitive to changes in the health care cost trend rate because it is based on a medical benefit that is a flat dollar amount.

Note 13 – Compensated Absences

Non-union employees earn five to twenty-five days of vacation per year, depending upon length of service. Most employees, who are part of a bargaining unit, earn vacation as outlined in the bargaining unit contract. Upon termination, employees are paid for accrued unused vacation and holidays. Based on City policy, there is no vacation accrual as of December 31, 2022. 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, most non-union employee can be paid a maximum of one fourth of 960 hours of accumulated, unused sick leave. Retiring employees, who are part of a bargaining unit, are paid unused sick leave as outlined in the bargaining unit contract.

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Note 14 – Jointly Governed Organizations

Southwest Council of Governments

The Southwest Council of Governments helps foster cooperation between municipalities in areas affecting health, safety, welfare, education, economic conditions and regional development. The Board is composed of one member from each of the 19 participating entities. The Board exercises total control over the operation of the Council including budgeting, appropriating, contracting and designating management. Budgets are adopted by the Board. Each City's degree of control is limited to its representation on the Board. The City made contributions of \$22,500 during 2022.

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

Northeast Ohio Public Energy Council (NOPEC)

The City is a member of The Northeast Ohio Public Energy Council (NOPEC). NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of natural gas and electricity. NOPEC is currently composed of 220 communities who have been authorized by ballot to purchase electricity on behalf of their citizens. The intent of NOPEC is to provide electricity at the lowest possible rates while at the same time ensuring stability in prices by entering into long-term contracts with suppliers to provide electricity to the citizens of its member communities.

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives on the governing board from each county then elect one person to serve on the nine-member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. The City did not contribute to NOPEC during 2022. Financial information can be obtained by contacting Chuck Keiper, Executive Director, 31360 Solon Road, Suite 23, Solon, Ohio 44139 or at the website www.nopecinfo.org.

Cuyahoga Valley Regional Council of Governments

The City participates in the Cuyahoga Valley Regional Council of Governments (the Council). The Council was formed to share jail and community services, foster municipal service, and coordinate action among its members in matters relating to public safety dispatch operations. The Council may also, at its discretion, promote cooperative agreements and contracts among its members or other governmental agencies and private persons, corporations, or agencies. The Council is controlled by an executive Board which is composed of a President, Vice President, Secretary and Fiscal Officer, who serves as Treasurer. The elected officers shall serve for a period of two years. Each member's control over the operation of the Council is limited to its representation on the Board. In 2022, the City made no contributions. Complete financial statements can be obtained from the Cuyahoga Valley Council of Governments, Cuyahoga County, Ohio.

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Chagrin Valley Dispatch Council

The City is a member of the Chagrin Valley Dispatch Council (CVDC). The CVDC was formed by the Council to foster cooperation through the sharing of operations of a central dispatch center for safety forces of the participating entities. The CVDC is comprised of 31 communities.

The CVDC is provided with legislative oversight from the Majors and City Managers of the various communities. The Administrative Board consists of the chiefs of police and fire of each member municipality. The Administrative Board oversees and manages the operation of the program. The degree of control exercised by a participating government is limited to its representation on the Administrative Board. The City made contributions of \$859,638 to the CVDC during 2022. Financial information can be obtained by contacting Vic Nogalo, Administrator, 9018 Brecksville Road, Brecksville, Ohio 44141.

Regional Income Tax Agency

The Regional Income Tax Agency (RITA) is a regional council of governments formed to establish a central collection facility for the purpose of administering the income tax laws of the members and for the purpose of collection income taxes on behalf of each member. RITA currently has approximately 345 members in the council of governments. Each member has one representative to the council of governments and is entitled to one vote on items under consideration. RITA is administered by a nine-member board of trustees elected by the members of the council of governments. The board exercises total control over RITA's operation including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the council. For 2022, the City paid RITA \$270,690 for income tax collection services.

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 \$15,000,000 to the School District which included the acquisition of the former middle school property on Brecksville Road. The cost of the shared facility project included the cost 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. 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. In 2019, the City defeased a portion of the 2011 various purpose refunding bonds using existing resources. 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
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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			
2014 Northeast Quadrant TIF Refunding	1.00-4.00 %	\$ 4,305,000	December 1, 2023
2011 Various Purpose Refunding	1.75-5.00	16,935,000	December 1, 2028
2020 Various Purpose General Obligation	2.00-5.00	15,250,000	December 1, 2035
Special Assessment Bonds			
2018 Rockside Woods N. Sanitary Sewer Bond	2.50-4.00	3,190,000	December 1, 2043
Ohio Public Works Commission Loans from Direct Borrowings			
2011 Pleasant Valley Intersection	0.00	225,000	January 1, 2032
2015 Pleasant Valley Widening	0.00	4,164,161	January 1, 2036

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

	Balance 12/31/2021	Additions	Reductions	Balance 12/31/2022	Amounts Due in One Year
Governmental Activities					
General Obligation Bonds					
2014 Northeast Quadrant TIF Refunding					
Serial Bonds	\$ 2,740,000	\$ -	\$ (265,000)	\$ 2,475,000	\$ 270,000
Unamortized Premium	165,958	-	(18,440)	147,518	-
Total 2014 Northeast Quadrant TIF Refunding	<u>2,905,958</u>	<u>-</u>	<u>(283,440)</u>	<u>2,622,518</u>	<u>270,000</u>
2020 Various Purpose GO					
Serial Bonds	14,380,000	-	(900,000)	13,480,000	920,000
Unamortized Premium	1,609,196	-	(107,880)	1,501,316	-
Total 2020 Various Purpose GO	<u>15,989,196</u>	<u>-</u>	<u>(1,007,880)</u>	<u>14,981,316</u>	<u>920,000</u>
Total General Obligation Bonds	<u>18,895,154</u>	<u>-</u>	<u>(1,291,320)</u>	<u>17,603,834</u>	<u>1,190,000</u>
Special Assessment Bonds					
2018 Rockside Woods N. Sanitary Sewer					
Serial Bonds	600,000	-	(100,000)	500,000	100,000
Term Bonds	2,350,000	-	-	2,350,000	-
Unamortized Premium	94,575	-	(4,315)	90,260	-
Total Special Assessment Bonds	<u>3,044,575</u>	<u>-</u>	<u>(104,315)</u>	<u>2,940,260</u>	<u>100,000</u>
OPWC Loans from Direct Borrowings					
2011 Pleasant Valley Intersection	118,125	-	(11,250)	106,875	11,250
2015 Pleasant Valley Widening	3,019,017	-	(208,208)	2,810,809	208,208
Total OPWC Loans	<u>3,137,142</u>	<u>-</u>	<u>(219,458)</u>	<u>2,917,684</u>	<u>219,458</u>
Other Long-term Obligations					
Net Pension Liability					
OPERS	7,141,221	-	(2,806,766)	4,334,455	-
OP&F	14,410,986	-	(1,505,928)	12,905,058	-
Total Net Pension Liability	<u>21,552,207</u>	<u>-</u>	<u>(4,312,694)</u>	<u>17,239,513</u>	<u>-</u>
Net OPEB Liability - OP&F	2,239,766	24,377	-	2,264,143	-
Compensated Absences	710,803	328,174	(313,274)	725,703	376,984
Asset Retirement Obligation	220,000	-	-	220,000	-
Total Other Long-term Obligations	<u>24,722,776</u>	<u>352,551</u>	<u>(4,625,968)</u>	<u>20,449,359</u>	<u>376,984</u>
Total General Long-term Obligations	<u>\$ 49,799,647</u>	<u>\$ 352,551</u>	<u>\$ (6,241,061)</u>	<u>\$43,911,137</u>	<u>\$ 1,886,442</u>

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In 2011, the City issued general obligation bonds, in the amount of \$16,935,000, to refund bonds previously issued in fiscal year 2003 for various purposes. The bonds are being retired through the issue II capital project fund, the non-TIF project and the TIF projects debt service funds. Proceeds were deposited in an irrevocable trust with an escrow agent to provide for all future debt payments on the refunded 2003 Various Purpose bonds. As of December 31, 2022, \$3,025,000 of the defeased bonds are still outstanding. In 2022, the City used available cash to retire this bond issuance in full.

During 2019, the City used funds available to defease a portion of its 2011 various purpose refunding Bonds. The funds were used to advance refund \$4,305,000 of outstanding 2011, various purpose refunding bonds, which had interest rates ranging from 3.00 to 5.00 percent. The portion of the 2011 various purpose refunding bonds defeased included the issue of 2003 various purpose general obligation bond issue. Proceeds of \$4,464,877 were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the \$4,305,000 of principal \$243,196 of premium and (\$83,319) of the accounting loss associated with the 2011 various purpose refunding bonds are considered defeased and the liability for those bonds has been removed from the Statement of Net Position. As of December 31, 2022, there is no outstanding balance.

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

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

Net proceeds of \$4,503,365 (including a \$299,647 premium and after payment of \$101,282 in issuance costs) were deposited in an irrevocable trust with an escrow agent to provide for all future debt payments on the refunded 2005 Northeast Quadrant TIF bonds. As a result, \$4,220,000 of these bonds was considered defeased and the liability for the refunded bonds has been removed from the City's financial statements. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statements. As of December 31, 2022, \$2,615,000 of the defeased bonds are still outstanding.

In 2020, the City issued \$15,250,000 in general obligation bonds for the purpose of bonding short term notes previously issued in 2019 for various quadrant tax increment financing purposes. The bonds were issued with interest rates varying from 2 to 5 percent. The bonds were issued for a fifteen year period with final maturity during 2035. The bonds will be retired through the TIF Projects debt service fund.

Special assessment bonds are payable from the proceeds of assessments against the specific property owners who primarily benefited from the project. Special assessment monies will be received in and the debt will be retired from the TIF projects debt service funds. In the event that property owners fail to make their special assessment payments, the City is responsible for providing the resources to meet the annual principal and interest payments.

City of Independence, Ohio
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The City's outstanding OPWC loans from direct borrowings related to governmental activities of \$2,917,684 contain provisions that in the event of default (1) OPWC may apply late fees of 8 percent per year, (2) loans more than 60 days late will be turned over to the Attorney General's office for collection, and as provided by law, OPWC may require that such payment be taken from the City's share of the county undivided local government fund, and (3) the outstanding amounts shall, at OPWC's option, become immediately due and payable.

Compensated absences will be paid from the General Fund and the Street Construction, Maintenance and Repair special revenue fund. The asset retirement obligation would be paid from the street, construction, maintenance and repair special revenue fund. There are no repayment schedules for the net pension liability and net OPEB liability. However, employer pension and OPEB contributions are made from the General Fund and the Street Construction, Maintenance and Repair special revenue fund. For additional information related to the net pension and net OPEB liabilities see Notes 11 and 12.

The City's overall legal debt margin was \$40,629,624 at December 31, 2022. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2022, are as follows:

	General Obligation Bonds		Special Assessment Bonds		From Direct Borrowings
	Principal	Interest	Principal	Interest	OPWC Loans
2023	\$ 1,190,000	\$ 546,750	\$ 100,000	\$ 104,518	\$ 219,458
2024	1,215,000	493,550	100,000	102,018	219,458
2025	1,245,000	437,000	100,000	99,394	219,458
2026	1,275,000	379,100	100,000	96,644	219,458
2027	1,310,000	318,350	100,000	93,644	219,458
2028-2032	6,295,000	818,250	585,000	407,820	1,091,665
2033-2037	3,425,000	137,900	710,000	282,020	728,729
2038-2042	-	-	865,000	131,462	-
2043	-	-	190,000	6,888	-
	<u>\$ 15,955,000</u>	<u>\$ 3,130,900</u>	<u>\$ 2,850,000</u>	<u>\$ 1,324,408</u>	<u>\$ 2,917,684</u>

Note 17 – Interfund Transactions

Interfund Balances

Interfund Payable	Interfund Receivable		Total
	General	Other Governmental Funds	
Quadrant Tax Increment Financing	\$ 38,754,000	\$ 500,000	\$ 39,254,000
Street Resurfacing	96,200	-	96,200
Other Governmental Funds	1,750,224	-	1,750,224
Total	<u>\$ 40,600,424</u>	<u>\$ 500,000</u>	<u>\$ 41,100,424</u>

The interfund receivables and payables are advances for grant monies and payment in lieu of tax revenue that were not repaid by year end. The City advances grant monies in the event that the award was not received when expected. The City advances money to fund the various TIF projects. All interfund balances, except the balance of \$38,754,000, are expected to be repaid within one year.

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Interfund Transfers

Interfund transfers for the year ended December 31, 2022, consisted of the following:

Transfer To	Transfer From			Total
	General	Quadrant Tax Increment Financing	Other Governmental	
Major Funds:				
General	\$ -	\$ -	\$ 600,000	\$ 600,000
Street Resurfacing	1,310,000	-	-	1,310,000
Total Major Funds	1,310,000	-	600,000	1,910,000
Other Governmental Funds:				
Police Pension	500,000	-	-	500,000
Twenty Five and Alive	15,000	-	-	15,000
Federal Forfeiture	42,460	-	-	42,460
Non-TIF Projects	-	-	218,269	218,269
TIF Projects	-	1,973,809	-	1,973,809
Capital Improvement	3,180,000	-	-	3,180,000
Drain Water	435,000	-	-	435,000
Public Safety Equipment	450,000	-	-	450,000
Route 21 and Pleasant Valley	10,000	-	-	10,000
Total Other Governmental Funds	4,632,460	1,973,809	218,269	6,824,538
Internal Service Fund:				
Self-Insurance	500,000	-	-	500,000
Total	\$ 6,442,460	\$ 1,973,809	\$ 818,269	\$ 9,234,538

The General Fund transfer to the Street Resurfacing capital projects fund was made to pay for street improvement and maintenance costs. The General Fund transfer to the Police Pension, Twenty-Five and Alive, and Federal Forfeiture special revenue fund were to provide additional support for various programs and services. The General Fund transfer to the Capital Improvements capital projects fund were made to pay for capital acquisition costs. The General Fund transfer to the Drain Water and Route 21 and Pleasant valley capital project funds were to pay for capital improvements and debt service requirements. The General Fund transfer to the Public Safety Equipment capital projects fund was for the purchase of public safety equipment from emergency medical services revenue. The General Fund transfer to Self-Insurance fund was to reverse funds for the self-insurance program of the City. The Quadrant Tax Increment Financing transfer to the TIF Projects debt service fund was to pay for debt service requirements. The other governmental transfer to General Fund was from the Recreation Trust Fund as most recreation program revenues are receipted into and expensed from the General Fund. The other governmental transfers to the Non-TIF project debt service fund was to pay for debt service requirements.

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 18 – Significant Commitments

Encumbrances

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

Governmental Funds:	
General	\$ 1,473,250
Quadrant Tax Increment Financing	11,534,580
Street Surfacing	4,702,662
Other Governmental Funds	<u>11,463,188</u>
Total Governmental Funds	<u>\$29,173,680</u>
Internal Service Fund	<u>\$ 142,692</u>

Contractual Commitments

As of December 31, 2022, the City had the following contract balances for various construction projects:

Project	Original Contract	Amount Paid to Date	Remaining Amount
Hillside Road West Sidewalks	\$ 1,437,332	\$ 1,273,337	\$ 163,995
Lafayette Subdivision	3,937,897	3,843,105	94,792
Lower Rockside Road Bridge Lighting	756,720	695,711	61,009
Meadowbrook Bridge Reconstruction	717,109	455,489	261,620
Old Rockside Road Bridge	1,732,524	1,636,059	96,465
Rockside Road and I-77 Ramp	977,047	827,293	149,754
Rockside Woods Boulevard North and Brecksville Road	12,524,126	11,961,059	563,067
Upper Brookside	2,328,224	2,247,663	80,561
Upper Brookside Phase 2	1,245,061	1,143,390	101,671
Welty Parking Lot Phase 2	378,605	200,566	178,039
Total	<u>\$ 26,034,645</u>	<u>\$ 24,283,672</u>	<u>\$ 1,750,973</u>

Remaining commitments were encumbered at year-end. The amounts of \$518,345 and \$89,210 in contracts and retainage payable for governmental activities, respectively, have been capitalized.

Note 19 – Changes in Accounting Principle and Restatement of Net Position

Changes in Accounting Principle

During the year, the City implemented the following Governmental Accounting Standards Board (GASB) Statements and Implementation Guides:

GASB Implementation Guide 2020-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2020-1 did not have an effect on the financial statements of the City.

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

GASB Statement No. 91, Conduit Debt Obligations. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The implementation of this Statement did not have an effect on the financial statements of the City.

GASB Statement No. 92, Omnibus 2020. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The implementation of this Statement did not have an effect on the financial statements of the City.

GASB Statement No. 93, Replacement of Interbank Offered Rates. The objective of this Statement is to address those and other accounting and financial reporting implication that result from the replacement of an IBOR. The implementation of this Statement did not have an effect on the financial statements of the City.

GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32. The objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The implementation of this Statement did not have an effect on the financial statements of the City.

GASB Statement No. 87, Leases and GASB Implementation Guide 2019-3, Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. These changes were incorporated in the City's fiscal year 2022 financial statements. The City recognized \$1,113,070 in governmental activities in leases receivable at January 1, 2022; however, this entire amount was offset by deferred inflows and did not impact the beginning net position/fund balance.

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Restatement of Net Position

In 2022, the City passed an ordinance increasing the capitalization threshold for capital assets from \$1,000 to \$5,000 effective for the year beginning 2022 and it had the following effect on Net Position:

	<u>Governmental Activities</u>
Net Position December 31, 2021	\$ 131,305,498
Adjustments:	
Capital Assets, Net	<u>(424,711)</u>
Restated Net Position December 31, 2021	<u><u>\$ 130,880,787</u></u>

Note 20 – Asset Retirement Obligations

The Governmental Accounting Standard Board's (GASB) Statement No. 83, *Certain Asset Retirement Obligations*, provides guidance related to asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset.

The Bureau of Underground Storage Tank Regulations (BUSTR) regulates petroleum and hazardous substances stored in underground storage tanks. These regulations are included in Ohio Administrative Code Section 1301-7-9 and require a County/City classified as an “owner” or “operator,” to remove from the ground any underground storage tank (UST) that is not in use for a year or more. A permit must first be obtained for that year it is not being used. Once the UST is removed, the soil in the UST cavity and excavated material must be tested for contamination. This asset retirement obligation (ARO) of \$220,000 associated with the City’s underground storage tanks was estimated by the Service Director who is also a licensed engineer. The remaining useful life of these USTs are nine years. The City maintains insurance related to any potential pollution remediation associated with the USTs.

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 Nine Years (1)

Traditional Plan	2022	2021	2020
City's Proportion of the Net Pension Liability	0.049819%	0.048226%	0.050283%
City's Proportionate Share of the Net Pension Liability	\$ 4,334,455	\$ 7,141,221	\$ 9,938,776
City's Covered Payroll	\$ 7,230,321	\$ 6,792,450	\$ 7,074,786
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	59.95%	105.13%	140.48%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	92.62%	86.88%	82.17%

(1) Information prior to 2014 is not available. Schedule is intended to show ten years of information, and additional years' will be displayed as it becomes available.

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

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015	2014
0.568610%	0.056655%	0.057299%	0.058494%	0.058229%	0.058229%
\$ 15,573,075	\$ 7,486,608	\$ 13,011,628	\$ 10,131,898	\$ 7,023,068	\$ 6,864,440
\$ 6,828,821	\$ 7,486,608	\$ 7,407,167	\$ 7,280,083	\$ 7,139,083	\$ 7,003,438
228.05%	100.00%	175.66%	139.17%	98.37%	98.02%
74.70%	84.66%	77.25%	81.08%	86.45%	86.36%

City of Independence, Ohio
Required Supplementary Information
Schedule of the City's Proportionate Share of the
Net Pension Asset
Ohio Public Employees Retirement System – Combined Plan
Last Five Years (1)

Combined Plan	2022	2021	2020	2019	2018
City's Proportion of the Net Pension (Asset)	0.034445%	0.036180%	0.050896%	0.063693%	0.055387%
City's Proportionate Share of the Net Pension (Asset)	\$ (135,715)	\$ (104,438)	\$ (106,129)	\$ (71,224)	\$ (75,399)
City's Covered Payroll	\$ 157,029	\$ 159,443	\$ 226,564	\$ 240,443	\$ 226,838
City's Proportionate Share of the Net Pension (Asset) as a Percentage of its Covered Payroll	86.43%	65.50%	46.84%	29.62%	33.24%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	169.88%	157.67%	145.28%	126.64%	137.28%

(1) Information prior to 2018 is not available as the City's participation in this plan was considered immaterial in previous years.

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

See accompanying notes to the required supplementary information

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

	2022	2021	2020	2019	2018	2017
City's Proportion of the Net OPEB Liability/Asset	0.051855%	0.050222%	0.052731%	0.059666%	0.058040%	0.056000%
City's Proportionate Share of the Net OPEB Liability/(Asset)	\$ (1,624,178)	\$ (894,745)	\$ 7,283,521	\$ 7,779,038	\$ 6,302,718	\$ 5,656,190
City's Covered Payroll	\$ 8,086,325	\$ 7,595,343	\$ 7,966,625	\$ 7,689,389	\$ 8,220,296	\$ 7,738,900
City's Proportionate Share of the Net OPEB Liability/Asset as a Percentage of its Covered Payroll	-20.09%	-11.78%	91.43%	101.17%	76.67%	73.09%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/Asset	115.57%	115.57%	47.80%	46.33%	54.14%	54.04%

(1) Information prior to 2017 is not available. Schedule is intended to show ten years of information, and additional years' will be displayed as it becomes available.

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

See accompanying notes to the required supplementary information

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>
City's Proportion of the Net Pension Liability	0.2065661%	0.2113950%	0.2245234%
City's Proportionate Share of the Net Pension Liability	\$ 12,905,058	\$ 14,410,986	\$ 15,125,096
City's Covered Payroll	\$ 5,332,211	\$ 5,252,996	\$ 5,437,928
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	242.02%	274.34%	278.14%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.03%	70.65%	69.89%

(1) Information prior to 2014 is not available. Schedule is intended to show ten years of information, and additional years' will be displayed as it becomes available.

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

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015	2014
0.2257310%	0.2249630%	0.2269520%	0.2205880%	0.2187702%	0.2187702%
\$ 18,425,616	\$ 13,806,996	\$ 14,374,911	\$ 14,190,580	\$ 11,333,209	\$ 10,654,795
\$ 5,213,083	\$ 4,974,812	\$ 4,776,754	\$ 4,561,994	\$ 4,415,260	\$ 4,301,102
353.45%	277.54%	300.93%	311.06%	256.68%	247.72%
63.07%	70.91%	68.36%	66.77%	71.71%	73.00%

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

	2022	2021	2020
City's Proportion of the Net OPEB Liability	0.2065661%	0.2113950%	0.2245234%
City's Proportionate Share of the Net OPEB Liability	\$ 2,264,143	\$ 2,239,766	\$ 2,217,781
City's Covered Payroll	\$ 5,332,211	\$ 5,252,996	\$ 5,437,928
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	42.46%	42.64%	40.78%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	45.42%	45.42%	47.08%

(1) Information prior to 2017 is not available. Schedule is intended to show ten years of information, and additional years' will be displayed as it becomes available.

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

See accompanying notes to the required supplementary information

2019	2018	2017
0.2257310%	0.2249630%	0.2269520%
\$ 2,055,627	\$ 12,746,089	\$ 10,772,901
\$ 5,213,083	\$ 4,974,812	\$ 4,776,754
39.43%	256.21%	225.53%
46.57%	14.13%	15.96%

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<u>Contractually Required Contributions</u>			
Traditional Plan	\$ 1,145,515	\$ 1,012,245	\$ 950,943
Combined Plan	19,916	21,984	22,322
Total Required Contributions	\$ 1,165,431	\$ 1,034,229	\$ 973,265
Contributions in Relation to the Contractually Required Contribution	(1,165,431)	(1,034,229)	(973,265)
Contribution Deficiency / (Excess)	\$ -	\$ -	\$ -
<u>City's Covered Payroll</u>			
Traditional Plan	\$ 8,182,250	\$ 7,230,321	\$ 6,792,450
Combined Plan	\$ 142,257	\$ 157,029	\$ 159,443
<u>Pension Contributions as a Percentage of Covered Payroll</u>			
Traditional Plan	14.00%	14.00%	14.00%
Combined Plan	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015	2014	2013
\$ 990,470	\$ 956,035	\$ 973,259	\$ 888,860	\$ 873,610	\$ 856,690	\$ 910,447
31,719	33,662	29,489	17,455	9,447	8,643	8,901
\$ 1,022,189	\$ 989,697	\$ 1,002,748	\$ 906,315	\$ 883,057	\$ 865,333	\$ 919,348
(1,022,189)	(989,697)	(1,002,748)	(906,315)	(883,057)	(865,333)	(919,348)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 7,074,786	\$ 6,828,821	\$ 7,486,608	\$ 7,407,167	\$ 7,280,083	\$ 7,139,083	\$ 7,003,438
\$ 226,564	\$ 240,443	\$ 226,838	\$ 145,458	\$ 78,725	\$ 72,025	\$ 68,469
14.00%	14.00%	13.00%	12.00%	12.00%	12.00%	13.00%
14.00%	14.00%	13.00%	12.00%	12.00%	12.00%	13.00%

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually Required Contribution	\$ 20,748	\$ 27,959	\$ 25,739	\$ 26,611
Contributions in Relation to the Contractually Required Contribution	<u>(20,748)</u>	<u>(27,959)</u>	<u>(25,739)</u>	<u>(26,611)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City Covered Payroll	\$ 8,843,193	\$ 8,086,325	\$ 7,595,343	\$ 7,966,625
Contributions as a Percentage of Covered Payroll	0.23%	0.35%	0.34%	0.33%

(1) Information prior to 2016 is not available. Schedule is intended to show ten years of information, and additional years' will be displayed as it becomes available.

See accompanying notes to the required supplementary information

<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 24,805	\$ 97,408	\$ 158,504
<u>(24,805)</u>	<u>(97,408)</u>	<u>(158,504)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 7,689,389	\$ 8,220,296	\$ 7,738,900
0.32%	1.18%	2.05%

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually Required Contributions	\$ 1,193,524	\$ 1,114,431	\$ 1,095,389	\$ 1,127,482
Contributions in Relation to the Contractually Required Contribution	<u>(1,193,524)</u>	<u>(1,114,431)</u>	<u>(1,095,389)</u>	<u>(1,127,482)</u>
Contribution Deficiency / (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 5,721,907	\$ 5,332,211	\$ 5,252,996	\$ 5,437,928
Contributions as a Percentage of Covered- Employee Payroll	20.86%	20.90%	20.85%	20.73%

See accompanying notes to the required supplementary information

2018	2017	2016	2015	2014	2013
\$ 1,079,917	\$ 1,033,612	\$ 991,894	\$ 946,316	\$ 915,539	\$ 756,233
<u>(1,079,917)</u>	<u>(1,033,612)</u>	<u>(991,894)</u>	<u>(946,316)</u>	<u>(915,539)</u>	<u>(756,233)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 5,213,083	\$ 4,974,812	\$ 4,776,754	\$ 4,561,994	\$ 4,415,260	\$ 4,301,102
20.72%	20.78%	20.77%	20.74%	20.74%	17.58%

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually Required Contribution	\$ 28,610	\$ 26,661	\$ 26,265	\$ 27,190
Contributions in Relation to the Contractually Required Contribution	<u>(28,610)</u>	<u>(26,661)</u>	<u>(26,265)</u>	<u>(27,190)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City Covered Payroll	\$ 5,721,907	\$ 5,332,211	\$ 5,252,996	\$ 5,437,928
Contributions as a Percentage of Covered Payroll	0.50%	0.50%	0.50%	0.50%

See accompanying notes to the required supplementary information

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 26,066	\$ 24,874	\$ 23,884	\$ 22,810	\$ 22,077	\$ 155,557
<u>(26,066)</u>	<u>(24,874)</u>	<u>(23,884)</u>	<u>(22,810)</u>	<u>(22,077)</u>	<u>(155,557)</u>
<u>\$ -</u>					
\$ 5,213,083	\$ 4,974,812	\$ 4,776,754	\$ 4,561,994	\$ 4,415,260	\$ 4,301,102
0.50%	0.50%	0.50%	0.50%	0.50%	3.62%

City of Independence, Ohio
Notes to the Required Supplementary Information
For the Year Ended December 31, 2022

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Net Pension Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2014-2022.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016 and 2018. For 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected investment return was reduced from 8.00% to 7.50%, (b) the expected long-term average wage inflation rate was reduced from 3.75% to 3.25%, (c) the expected long-term average price inflation rate was reduced from 3.00% to 2.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality rates were updated to the RP-2014 Health Annuitant Mortality Table, adjusted for mortality improvement back to the observant period base year of 2006 and then established the base year as 2015 (f) mortality rates used in evaluating disability allowances were updated to the RP-2014 Disabled Mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and a base year of 2015 for males and 2010 for females (g) Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables. For 2019, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected investment return was reduced from 7.50% to 7.20%. For 2020, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the cost-of-living adjustments for post-1/7/2013 retirees were reduced from 3.00% simple through 2018 to 1.40% simple through 2020, then 2.15% simple. For 2021, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the cost-of-living adjustments for post-1/7/2013 retirees were reduced from 1.40% simple through 2020 to 0.50% simple through 2021, then 2.15% simple. For 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected long-term average wage inflation rate was reduced from 3.25% to 2.75% (b) the cost-of-living adjustments for post-1/7/2013 retirees were increased from 0.50% simple through 2021 to 3.00% simple through 2022, then 2.05% simple (c) the expected investment return was reduced from 7.20% to 6.90%.

Net OPEB Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2018-2022.

Changes in assumptions: For 2018, the single discount rate changed from 4.23% to 3.85%. For 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the expected investment return was reduced from 6.50% to 6.00% (b) In January 2019, the Board adopted changes to health care coverage for Medicare and pre-Medicare retirees. It will include discontinuing the PPO plan for pre-Medicare retirees and replacing it with a monthly allowance to help participants pay for a health care plan of their choosing. The base allowance for Medicare eligible retirees will be reduced. The specific effect of these changes on the net OPEB liability and OPEB expense are unknown at this time (c) the single discount rate changed from 3.85% to 3.96%. For 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 3.96% to 3.16%. For 2021, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 3.16% to 6.00% (b) the municipal bond rate changed from 2.75% to 2.00% (c) the health care cost trend rate changed from 10.50% initial and 3.50% ultimate in 2030 to 8.50% initial and 3.50% ultimate in 2035. For 2022, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the expected long-term average wage inflation rate was reduced from 3.25% to 2.75%. (b) the municipal bond rate changed from 2.00% to 1.84% (c) the health care cost trend rate changed from 8.50% initial and 3.50% ultimate in 2035 to 5.50% initial and 3.50% ultimate in 2034.

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Net Pension Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2014-2022.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2017. For 2018, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the investment rate of return was reduced from 8.25 percent to 8.00 percent (b) the projected salary increases was reduced from 4.25% to 3.75% (c) the payroll increases was reduced from 3.75% to 3.25% (d) the inflation assumptions was reduced from 3.25% to 2.75% (e) the cost of living adjustments was reduced from 2.60% to 2.20% (f) rates of withdrawal, disability and service retirement were updated to reflect recent experience (g) mortality rates were updated to the RP-2014 Total Employee and Health Annuitant Mortality Table, adjusted for mortality improvement back to the observant period base year of 2006 and then established the base year as 2016 (h) mortality rates used in evaluating disability allowances were updated to the RP-2014 Disabled Mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and a base year of 2016. For 2019-2021, there have been no OP&F pension plan amendments adopted or changes in assumptions between the measurement date and the report date that would have impacted the actuarial valuation of the pension plan as of the measurement date. For 2022, the investment rate of return was reduced from 8.00 percent to 7.50 percent.

Net OPEB Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2018 and 2020-2022. For 2019, see below regarding changes to stipend-based model.

Changes in assumptions: For 2018, the single discount rate changed from 3.79 percent to 3.24 percent. For 2019, the changes of assumptions were: (a) beginning January 1, 2019 OP&F changed its retiree health care model and the current self-insured health care plan is no longer offered. In its place will be a stipend-based health care model. OP&F has contracted with a vendor who will assist eligible retirees in choosing health care plans from their marketplace (both Medicare-eligible and pre-Medicare populations). A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses. As a result of changing from the current health care model to the stipend-based health care model, management expects that it will be able to provide stipends to eligible participants for the next 15 years (b) beginning in 2020 the Board approved a change to the Deferred Retirement Option Plan. The minimum interest rate accruing will be 2.5% (c) the single discount rate changed from 3.24 percent to 4.66 percent. For 2020, the single discount rate changed from 4.66 to 3.56. For 2021, the single discount rate changed from 3.56 to 2.96. For 2022, the single discount rate changed from 2.96 to 2.84.

Combining and Individual Fund Statements and Schedules

Combining Statements – Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

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

Friends for Life Fund – To account 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.

(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.

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.

American Rescue Plan Act Fund – To account for and report restricted federal monies used to assist local governments with the coronavirus pandemic.

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

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

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

Nonmajor Debt Service Funds

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

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

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

TIF Projects Fund – The TIF projects fund accounts for and reports restricted TIF revenue transfers for the repayment of TIF project debt obligations and notes of the City.

Nonmajor Capital Projects Funds

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

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

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

(continued)

Nonmajor Capital Projects Funds (continued)

Public Safety Equipment Fund – To account for and report transfers from the General Fund assigned to upgrade equipment used by the Independence Police and Fire Departments.

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

Route 21 and Pleasant Valley Fund – To account for and report transfers from the General Fund assigned for the maintenance and improvement projects for the intersection of Route 21 and Pleasant Valley.

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.

Residential Special Assessments Fund – To account for and report expenses incurred as a result of certain public-private partnerships.

PACE Special Assessment Fund – To account for and report pass-thru funds received from PACE financing recipients that are subsequently forwarded on to the appropriate lenders.

City of Independence, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2022

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS				
Equity in Pooled Cash and Cash Equivalents	\$ 2,668,217	\$ 185,483	\$ 9,837,055	\$ 12,690,755
Cash and Cash Equivalents:	-	-		
In Segregated Accounts	680	-	-	680
Interfund Receivable	-	-	500,000	500,000
Intergovernmental Receivable	1,066,752	-	-	1,066,752
Prepaid Items	-	-	5,444	5,444
Property Taxes Receivable	137,467	-	-	137,467
Special Assessments Receivable	-	-	3,008,199	3,008,199
Total Assets	<u>\$ 3,873,116</u>	<u>\$ 185,483</u>	<u>\$ 13,350,698</u>	<u>\$ 17,409,297</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 97,820	\$ -	\$ 346,921	\$ 444,741
Accrued Wages and Benefits	1,222	-	-	1,222
Contracts Payable	587	-	128,774	129,361
Intergovernmental Payable	80,412	-	-	80,412
Retainage Payable	-	-	13,021	13,021
Interfund Payable	1,750,224	-	-	1,750,224
Unearned Revenue	753,089	-	-	753,089
Total Liabilities	<u>2,683,354</u>	<u>-</u>	<u>488,716</u>	<u>3,172,070</u>
Deferred Inflows of Resources:				
Property Taxes	129,689	-	-	129,689
Unavailable Revenue - Delinquent Property Taxes	7,778	-	-	7,778
Unavailable Revenue - Other	424,979	-	3,008,199	3,433,178
Total Deferred Inflows of Resources	<u>562,446</u>	<u>-</u>	<u>3,008,199</u>	<u>3,570,645</u>
Fund Balances:				
Reserved for:				
Nonspendable	-	-	5,444	5,444
Restricted	751,336	183,445	8,287,460	9,222,241
Committed	511,385	-	-	511,385
Assigned	-	2,038	1,560,879	1,562,917
Unassigned (Deficit)	(635,405)	-	-	(635,405)
Total Fund Balances	<u>627,316</u>	<u>185,483</u>	<u>9,853,783</u>	<u>10,666,582</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 3,873,116</u>	<u>\$ 185,483</u>	<u>\$ 13,350,698</u>	<u>\$ 17,409,297</u>

City of Independence, Ohio
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2022

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES				
Property Taxes	\$ 141,266	\$ -	\$ -	\$ 141,266
Intergovernmental	2,619,210	-	6,000	2,625,210
Interest	1,903	-	-	1,903
Fees, Licenses, and Permits	515,028	-	-	515,028
Fines and Forfeitures	154,851	-	-	154,851
Rentals	-	-	14,150	14,150
Special Assessments	-	-	322,166	322,166
All Other Revenues	10,113	-	-	10,113
Total Revenues	<u>3,442,371</u>	<u>-</u>	<u>342,316</u>	<u>3,784,687</u>
EXPENDITURES				
Current:				
Security of Persons and Property	764,150	-	25,314	789,464
Leisure Time Activities	187,644	-	-	187,644
Community Environment	-	-	81,920	81,920
Basic Utility Services	-	-	456,427	456,427
Transportation	934,440	-	-	934,440
General Government	1,833,059	12,000	289,181	2,134,240
Capital Outlay	-	-	1,549,109	1,549,109
Debt Service:				
Principal Retirement	-	1,484,458	-	1,484,458
Interest and Fiscal Charges	-	707,619	-	707,619
Total Expenditures	<u>3,719,293</u>	<u>2,204,077</u>	<u>2,401,951</u>	<u>8,325,321</u>
Excess of Revenues Over (Under) Expenditures	<u>(276,922)</u>	<u>(2,204,077)</u>	<u>(2,059,635)</u>	<u>(4,540,634)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	557,460	2,192,078	4,075,000	6,824,538
Transfers Out	(600,000)	-	(218,269)	(818,269)
Total Other Financing Sources (Uses)	<u>(42,540)</u>	<u>2,192,078</u>	<u>3,856,731</u>	<u>6,006,269</u>
Net Change in Fund Balances	(319,462)	(11,999)	1,797,096	1,465,635
Fund Balances - Beginning of Year	946,778	197,482	8,056,687	9,200,947
Fund Balances - End of Year	<u>\$ 627,316</u>	<u>\$ 185,483</u>	<u>\$ 9,853,783</u>	<u>\$ 10,666,582</u>

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City of Independence, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2022

	State Highway	Motor Vehicle License Tax	Street Construction, Maintenance and Repair	Enforcement and Education
ASSETS				
Equity in Pooled Cash and Cash Equivalents	\$ 223,593	\$ 111,823	\$ 134,965	\$ 15,399
Cash and Cash Equivalents:				
In Segregated Accounts	-	-	-	-
Intergovernmental Receivable	22,960	1,849	283,196	-
Property Taxes Receivable	-	-	-	-
Total Assets	<u>\$ 246,553</u>	<u>\$ 113,672</u>	<u>\$ 418,161</u>	<u>\$ 15,399</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts Payable	-	-	\$ 84,155	\$ -
Accrued Wages and Benefits	-	-	-	-
Contracts Payable	-	-	518	-
Intergovernmental Payable	-	-	-	-
Interfund Payable	-	-	-	-
Unearned Revenue	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>84,673</u>	<u>-</u>
Deferred Inflows of Resources:				
Property Taxes	-	-	-	-
Unavailable Revenue - Delinquent Property Taxes	-	-	-	-
Unavailable Revenue - Other	19,253	-	237,476	-
Total Deferred Inflows of Resources	<u>19,253</u>	<u>-</u>	<u>237,476</u>	<u>-</u>
Fund Balances:				
Reserved for:				
Restricted	227,300	113,672	96,012	15,399
Committed	-	-	-	-
Unassigned (Deficits)	-	-	-	-
Total Fund Balances (Deficits)	<u>227,300</u>	<u>113,672</u>	<u>96,012</u>	<u>15,399</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 246,553</u>	<u>\$ 113,672</u>	<u>\$ 418,161</u>	<u>\$ 15,399</u>

Drug Offense	Law Enforcement	Federal Forfeiture	Strike Force	Mayor's Court Computer	FEMA Grant
\$ 21,455	\$ 134,481	\$ 93,330	\$ 563,839	\$ 25,150	\$ 4,280
-	-	-	-	680	-
-	20,219	-	731,558	680	-
-	-	-	-	-	-
<u>\$ 21,455</u>	<u>\$ 154,700</u>	<u>\$ 93,330</u>	<u>\$ 1,295,397</u>	<u>\$ 26,510</u>	<u>\$ 4,280</u>
\$ -	\$ -	\$ -	\$ 8,158	\$ -	\$ -
-	1,222	-	-	-	-
-	-	-	69	-	-
-	-	-	-	100	-
-	-	-	1,750,224	-	-
-	-	-	-	-	-
-	1,222	-	1,758,451	100	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	161,960	-	-
-	-	-	161,960	-	-
21,455	153,478	93,330	-	26,410	4,280
-	-	-	-	-	-
-	-	-	(625,014)	-	-
<u>21,455</u>	<u>153,478</u>	<u>93,330</u>	<u>(625,014)</u>	<u>26,410</u>	<u>4,280</u>
<u>\$ 21,455</u>	<u>\$ 154,700</u>	<u>\$ 93,330</u>	<u>\$ 1,295,397</u>	<u>\$ 26,510</u>	<u>\$ 4,280</u>

City of Independence, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2022

	Handicap Parking	Friends for Life	Twenty- Five and Alive	I Can
ASSETS				
Equity in Pooled Cash and Cash Equivalents	\$ 28,283	\$ 2,085	\$ 8,717	\$ 35,963
Cash and Cash Equivalents:				
In Segregated Accounts	-	-	-	-
Intergovernmental Receivable	-	-	-	-
Property Taxes Receivable	-	-	-	-
Total Assets	<u>\$ 28,283</u>	<u>\$ 2,085</u>	<u>\$ 8,717</u>	<u>\$ 35,963</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Accrued Wages and Benefits	-	-	-	-
Contracts Payable	-	-	-	-
Intergovernmental Payable	-	-	-	-
Interfund Payable	-	-	-	-
Unearned Revenue	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:				
Property Taxes	-	-	-	-
Unavailable Revenue - Delinquent Property Taxes	-	-	-	-
Unavailable Revenue - Other	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Reserved for:				
Restricted	-	-	-	-
Committed	28,283	2,085	8,717	35,963
Unassigned (Deficits)	-	-	-	-
Total Fund Balances (Deficits)	<u>28,283</u>	<u>2,085</u>	<u>8,717</u>	<u>35,963</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 28,283</u>	<u>\$ 2,085</u>	<u>\$ 8,717</u>	<u>\$ 35,963</u>

<u>Tree</u>	<u>Recreation</u>	<u>Police Pension</u>	<u>American Rescue Plan Act</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 33,727	\$ 408,117	\$ 69,921	\$ 753,089	\$ 2,668,217
-	-	-	-	680
-	-	6,290	-	1,066,752
-	-	137,467	-	137,467
<u>\$ 33,727</u>	<u>\$ 408,117</u>	<u>\$ 213,678</u>	<u>\$ 753,089</u>	<u>\$ 3,873,116</u>
\$ -	\$ 5,507	\$ -	\$ -	97,820
-	-	-	-	1,222
-	-	-	-	587
-	-	80,312	-	80,412
-	-	-	-	1,750,224
-	-	-	753,089	753,089
<u>-</u>	<u>5,507</u>	<u>80,312</u>	<u>753,089</u>	<u>2,683,354</u>
-	-	129,689	-	129,689
-	-	7,778	-	7,778
-	-	6,290	-	424,979
<u>-</u>	<u>-</u>	<u>143,757</u>	<u>-</u>	<u>562,446</u>
-	-	-	-	751,336
33,727	402,610	-	-	511,385
-	-	(10,391)	-	(635,405)
<u>33,727</u>	<u>402,610</u>	<u>(10,391)</u>	<u>-</u>	<u>627,316</u>
<u>\$ 33,727</u>	<u>\$ 408,117</u>	<u>\$ 213,678</u>	<u>\$ 753,089</u>	<u>\$ 3,873,116</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, 2022

	State Highway	Motor Vehicle License Tax	Street Construction, Maintenance and Repair	Enforcement and Education
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	49,203	25,100	606,832	-
Interest	1,273	630	-	-
Fees, Licenses, and Permits	-	-	-	-
Fines and Forfeitures	-	-	-	425
All Other Revenues	-	-	-	-
Total Revenues	<u>50,476</u>	<u>25,730</u>	<u>606,832</u>	<u>425</u>
EXPENDITURES				
Current:				
Security of Persons and Property	-	-	-	-
Leisure Time Activities	-	-	-	-
Transportation	-	-	934,440	-
General Government	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>934,440</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>50,476</u>	<u>25,730</u>	<u>(327,608)</u>	<u>425</u>
OTHER FINANCING SOURCES (USES)				
Transfer In	-	-	-	-
Transfer Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	50,476	25,730	(327,608)	425
Fund Balances (Deficits) - Beginning of Year	176,824	87,942	423,620	14,974
Fund Balances (Deficits)- End of Year	<u>\$ 227,300</u>	<u>\$ 113,672</u>	<u>\$ 96,012</u>	<u>\$ 15,399</u>

Drug Offense	Law Enforcement	Federal Forfeiture	Strike Force	Mayor's Court Computer	FEMA Grant
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	1,925,495	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,793	143,538	-	-	8,045	-
-	-	-	-	-	-
<u>2,793</u>	<u>143,538</u>	<u>-</u>	<u>1,925,495</u>	<u>8,045</u>	<u>-</u>
-	103,908	283	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	1,806,398	10,573	-
-	103,908	283	1,806,398	10,573	-
<u>2,793</u>	<u>39,630</u>	<u>(283)</u>	<u>119,097</u>	<u>(2,528)</u>	<u>-</u>
-	-	42,460	-	-	-
-	-	-	-	-	-
-	-	42,460	-	-	-
<u>2,793</u>	<u>39,630</u>	<u>42,177</u>	<u>119,097</u>	<u>(2,528)</u>	<u>-</u>
18,662	113,848	51,153	(744,111)	28,938	4,280
<u>\$ 21,455</u>	<u>\$ 153,478</u>	<u>\$ 93,330</u>	<u>\$ (625,014)</u>	<u>\$ 26,410</u>	<u>\$ 4,280</u>

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, 2022

	Handicap Parking	Friends for Life	Twenty- Five and Alive	I Can
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Interest	-	-	-	-
Fees, Licenses, and Permits	-	-	-	-
Fines and Forfeitures	50	-	-	-
All Other Revenues	-	-	-	9,673
Total Revenues	<u>50</u>	<u>-</u>	<u>-</u>	<u>9,673</u>
EXPENDITURES				
Current:				
Security of Persons and Property	-	-	-	-
Leisure Time Activities	-	-	-	-
Transportation	-	-	-	-
General Government	-	-	9,090	6,998
Total Expenditures	<u>-</u>	<u>-</u>	<u>9,090</u>	<u>6,998</u>
Excess of Revenues Over (Under) Expenditures	<u>50</u>	<u>-</u>	<u>(9,090)</u>	<u>2,675</u>
OTHER FINANCING SOURCES (USES)				
Transfer In	-	-	15,000	-
Transfer Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>15,000</u>	<u>-</u>
Net Change in Fund Balances	50	-	5,910	2,675
Fund Balances (Deficits) - Beginning of Year	28,233	2,085	2,807	33,288
Fund Balances (Deficits)- End of Year	<u>\$ 28,283</u>	<u>\$ 2,085</u>	<u>\$ 8,717</u>	<u>\$ 35,963</u>

<u>Tree</u>	<u>Recreation</u>	<u>Police Pension</u>	<u>American Rescue Plan Act</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ -	\$ -	\$ 141,266	\$ -	\$ 141,266
-	-	12,580	-	2,619,210
-	-	-	-	1,903
-	515,028	-	-	515,028
-	-	-	-	154,851
-	440	-	-	10,113
-	515,468	153,846	-	3,442,371
-	-	659,959	-	764,150
-	187,644	-	-	187,644
-	-	-	-	934,440
-	-	-	-	1,833,059
-	187,644	659,959	-	3,719,293
-	327,824	(506,113)	-	(276,922)
-	-	500,000	-	557,460
-	(600,000)	-	-	(600,000)
-	(600,000)	500,000	-	(42,540)
-	(272,176)	(6,113)	-	(319,462)
33,727	674,786	(4,278)	-	946,778
<u>\$ 33,727</u>	<u>\$ 402,610</u>	<u>\$ (10,391)</u>	<u>\$ -</u>	<u>\$ 627,316</u>

City of Independence, Ohio
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2022

	Bond Retirement	Non-TIF Project Debt Service	TIF Project Debt Service	Total Nonmajor Debt Service Funds
ASSETS				
Equity in Pooled Cash and Cash Equivalents	\$ 15,557	\$ 2,038	\$ 167,888	\$ 185,483
Fund Balances:				
Restricted	15,557	-	167,888	183,445
Assigned	-	2,038	-	2,038
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 15,557	\$ 2,038	\$ 167,888	\$ 185,483

City of Independence, Ohio
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended December 31, 2022

	Bond Retirement	Non-TIF Project Debt Service	TIF Project Debt Service	Total Nonmajor Debt Service Funds
EXPENDITURES				
General Government	\$ 12,000	\$ -	\$ -	\$ 12,000
Debt Service:				
Principal Retirement	-	111,250	1,373,208	1,484,458
Interest and Fiscal Charges	-	107,019	600,600	707,619
Total Expenditures	<u>12,000</u>	<u>218,269</u>	<u>1,973,808</u>	<u>2,204,077</u>
Excess Revenues Over Expenditures	<u>(12,000)</u>	<u>(218,269)</u>	<u>(1,973,808)</u>	<u>(2,204,077)</u>
OTHER FINANCING SOURCES				
Transfer In	-	218,269	1,973,809	2,192,078
Net Change in Fund Balances	<u>(12,000)</u>	<u>-</u>	<u>1</u>	<u>(11,999)</u>
Fund Balances - Beginning of Year	<u>27,557</u>	<u>2,038</u>	<u>167,887</u>	<u>197,482</u>
Fund Balances - End of Year	<u><u>\$ 15,557</u></u>	<u><u>\$ 2,038</u></u>	<u><u>\$ 167,888</u></u>	<u><u>\$ 185,483</u></u>

City of Independence, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2022

	Capital Improvements	Drain Water	Public Safety Equipment
ASSETS			
Equity in Pooled Cash and Cash Equivalents	\$ 7,482,283	\$ 753,779	\$ 1,560,074
Interfund Receivable	500,000	-	-
Prepaid Items	5,444	-	-
Special Assessments Receivable	-	-	-
Total Assets	\$ 7,987,727	\$ 753,779	\$ 1,560,074
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 339,421	\$ 7,500	\$ -
Contracts Payable	6,084	122,650	40
Retainage Payable	-	13,021	-
Total Liabilities	345,505	143,171	40
Deferred Inflows of Resources:			
Unavailable Revenue - Other	-	-	-
Fund Balances:			
Nonspendable	5,444	-	-
Restricted	7,636,778	610,608	-
Assigned	-	-	1,560,034
Total Fund Balances	7,642,222	610,608	1,560,034
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 7,987,727	\$ 753,779	\$ 1,560,074

Rockside Woods	Route 21 and Pleasant Valley	Issue II	Residential Special Assessments	PACE Special Assessment	Total Nonmajor Capital Projects Funds
\$ 24,673	\$ 845	\$ 14,168	\$ -	\$ 1,233	\$ 9,837,055
-	-	-	-	-	500,000
-	-	-	-	-	5,444
2,922,919	-	-	85,280	-	3,008,199
<u>\$ 2,947,592</u>	<u>\$ 845</u>	<u>\$ 14,168</u>	<u>\$ 85,280</u>	<u>\$ 1,233</u>	<u>\$ 13,350,698</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 346,921
-	-	-	-	-	128,774
-	-	-	-	-	13,021
-	-	-	-	-	488,716
2,922,919	-	-	85,280	-	3,008,199
-	-	-	-	-	5,444
24,673	-	14,168	-	1,233	8,287,460
-	845	-	-	-	1,560,879
<u>24,673</u>	<u>845</u>	<u>14,168</u>	<u>-</u>	<u>1,233</u>	<u>9,853,783</u>
<u>\$ 2,947,592</u>	<u>\$ 845</u>	<u>\$ 14,168</u>	<u>\$ 85,280</u>	<u>\$ 1,233</u>	<u>\$ 13,350,698</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, 2022

	Capital Improvements	Drain Water	Public Safety Equipment
REVENUES			
Intergovernmental	\$ -	\$ 6,000	\$ -
Rentals	14,150	-	-
Special Assessments	-	-	-
Total Revenues	<u>14,150</u>	<u>6,000</u>	<u>-</u>
EXPENDITURES			
Current:			
Security of Persons and Property	-	-	25,314
Community Environment	-	-	-
Basic Utility Services	-	456,427	-
General Government	289,181	-	-
Capital Outlay	1,540,061	-	9,048
Total Expenditures	<u>1,829,242</u>	<u>456,427</u>	<u>34,362</u>
Excess of Revenues (Under) Expenditures	<u>(1,815,092)</u>	<u>(450,427)</u>	<u>(34,362)</u>
OTHER FINANCING SOURCES (USES)			
Transfer In	3,180,000	435,000	450,000
Transfer Out	-	-	-
Total Other Financing Sources (Uses)	<u>3,180,000</u>	<u>435,000</u>	<u>450,000</u>
Net Change in Fund Balances	1,364,908	(15,427)	415,638
Fund Balances (Deficits) - Beginning of Year	6,277,314	626,035	1,144,396
Fund Balances - End of Year	<u>\$ 7,642,222</u>	<u>\$ 610,608</u>	<u>\$ 1,560,034</u>

Rockside Woods	Route 21 and Pleasant Valley	Issue II	Residential Special Assessments	PACE Special Assessment	Total Nonmajor Capital Projects Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,000
-	-	-	-	-	14,150
196,901	-	42,112	-	83,153	322,166
196,901	-	42,112	-	83,153	342,316
-	-	-	-	-	25,314
-	-	-	-	81,920	81,920
-	-	-	-	-	456,427
-	-	-	-	-	289,181
-	-	-	-	-	1,549,109
-	-	-	-	81,920	2,401,951
196,901	-	42,112	-	1,233	(2,059,635)
-	10,000	-	-	-	4,075,000
(207,019)	(11,250)	-	-	-	(218,269)
(207,019)	(1,250)	-	-	-	3,856,731
(10,118)	(1,250)	42,112	-	1,233	1,797,096
34,791	2,095	(27,944)	-	-	8,056,687
\$ 24,673	\$ 845	\$ 14,168	\$ -	\$ 1,233	\$ 9,853,783

**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, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Property Taxes	\$ 862,704	\$ 917,831	\$ 917,924	\$ 93
Municipal Income Taxes	33,079,669	34,079,669	34,459,372	379,703
Hotel Taxes	1,193,899	1,193,899	1,356,442	162,543
Amusement Taxes	250,927	250,927	285,089	34,162
Intergovernmental	390,952	390,952	429,946	38,994
Interest	326,839	326,839	371,336	44,497
Fees, Licenses and Permits	467,680	467,680	537,511	69,831
Fines and Forfeitures	105,923	105,923	120,317	14,394
Rentals	260,261	260,261	295,694	35,433
Charges for Services	671,425	671,425	762,836	91,411
All Other Revenues	377,728	377,728	327,957	(49,771)
Total Revenues	37,988,007	39,043,134	39,864,424	821,290
Expenditures:				
Current:				
Security of Persons and Property				
Police				
Salaries/Wages and Benefits	5,129,817	4,854,817	4,708,312	146,505
Other	1,200,055	1,200,055	1,093,059	106,996
Total Police	6,329,872	6,054,872	5,801,371	253,501
Fire				
Salaries/Wages and Benefits	4,002,372	3,809,372	3,775,993	33,379
Other	267,689	260,689	243,221	17,468
Total Fire	4,270,061	4,070,061	4,019,214	50,847
Total Security of Persons and Property	10,599,933	10,124,933	9,820,585	304,348
Public Health and Welfare				
Cemetery				
Salaries/Wages and Benefits	89,700	79,700	69,782	9,918
Other	10,141	10,141	6,543	3,598
Total Public Health and Welfare	99,841	89,841	76,325	13,516
Leisure Time Activities				
Recreation				
Salaries/Wages and Benefits	1,928,450	2,222,950	2,099,130	123,820
Other	514,979	259,479	229,351	30,128
Total Recreation	2,443,429	2,482,429	2,328,481	153,948
Civic Center				
Salaries/Wages and Benefits	1,178,150	1,210,150	1,208,239	1,911
Other	502,041	442,041	353,534	88,507
Total Civic Center	1,680,191	1,652,191	1,561,773	90,418
Total Leisure Time Activities	4,123,620	4,134,620	3,890,254	244,366

(Continued)

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, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Community Environment				
Building and Lands				
Salaries/Wages and Benefits	1,398,334	1,340,000	1,309,000	31,000
Other	392,686	392,686	335,695	56,991
Total Building and Lands	1,791,020	1,732,686	1,644,695	87,991
Technical Services				
Salaries/Wages and Benefits	649,000	672,000	654,846	17,154
Other	327,650	327,650	306,797	20,853
Total Technical Services	976,650	999,650	961,643	38,007
IT Department				
Salaries/Wages and Benefits	69,000	127,000	122,742	4,258
Other	415,624	449,624	440,616	9,008
Total IT Department	484,624	576,624	563,358	13,266
Building Department				
Salaries/Wages and Benefits	462,300	435,300	421,848	13,452
Other Expenses	59,511	71,761	63,051	8,710
Total Building Department	521,811	507,061	484,899	22,162
Engineering Department				
Salaries/Wages and Benefits	1,164,000	751,750	663,299	88,451
Other	554,942	554,942	204,548	350,394
Total Engineering Department	1,718,942	1,306,692	867,847	438,845
Economic Department				
Salaries/Wages and Benefits	290,000	290,000	278,046	11,954
Other	475,902	275,902	242,702	33,200
Total Economic Department	765,902	565,902	520,748	45,154
Boards and Commissions				
Salaries/Wages and Benefits	38,500	38,500	37,369	1,131
Other	5,400	5,400	-	5,400
Total Boards and Commissions	43,900	43,900	37,369	6,531
Total Community Environment	6,302,849	5,732,515	5,080,559	651,956
Basic Utility Services				
Rubbish				
Salaries/Wages and Benefits	359,167	325,000	295,124	29,876
Other	404,384	404,384	367,912	36,472
Total Rubbish	763,551	729,384	663,036	66,348
Sewer/Water Control				
Salaries/Wages and Benefits	445,067	410,900	401,491	9,409
Other	25,000	25,000	2,683	22,317
Total Sewer/Water Control	470,067	435,900	404,174	31,726
Total Basic Utility Services	1,233,618	1,165,284	1,067,210	98,074

(Continued)

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, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
Transportation				
Equipment and Motor Pool				
Salaries/Wages and Benefits	331,465	297,300	278,410	18,890
Other	728,536	728,536	723,393	5,143
Total Transportation	<u>1,060,001</u>	<u>1,025,836</u>	<u>1,001,803</u>	<u>24,033</u>
General Government				
General Government				
Salaries/Wages and Benefits	895,179	825,179	787,692	37,487
Other	3,015,425	3,186,425	2,966,295	220,130
Total General Government	<u>3,910,604</u>	<u>4,011,604</u>	<u>3,753,987</u>	<u>257,617</u>
Finance Department				
Salaries/Wages and Benefits	523,000	545,000	529,479	15,521
Other	5,750	5,750	2,083	3,667
Total Finance Department	<u>528,750</u>	<u>550,750</u>	<u>531,562</u>	<u>19,188</u>
Council				
Salaries/Wages and Benefits	396,200	374,200	360,402	13,798
Other	25,000	25,000	7,050	17,950
Total Council	<u>421,200</u>	<u>399,200</u>	<u>367,452</u>	<u>31,748</u>
Law Director				
Other	500,000	500,000	421,671	78,329
Total Law Director	<u>500,000</u>	<u>500,000</u>	<u>421,671</u>	<u>78,329</u>
Other				
Other	1,000	1,000	-	1,000
Total Other	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Court				
Salaries/Wages and Benefits	231,800	206,800	197,229	9,571
Other	16,400	16,400	4,641	11,759
Total Court	<u>248,200</u>	<u>223,200</u>	<u>201,870</u>	<u>21,330</u>
Service Administration				
Salaries/Wages and Benefits	740,716	706,549	693,502	13,047
Other	13,358	13,358	5,946	7,412
Total Service Administration	<u>754,074</u>	<u>719,907</u>	<u>699,448</u>	<u>20,459</u>
Income Tax Collection				
Other	1,100,000	1,100,000	983,434	116,566
Total Income Tax Collection	<u>1,100,000</u>	<u>1,100,000</u>	<u>983,434</u>	<u>116,566</u>

(Continued)

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, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Mayor's Office				
Salaries/Wages and Benefits	544,000	394,000	332,335	61,665
Other	10,000	10,000	7,983	2,017
Total Mayor's Office	<u>554,000</u>	<u>404,000</u>	<u>340,318</u>	<u>63,682</u>
General Government	8,017,828	7,909,661	7,299,742	609,919
Total Expenditures	<u>31,437,690</u>	<u>30,182,690</u>	<u>28,236,478</u>	<u>1,946,212</u>
Excess of Revenues Over (Under)				
Expenditures	6,550,317	8,860,444	11,627,946	2,767,502
Other Financing Sources (Uses)				
Sale of Capital Assets	34,106	34,106	34,106	-
Advances In	2,802,500	1,715,500	1,715,500	-
Advances Out	(7,390,000)	(6,640,000)	(6,640,000)	-
Transfers In	21,600,000	21,600,000	21,600,000	-
Transfers Out	(27,575,000)	(28,042,460)	(28,042,460)	-
Total Other Financing Sources (Uses)	<u>(10,528,394)</u>	<u>(11,332,854)</u>	<u>(11,332,854)</u>	<u>-</u>
Net Change in Fund Balance	(3,978,077)	(2,472,410)	295,092	2,767,502
Fund Balance - Beginning of Year	3,605,212	3,605,212	3,605,212	-
Prior Year Encumbrances Appropriated	1,514,455	1,514,455	1,514,455	-
Fund Balance - End of Year	<u>\$ 1,141,590</u>	<u>\$ 2,647,257</u>	<u>\$ 5,414,759</u>	<u>\$ 2,767,502</u>

City of Independence, Ohio
Schedule of Revenues, Expenditures, and Changes
In Fund Balance – Budget (Non-GAAP Basis) and Actual
High Intensity Drug Trafficking Area Fund
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 5,982,351	\$ 5,982,351	\$ 5,745,094	\$ (237,257)
Charges for Services	13,035	13,035	12,518	(517)
All Other Revenues	4,614	4,614	4,431	(183)
Total Revenues	<u>6,000,000</u>	<u>6,000,000</u>	<u>5,762,043</u>	<u>(237,957)</u>
Expenditures:				
Current:				
General Government				
Salaries and Wages	1,087,670	1,087,670	1,048,709	38,961
Benefits	356,002	356,002	343,250	12,752
Other	4,556,328	4,556,328	4,393,118	163,210
Total Expenditures	<u>6,000,000</u>	<u>6,000,000</u>	<u>5,785,077</u>	<u>214,923</u>
Net Change in Fund Balance	-	-	(23,034)	(23,034)
Fund Balance - Beginning of Year	75,477	75,477	75,477	-
Fund Balance - End of Year	<u>\$ 75,477</u>	<u>\$ 75,477</u>	<u>\$ 52,443</u>	<u>\$ (23,034)</u>

The notes to the financial statements are an integral part of this statement.

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, 2022

	Budgeted Amounts <u>Original</u>	Budgeted Amounts <u>Final</u>	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Payments in Lieu of Taxes	\$ 2,578,075	\$ 1,958,100	\$ 2,155,416	\$ 197,316
Intergovernmental	379,845	288,500	200,000	(88,500)
All Other Revenues	-	-	31,963	31,963
Total Revenues	<u>2,957,920</u>	<u>2,246,600</u>	<u>2,387,379</u>	<u>140,779</u>
Expenditures:				
Current:				
Capital Outlay	<u>17,275,215</u>	<u>15,925,415</u>	<u>15,684,047</u>	<u>241,368</u>
Excess of Revenues Over (Under) Expenditures	(14,317,295)	(13,678,815)	(13,296,668)	382,147
Other Financing Sources (Uses)				
Sale of Capital Assets	293,080	222,600	83,746	(138,854)
Advances In	5,035,000	5,035,000	5,035,000	-
Advances Out	(279,000)	(738,000)	(738,000)	-
Transfers In	710,000	710,000	710,000	-
Transfers Out	(2,628,000)	(2,683,809)	(2,683,809)	-
Total Other Financing Sources (Uses)	<u>3,131,080</u>	<u>2,545,791</u>	<u>2,406,937</u>	<u>(138,854)</u>
Net Change in Fund Balance	(11,186,215)	(11,133,024)	(10,889,731)	243,293
Fund Balance - Beginning of Year	293,230	293,230	293,230	-
Prior Year Encumbrances Appropriated	11,009,415	11,009,415	11,009,415	-
Fund Balance - End of Year	<u>\$ 116,430</u>	<u>\$ 169,621</u>	<u>\$ 412,914</u>	<u>\$ 243,293</u>

City of Independence, Ohio
Schedule of Revenues, Expenditures, and Changes
In Fund Balance – Budget (Non-GAAP Basis) and Actual
Street Resurfacing Fund
For the Year Ended December 31, 2022

	Budgeted Amounts <u>Original</u>	Budgeted Amounts <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ 514,400	\$ 440,000	\$ 391,652	\$ (48,348)
Interest	-	-	50,368	50,368
All Other Revenues	-	-	400	400
Total Revenues	<u>514,400</u>	<u>440,000</u>	<u>442,420</u>	<u>2,420</u>
Expenditures:				
Current:				
Capital Outlay	\$ 6,680,259	\$ 6,680,259	\$ 6,564,091	\$ 116,168
Excess of Revenues Over (Under) Expenditures	<u>(6,165,859)</u>	<u>(6,240,259)</u>	<u>(6,121,671)</u>	<u>118,588</u>
Other Financing Sources				
Transfers In	<u>1,310,000</u>	<u>1,310,000</u>	<u>1,310,000</u>	<u>-</u>
Net Change in Fund Balance	(4,855,859)	(4,930,259)	(4,811,671)	118,588
Fund Balance - Beginning of Year	1,053,395	1,053,395	1,053,395	-
Prior Year Encumbrances Appropriated	<u>3,880,259</u>	<u>3,880,259</u>	<u>3,880,259</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 77,795</u>	<u>\$ 3,395</u>	<u>\$ 121,983</u>	<u>\$ 118,588</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, 2022

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Intergovernmental	\$ 48,742	\$ 49,326	\$ 584
Interest	1,258	1,273	15
Total Revenues	<u>50,000</u>	<u>50,599</u>	<u>599</u>
Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	50,000	50,599	599
Fund Balance - Beginning of Year	172,994	172,994	-
Fund Balance - End of Year	<u>\$ 222,994</u>	<u>\$ 223,593</u>	<u>\$ 599</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, 2022

	Budgeted Amounts <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 24,388	\$ 25,113	\$ 725
Interest	612	630	18
Total Revenues	<u>25,000</u>	<u>25,743</u>	<u>743</u>
Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	25,000	25,743	743
Fund Balance - Beginning of Year	86,080	86,080	-
Fund Balance - End of Year	<u>\$ 111,080</u>	<u>\$ 111,823</u>	<u>\$ 743</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, 2022

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Intergovernmental	\$ 697,301	\$ 608,358	\$ (88,943)
Interest	2,699	2,355	(344)
Total Revenues	<u>700,000</u>	<u>610,713</u>	<u>(89,287)</u>
Expenditures:			
Current:			
Transportation			
Streets, Sidewalks, and Maintenance:			
Other	<u>1,074,948</u>	<u>974,697</u>	<u>100,251</u>
Net Change in Fund Balance	(374,948)	(363,984)	10,964
Fund Balance - Beginning of Year	216,643	216,643	-
Prior Year Encumbrances Appropriated	164,948	164,948	-
Fund Balance - End of Year	<u>\$ 6,643</u>	<u>\$ 17,607</u>	<u>\$ 10,964</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, 2022

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Fines and Forfeitures	\$ 500	\$ 425	\$ (75)
Expenditures:			
Current:			
Security of Persons and Property			
Police Department:			
Other	500	-	500
Net Change in Fund Balance	-	425	425
Fund Balance - Beginning of Year	14,974	14,974	-
Fund Balance - End of Year	\$ 14,974	\$ 15,399	\$ 425

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, 2022

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
Revenues:			
Fines and Forfeitures	\$ 3,000	\$ 2,793	\$ (207)
Expenditures:			
Current:			
Security of Persons and Property:			
Police Department:			
Other	8,068	7,500	568
Net Change in Fund Balance	(5,068)	(4,707)	361
Fund Balance - Beginning of Year	13,094	13,094	-
Prior Year Encumbrances Appropriated	5,568	5,568	-
Fund Balance - End of Year	<u>\$ 13,594</u>	<u>\$ 13,955</u>	<u>\$ 361</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, 2022

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
Revenues:			
Fines and Forfeitures	\$ 125,000	\$ 130,044	\$ 5,044
Expenditures:			
Current:			
Security of Persons and Property			
Police Department:			
Salaries and Wages	87,267	80,547	6,720
Other	46,000	45,922	78
Total Expenditures	<u>133,267</u>	<u>126,469</u>	<u>6,798</u>
Net Change in Fund Balance	(8,267)	3,575	11,842
Fund Balance - Beginning of Year	100,056	100,056	-
Prior Year Encumbrances Appropriated	8,267	8,267	-
Fund Balance - End of Year	<u>\$ 100,056</u>	<u>\$ 111,898</u>	<u>\$ 11,842</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, 2022

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Fines and Forfeitures	\$ 100,000	\$ -	\$ (100,000)
Expenditures:			
Current:			
Security of Persons and Property			
Police Department:			
Other	133,460	-	133,460
Excess of Revenues Over (Under) Expenditures	(33,460)	-	33,460
Other Financing Sources			
Transfers In	42,460	42,460	-
Net Change in Fund Balance	9,000	42,460	33,460
Fund Balance - Beginning of Year	34,870	34,870	-
Prior Year Encumbrances Appropriated	16,000	16,000	-
Fund Balance - End of Year	\$ 59,870	\$ 93,330	\$ 33,460

City of Independence, Ohio
Schedule of Revenues, Expenditures, and Changes
In Fund Balance – Budget (Non-GAAP Basis) and Actual
Strike Force Fund
For the Year Ended December 31, 2022

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Intergovernmental	\$ 950,000	\$ 1,355,897	\$ 405,897
Expenditures:			
Current:			
General Government			
Strike Force:			
Other	2,109,845	2,102,239	7,606
Excess of Revenues Over (Under) Expenditures	(1,159,845)	(746,342)	413,503
Other Financing (Uses)			
Advances In	1,605,000	1,605,000	-
Advances Out	(949,000)	(949,000)	-
Total Other Financings (Uses)	656,000	656,000	-
Net Change in Fund Balance	(503,845)	(90,342)	413,503
Fund Balance - Beginning of Year	\$ 497,465	\$ 497,465	\$ -
Prior Year Encumbrances Appropriated	7,545	7,545	-
Fund Balance - End of Year	\$ 1,165	\$ 414,668	\$ 413,503

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, 2022

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues			
Fines and Forfeitures	\$ 5,000	\$ 7,571	\$ 2,571
Expenditures:			
Current:			
General Government			
Mayor's Court Computer:			
Other	12,100	10,750	1,350
Net Change in Fund Balance	(7,100)	(3,179)	3,921
Fund Balance - Beginning of Year	27,669	27,669	-
Prior Year Encumbrances Appropriated	100	100	-
Fund Balance - End of Year	\$ 20,669	\$ 24,590	\$ 3,921

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, 2022

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues	\$ -	\$ -	\$ -
Expenditures	-	-	-
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning of Year	4,280	4,280	-
Fund Balance - End of Year	<u>\$ 4,280</u>	<u>\$ 4,280</u>	<u>\$ -</u>

City of Independence, Ohio
Schedule of Revenues, Expenditures, and Changes
In Fund Balance – Budget (Non-GAAP Basis) and Actual
Handicap Parking Fund
For the Year Ended December 31, 2022

	Budgeted Amounts <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and Forfeitures	\$ -	\$ 50	\$ 50
Expenditures	-	-	-
Net Change in Fund Balance	-	50	50
Fund Balance - Beginning of Year	28,233	28,233	-
Fund Balance - End of Year	<u>\$ 28,233</u>	<u>\$ 28,283</u>	<u>\$ 50</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, 2022

	Budgeted Amounts <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues	\$ -	\$ -	\$ -
Expenditures	-	-	-
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning of Year	2,085	2,085	-
Fund Balance - End of Year	<u>\$ 2,085</u>	<u>\$ 2,085</u>	<u>\$ -</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, 2022

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues	\$ -	\$ -	\$ -
Expenditures:			
Current:			
General Government			
Other General Government:			
Other	15,000	13,240	1,760
Excess of Revenues Over (Under) Expenditures	(15,000)	(13,240)	1,760
Other Financing Sources			
Transfers In	15,000	15,000	-
Net Change in Fund Balance	-	1,760	1,760
Fund Balance - Beginning of Year	2,807	2,807	-
Fund Balance - End of Year	<u>\$ 2,807</u>	<u>\$ 4,567</u>	<u>\$ 1,760</u>

City of Independence, Ohio
Schedule of Revenues, Expenditures, and Changes
In Fund Balance – Budget (Non-GAAP Basis) and Actual
I Can Fund
For the Year Ended December 31, 2022

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
All Other Revenues	\$ 3,000	\$ 9,673	\$ 6,673
Expenditures:			
Current:			
General Government			
Other General Government:			
Other	10,000	6,998	3,002
Net Change in Fund Balance	(7,000)	2,675	9,675
Fund Balance - Beginning of Year	36,816	33,288	(3,528)
Fund Balance - End of Year	\$ 29,816	\$ 35,963	\$ 6,147

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, 2022

	Budgeted Amounts <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
All Other Revenues	\$ 2,000	\$ -	\$ (2,000)
Expenditures:			
Current:			
General Government			
Other General Government:			
Other	32,125	-	32,125
Net Change in Fund Balance	(30,125)	-	30,125
Fund Balance - Beginning of Year	26,602	26,602	-
Prior Year Encumbrances Appropriated	7,125	7,125	-
Fund Balance - End of Year	<u>\$ 3,602</u>	<u>\$ 33,727</u>	<u>\$ 30,125</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, 2022

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Fines	\$ 249,787	\$ 515,028	\$ 265,241
All Other Revenues	213	440	227
Total Revenues	<u>250,000</u>	<u>515,468</u>	<u>265,468</u>
Expenditures:			
Current:			
Leisure Time Activities			
Recreation:			
Other	<u>270,682</u>	<u>207,478</u>	<u>63,204</u>
Excess of Revenues Over (Under) Expenditures	(20,682)	307,990	328,672
Other Financing (Uses)			
Transfers Out	<u>(600,000)</u>	<u>(600,000)</u>	<u>-</u>
Net Change in Fund Balance	(620,682)	(292,010)	328,672
Fund Balance - Beginning of Year	664,158	664,158	-
Prior Year Encumbrances Appropriated	<u>20,682</u>	<u>20,682</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 64,158</u>	<u>\$ 392,830</u>	<u>\$ 328,672</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, 2022

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Property Taxes	\$ 137,471	\$ 140,996	\$ 3,525
Intergovernmental	12,529	12,850	321
Total Revenues	<u>150,000</u>	<u>153,846</u>	<u>3,846</u>
Expenditures:			
Current:			
Security of Persons and Property			
Police Department:			
Other	<u>700,000</u>	<u>638,693</u>	<u>61,307</u>
Excess of Revenues Over (Under) Expenditures	(550,000)	(484,847)	65,153
Other Financing Sources			
Transfers In	<u>500,000</u>	<u>500,000</u>	<u>-</u>
Net Change in Fund Balance	(50,000)	15,153	65,153
Fund Balance - Beginning of Year	<u>54,768</u>	<u>54,768</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 4,768</u>	<u>\$ 69,921</u>	<u>\$ 65,153</u>

City of Independence, Ohio
Schedule of Revenues, Expenditures, and Changes
In Fund Balance – Budget (Non-GAAP Basis) and Actual
American Rescue Plan Act Fund
For the Year Ended December 31, 2022

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Intergovernmental	\$ 377,295	\$ 377,295	\$ -
Expenditures:			
Current:			
Security of Persons and Property:			
Police and Others:			
Personal Services	753,089	753,089	-
Net Change in Fund Balance	(375,794)	(375,794)	-
Fund Balance - Beginning of Year	-	-	-
Prior Year Encumbrances Appropriated	375,794	375,794	-
Fund Balance - End of Year	\$ -	\$ -	\$ -

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, 2022

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:	\$ -	\$ -	\$ -
Expenditures:			
Current:			
General Government			
Other General Government			
Other	100,000	17,965	82,035
Net Change in Fund Balance	(100,000)	(17,965)	82,035
Fund Balance - Beginning of Year	630,200	630,200	-
Fund Balance - End of Year	<u>\$ 530,200</u>	<u>\$ 612,235</u>	<u>\$ 82,035</u>

City of Independence, Ohio
Schedule of Revenues, Expenditures, and Changes
In Fund Balance – Budget (Non-GAAP Basis) and Actual
Rainy Day Fund
For the Year Ended December 31, 2022

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues	\$ -	\$ -	\$ -
Expenditures:			
Current:			
General Government			
Other General Government			
Other	973,940	973,940	-
Excess of Revenues Over (Under) Expenditures	(973,940)	(973,940)	-
Other Financing Sources			
Transfers In	400,000	400,000	-
Net Change in Fund Balance	(573,940)	(573,940)	-
Fund Balance - Beginning of Year	1,600,000	1,600,000	-
Fund Balance - End of Year	<u>\$ 1,026,060</u>	<u>\$ 1,026,060</u>	<u>\$ -</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, 2022

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues	\$ -	\$ -	\$ -
Expenditures:			
Current:			
General Government			
Economic Development			
Other	1,334,528	1,280,563	53,965
Excess of Revenues Over (Under) Expenditures	(1,334,528)	(1,280,563)	53,965
Other Financing Sources			
Transfers In	200,000	200,000	-
Net Change in Fund Balance	(1,134,528)	(1,080,563)	53,965
Fund Balance - Beginning of Year	371,342	371,342	-
Prior Year Encumbrances Appropriated	834,528	834,528	-
Fund Balance - End of Year	<u>\$ 71,342</u>	<u>\$ 125,307</u>	<u>\$ 53,965</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, 2022

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues	\$ -	\$ -	\$ -
Expenditures:			
Current:			
General Government			
Other	12,000	12,000	-
Net Change in Fund Balance	(12,000)	(12,000)	-
Fund Balance - Beginning of Year	27,557	27,557	-
Fund Balance - End of Year	<u>\$ 15,557</u>	<u>\$ 15,557</u>	<u>\$ -</u>

City of Independence, Ohio
Schedule of Revenues, Expenditures, and Changes
In Fund Balance – Budget (Non-GAAP Basis) and Actual
Non-TIF Project Fund
For the Year Ended December 31, 2022

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues	\$ -	\$ -	\$ -
Expenditures:			
Current:			
Debt Service			
Principal	111,250	111,250	-
Interest & Fiscal Charges	107,019	107,019	-
Total Expenditures	218,269	218,269	-
Excess of Revenues Over (Under) Expenditures	(218,269)	(218,269)	-
Other Financing Sources			
Transfers In	218,269	218,269	-
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning of Year	2,038	2,038	-
Fund Balance - End of Year	<u>\$ 2,038</u>	<u>\$ 2,038</u>	<u>\$ -</u>

City of Independence, Ohio
Schedule of Revenues, Expenditures, and Changes
In Fund Balance – Budget (Non-GAAP Basis) and Actual
TIF Project Fund
For the Year Ended December 31, 2022

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues	\$ -	\$ -	\$ -
Expenditures:			
Current:			
Debt Service:			
Principal	1,373,209	1,373,208	1
Interest & Fiscal Charges	600,600	600,600	-
Total Expenditures	1,973,809	1,973,808	1
Excess of Revenues Over (Under) Expenditures	(1,973,809)	(1,973,808)	1
Other Financing Sources			
Transfers In	1,973,809	1,973,809	-
Net Change in Fund Balance	-	1	1
Fund Balance - Beginning of Year	167,887	167,887	-
Fund Balance - End of Year	<u>\$ 167,887</u>	<u>\$ 167,888</u>	<u>\$ 1</u>

City of Independence, Ohio
Schedule of Revenues, Expenditures, and Changes
In Fund Balance – Budget (Non-GAAP Basis) and Actual
Capital Improvements Fund
For the Year Ended December 31, 2022

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Rentals	\$ -	\$ 14,150	\$ 14,150
Expenditures:			
Current:			
Capital Outlay	9,052,719	9,027,901	24,818
Excess of Revenues Over (Under) Expenditures	(9,052,719)	(9,013,751)	38,968
Other Financing Sources			
Transfers In	3,180,000	3,180,000	-
Net Change in Fund Balance	(5,872,719)	(5,833,751)	38,968
Fund Balance - Beginning of Year	604,377	604,377	-
Prior Year Encumbrances Appropriated	5,272,719	5,272,719	-
Fund Balance - End of Year	<u>\$ 4,377</u>	<u>\$ 43,345</u>	<u>\$ 38,968</u>

City of Independence, Ohio
Schedule of Revenues, Expenditures, and Changes
In Fund Balance – Budget (Non-GAAP Basis) and Actual
Drain Water Fund
For the Year Ended December 31, 2022

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Intergovernmental	\$ 5,500	\$ 6,000	\$ 500
Expenditures:			
Current:			
Capital Outlay	1,122,271	1,118,375	3,896
Excess of Revenues Over (Under) Expenditures	(1,116,771)	(1,112,375)	4,396
Other Financing Sources			
Transfers In	435,000	435,000	-
Net Change in Fund Balance	(681,771)	(677,375)	4,396
Fund Balance - Beginning of Year	40,330	40,330	-
Prior Year Encumbrances Appropriated	652,271	652,271	-
Fund Balance - End of Year	\$ 10,830	\$ 15,226	\$ 4,396

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, 2022

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues	\$ -	\$ -	\$ -
Expenditures:			
Current:			
Capital Outlay	1,588,116	1,578,915	9,201
Excess of Revenues Over (Under) Expenditures	(1,588,116)	(1,578,915)	9,201
Other Financing Sources			
Transfers In	450,000	450,000	-
Net Change in Fund Balance	(1,138,116)	(1,128,915)	9,201
Fund Balance - Beginning of Year	5,997	5,997	-
Prior Year Encumbrances Appropriated	1,138,116	1,138,116	-
Fund Balance - End of Year	<u>\$ 5,997</u>	<u>\$ 15,198</u>	<u>\$ 9,201</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, 2022

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Special Assessments	\$ 196,800	\$ 196,901	\$ 101
Excess of Revenues Over (Under) Expenditures	196,800	196,901	101
Other Financing (Uses)			
Transfers Out	(207,019)	(207,019)	-
Net Change in Fund Balance	(10,219)	(10,118)	101
Fund Balance - Beginning of Year	59,559	59,559	-
Fund Balance - End of Year	<u>\$ 49,340</u>	<u>\$ 49,441</u>	<u>\$ 101</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, 2022

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues	\$ -	\$ -	\$ -
Expenditures	-	-	-
Excess of Revenues Over (Under) Expenditures	-	-	-
Other Financing Sources (Uses)			
Transfers In	10,000	10,000	-
Transfers Out	(11,250)	(11,250)	-
Total Other Financing Sources (Uses)	(1,250)	(1,250)	-
Net Change in Fund Balance	(1,250)	(1,250)	-
Fund Balance - Beginning of Year	2,095	2,095	-
Fund Balance - End of Year	<u>\$ 845</u>	<u>\$ 845</u>	<u>\$ -</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, 2022

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Special Assessments	\$ 42,000	\$ 42,112	\$ 112
Expenditures	-	-	-
Excess of Revenues Over (Under) Expenditures	42,000	42,112	112
Other Financing (Uses)			
Advances Out	(28,500)	(28,500)	-
Net Change in Fund Balance	13,500	13,612	112
Fund Balance - Beginning of Year	556	556	-
Fund Balance - End of Year	<u>\$ 14,056</u>	<u>\$ 14,168</u>	<u>\$ 112</u>

City of Independence, Ohio
Schedule of Revenues, Expenditures, and Changes
In Fund Balance – Budget (Non-GAAP Basis) and Actual
PACE Special Assessment Fund
For the Year Ended December 31, 2022

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Special Assessments	\$ 83,000	\$ 83,153	\$ 153
Expenditures:			
Current:			
Capital Outlay	82,000	81,920	80
Net Change in Fund Balance	1,000	1,233	233
Fund Balance - Beginning of Year	-	-	-
Fund Balance - End of Year	\$ 1,000	\$ 1,233	\$ 233

City of Independence, Ohio
Schedule of Revenues, Expenditures, and Changes
In Fund Balance – Budget (Non-GAAP Basis) and Actual
Insurance Fund
For the Year Ended December 31, 2022

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Charges for Services	\$ 1,381,897	\$ 1,381,897	\$ -
Total Revenues	<u>1,381,897</u>	<u>1,381,897</u>	<u>-</u>
Expenses:			
Current:			
Contractual Services	1,310,680	1,287,790	22,890
Claims	99,495	92,229	7,266
Total Expenses	<u>1,410,175</u>	<u>1,380,019</u>	<u>30,156</u>
Net Change in Fund Equity	(28,278)	1,878	30,156
Fund Equity - Beginning of Year	204,518	204,518	-
Fund Equity - End of Year	<u>\$ 176,240</u>	<u>\$ 206,396</u>	<u>\$ 30,156</u>

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Statistical Section



Statistical Section

This part of the City’s Annual Comprehensive 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.	
Revenue Capacity	S10 – S18
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.	
Debt Capacity	S19 – S24
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.	
Economic and Demographic Information	S25 – S26
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City’s financial activities take place.	
Operating Information	S28 – S35
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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Governmental Activities				
Net Investment in Capital Assets	\$116,599,862	\$115,631,357	\$106,232,967	\$90,680,280
Restricted:				
Capital Projects	14,942,202	15,370,828	16,430,739	18,022,928
Debt Service	137,807	0	0	0
State Highway	464,776	199,256	140,732	125,892
Street Construction, Maintenance and Repair	228,937	700,290	724,278	977,347
Police Pension	3,677	6,853	305,087	770,741
Other Purposes	314,352	362,749	314,542	279,520
Unrestricted (Deficit)	<u>7,828,120</u>	<u>(1,390,546)</u>	<u>(7,347,063)</u>	<u>(4,543,637)</u>
<i>Total Governmental Activities Net Position</i>	<u>\$140,519,733</u>	<u>\$130,880,787</u>	<u>\$116,801,282</u>	<u>\$106,313,071</u>

Note: 2021 Net position was restated for Net Investment in Capital Assets.
 In 2020, the City implemented GASB 83 which affected Net Position for 2019.
 In 2019, the City implemented GASB 84 which affected Net Position for 2018.
 In 2018, the City implemented GASB 75 which affected Unrestricted Net Position for 2017.

2018	2017	2016	2015	2014	2013
\$83,597,246	\$78,544,131	\$75,112,616	\$75,013,690	\$70,074,840	\$64,925,722
15,519,182	12,649,662	7,059,950	8,807,685	7,906,956	7,231,782
0	7,805	0	0	0	0
92,047	174,035	141,225	149,136	111,791	103,078
917,090	846,051	690,663	539,077	585,918	913,005
734,813	681,144	626,477	532,177	463,968	475,691
423,959	282,001	354,824	248,778	210,794	275,126
(10,618,923)	(13,909,573)	7,494,703	(294,571)	(618,913)	17,847,927
<u>\$90,665,414</u>	<u>\$79,275,256</u>	<u>\$91,480,458</u>	<u>\$84,995,972</u>	<u>\$78,735,354</u>	<u>\$91,772,331</u>

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

	2022	2021	2020	2019 (1)
Program Revenues				
Governmental Activities:				
Charges for Services and Sales:				
General Government	\$588,213	\$432,755	\$323,442	\$729,996
Security of Persons and Property	751,895	648,169	466,272	671,078
Public Health and Welfare	4,378	4,041	3,388	22,990
Leisure Time Activities	734,539	620,060	384,963	615,300
Community Environment	168,262	209,510	170,255	251,164
Basic Utility Services	58,845	54,315	44,200	54,750
Transportation	42,953	37,987	32,013	42,816
Operating Grants and Contributions	8,462,943	8,007,755	8,677,082	6,859,993
Capital Grants and Assessments	849,667	364,198	1,308,456	1,838,283
<i>Total Government Activities Program Revenues</i>	<u>11,661,695</u>	<u>10,378,790</u>	<u>11,410,071</u>	<u>11,086,370</u>
Expenses				
Governmental Activities:				
General Government	20,064,299	17,098,075	18,699,177	19,039,488
Security of Persons and Property	10,083,849	9,688,910	10,968,040	1,295,610
Public Health and Welfare	52,766	27,616	78,053	93,402
Leisure Time Activities	3,102,677	1,549,736	3,081,336	4,336,089
Community Environment	4,211,112	2,034,654	3,823,600	4,700,395
Basic Utility Services	1,292,502	408,135	1,037,179	1,071,857
Transportation	4,098,350	5,518,977	3,188,190	3,796,646
Interest and Fiscal Charges	589,968	652,808	635,064	741,662
<i>Total Governmental Activities Expenses</i>	<u>43,495,523</u>	<u>36,978,911</u>	<u>41,510,639</u>	<u>35,075,149</u>
Net (Expense)/Revenue				
Governmental Activities	<u>(31,833,828)</u>	<u>(26,600,121)</u>	<u>(30,100,568)</u>	<u>(23,988,779)</u>
General Revenues and Other Changes in Net Position				
Governmental Activities				
Property Taxes Levied For:				
General Purposes	933,595	842,190	855,374	837,220
Other Purposes	143,737	132,978	128,361	131,305
Municipal Income Tax levied for General Purposes	34,852,612	34,967,308	33,573,510	33,313,603
Hotel/Motel Tax Levied for General Purposes	1,359,555	1,067,992	648,140	1,321,108
Amusement Tax Levied for General Purposes	286,205	277,817	217,515	22,972
Grants and Entitlements not Restricted to Specific Programs	458,074	413,573	364,692	322,822
Investment Income	546,463	242,765	389,269	705,271
Payments in Lieu of Taxes	2,347,836	2,539,322	2,097,681	2,084,777
Gain on Sale of Capital Assets	117,852	82,300	39,283	25,381
Miscellaneous	426,845	538,092	2,274,954	1,031,477
<i>Total Governmental Activities General Revenues</i>	<u>41,472,774</u>	<u>41,104,337</u>	<u>40,588,779</u>	<u>39,795,936</u>
Change in Governmental Activities Net Position	<u>\$9,638,946</u>	<u>\$14,504,216</u>	<u>\$10,488,211</u>	<u>\$15,807,157</u>

- (1) Expenses are first impacted by the implementation of GASB Statement No. 84 beginning in 2019.
(2) Expenses are first impacted by the implementation of GASB Statement No. 75 beginning in 2018.
(3) Expenses are first impacted by the implementation of GASB Statement No. 68 beginning in 2015.

2018 (2)	2017	2016	2015 (3)	2014	2013
\$568,552	\$422,384	\$390,744	\$396,719	\$377,216	\$414,541
773,764	685,495	666,445	606,527	562,774	516,590
21,597	24,535	26,534	17,350	23,565	20,244
667,903	665,636	696,312	603,786	559,216	67,118
254,142	259,837	236,571	236,479	198,060	194,238
65,332	66,879	29,317	29,160	30,306	36,172
54,902	49,462	51,358	56,063	45,279	548,161
4,963,281	2,883,237	658,459	524,252	493,672	603,478
5,215,374	352,701	122,246	1,189,630	1,567,822	114,562
12,584,847	5,410,166	2,877,986	3,659,966	3,857,910	2,515,104
15,473,963	12,449,390	9,239,305	9,037,847	8,650,919	8,587,665
11,766,180	10,502,201	10,377,823	8,961,555	9,005,655	8,389,502
63,584	68,850	58,324	48,133	78,417	110,014
4,216,895	4,138,515	3,798,602	3,684,540	3,767,299	3,463,666
3,579,814	4,052,023	3,542,366	3,543,729	3,096,160	2,739,330
994,675	1,116,697	477,590	490,196	547,380	570,714
4,317,772	3,662,443	3,832,243	4,669,027	4,465,226	3,199,635
652,612	658,360	608,434	632,480	652,020	764,052
41,065,495	36,648,479	31,934,687	31,067,507	30,263,076	27,824,578
(28,480,648)	(31,238,313)	(29,056,701)	(27,407,541)	(26,405,166)	(25,309,474)
772,071	337,278	798,355	818,505	814,219	868,418
121,828	53,254	125,714	131,059	129,669	134,216
34,444,017	31,470,365	30,809,785	28,691,285	24,615,423	26,429,663
1,447,692	1,368,052	1,438,252	1,356,711	1,319,446	1,293,185
21,065	16,345	55,777	0	0	0
271,459	354,005	192,221	270,740	259,332	757,689
243,358	104,063	68,228	60,762	61,208	68,148
2,020,950	528,917	1,577,104	1,635,817	1,348,759	1,094,482
30,933	0	0	0	0	0
528,182	1,107,641	475,751	703,280	561,514	366,333
39,901,555	35,339,920	35,541,187	33,668,159	29,109,570	31,012,134
\$11,420,907	\$4,101,607	\$6,484,486	\$6,260,618	\$2,704,404	\$5,702,660

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

	2022	2021	2020	2019
General Fund				
Nonspendable	\$39,087,035	\$34,818,737	\$24,245,225	\$20,479,064
Assigned	4,361,413	5,673,477	6,244,527	3,012,332
Unassigned	7,600,534	5,148,071	9,675,231	8,386,497
Total General Fund	<u>51,048,982</u>	<u>45,640,285</u>	<u>40,164,983</u>	<u>31,877,893</u>
All Other Governmental Funds				
Nonspendable	5,444	13,722	846	999
Restricted	12,445,608	12,169,178	13,203,186	15,139,231
Committed	511,385	774,926	549,842	645,948
Assigned	1,562,917	1,148,246	766,858	1,083,249
Unassigned (Deficit)	<u>(28,128,826)</u>	<u>(25,193,651)</u>	<u>(19,772,365)</u>	<u>(30,446,244)</u>
Total All Other Governmental Funds	<u>(13,603,472)</u>	<u>(11,087,579)</u>	<u>(5,251,633)</u>	<u>(13,576,817)</u>
Total Governmental Funds	<u>\$37,445,510</u>	<u>\$34,552,706</u>	<u>\$34,913,350</u>	<u>\$18,301,076</u>

Note: In 2019, the City implemented GASB 84.

2018	2017	2016	2015	2014	2013
\$18,741,346	\$18,310,024	\$16,648,085	\$16,339,485	\$14,475,791	\$9,658,313
5,954,127	2,475,871	2,148,860	1,081,128	2,469,127	2,848,726
8,063,509	10,818,370	8,847,647	5,037,506	4,227,716	8,228,235
<u>32,758,982</u>	<u>31,604,265</u>	<u>27,644,592</u>	<u>22,458,119</u>	<u>21,172,634</u>	<u>20,735,274</u>
3,603	2,154	3,091	4,510	7,174	0
17,303,467	14,000,427	11,223,004	9,644,441	8,703,905	7,812,603
560,493	533,145	478,845	417,280	355,523	307,434
98	0	0	0	0	0
<u>(24,147,401)</u>	<u>(27,923,733)</u>	<u>(17,384,288)</u>	<u>(14,332,066)</u>	<u>(12,423,277)</u>	<u>(9,149,791)</u>
<u>(6,279,740)</u>	<u>(13,388,007)</u>	<u>(5,679,348)</u>	<u>(4,265,835)</u>	<u>(3,356,675)</u>	<u>(1,029,754)</u>
<u>\$26,479,242</u>	<u>\$18,216,258</u>	<u>\$21,965,244</u>	<u>\$18,192,284</u>	<u>\$17,815,959</u>	<u>\$19,705,520</u>

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

	2022	2021	2020	2019 (2)
Revenues				
Taxes (1)	\$37,039,814	\$37,712,437	\$34,974,154	\$36,280,879
Intergovernmental	9,469,635	8,666,516	10,522,993	7,841,460
Investment Income	546,463	242,765	389,269	705,271
Fees, Licenses and Permits	957,449	812,901	484,486	827,217
Fines and Forfeitures	281,622	236,435	164,162	423,876
Charges for Services	797,668	710,882	618,815	866,044
Lease	49,470	0	0	0
Rentals	248,924	244,764	158,721	278,142
Special Assessments	322,166	194,358	304,187	198,880
Payment in Lieu of Taxes	2,155,416	2,499,966	1,999,806	2,124,598
Contributions and Donations	0	0	5,000	0
Miscellaneous	466,366	518,060	2,220,563	1,022,399
<i>Total Revenues</i>	<u>52,334,993</u>	<u>51,839,084</u>	<u>51,842,156</u>	<u>50,568,766</u>
Expenditures				
Current:				
General Government	16,523,559	15,111,669	13,696,634	13,911,302
Security of Persons and Property	10,534,958	9,850,216	9,458,283	9,763,014
Public Health and Welfare	75,595	71,765	70,497	72,067
Leisure Time Activities	4,042,374	3,309,625	2,834,373	3,523,973
Community Environment	4,794,593	3,714,331	3,537,045	3,854,204
Basic Utility Services	1,464,508	958,578	917,501	838,536
Transportation	4,072,242	1,871,857	2,005,916	1,944,350
Capital Outlay	5,360,135	10,856,308	17,948,722	18,312,015
Debt Service:				
Principal Retirement	1,484,458	5,609,187	924,729	974,458
Payment to Refunded Bond Escrow Agent	0	0	0	4,464,877
Refunded Notes Redeemed	0	0	0	0
Interest and Fiscal Charges	707,619	928,492	593,442	787,976
Debt Issuance Costs	0	0	258,089	49,558
<i>Total Expenditures</i>	<u>49,060,041</u>	<u>52,282,028</u>	<u>52,245,231</u>	<u>58,496,330</u>
<i>Excess of Revenues Over</i> <i>(Under) Expenditures</i>	<u>3,274,952</u>	<u>(442,944)</u>	<u>(403,075)</u>	<u>(7,927,564)</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	117,852	82,300	39,283	49,398
Refunding Notes Issued	0	0	0	0
General Obligation Bonds Issued	0	0	15,250,000	0
General Obligation Refunding Bonds Issued	0	0	0	0
General Obligation Notes Issued	0	0	0	0
Special Assessment Bonds Issued	0	0	0	0
OPWC Loan Issued	0	0	0	0
OWDA Loan Issued	0	0	0	0
Premium on General Obligation Bonds	0	0	1,726,066	0
Premium on Special Assessment Bonds	0	0	0	0
Premium on Refunding Notes	0	0	0	0
Premium on Notes	0	0	0	0
Payment to Refunded Bond Escrow Agent	0	0	0	0
Transfers In	8,734,538	14,800,540	9,921,650	16,923,400
Transfers Out	(9,234,538)	(14,800,540)	(9,921,650)	(17,223,400)
<i>Total Other Financing Sources (Uses)</i>	<u>(382,148)</u>	<u>82,300</u>	<u>17,015,349</u>	<u>(250,602)</u>
<i>Net Change in Fund Balances</i>	<u>\$2,892,804</u>	<u>(\$360,644)</u>	<u>\$16,612,274</u>	<u>(\$8,178,166)</u>
Debt Service as a Percentage of Noncapital Expenditures				
	5.2%	14.4%	4.3%	14.9%

(1) Includes All Taxes

2018	2017	2016	2015	2014	2013
\$36,010,214	\$33,443,423	\$32,863,392	\$30,002,321	\$26,344,858	\$28,297,945
7,299,392	3,586,708	1,010,882	1,921,663	2,409,871	1,338,264
243,358	79,860	52,886	50,096	45,874	65,759
922,325	802,189	928,863	864,963	737,548	674,645
512,922	424,521	358,482	311,054	259,754	304,447
700,941	712,245	569,893	549,570	557,486	590,273
0	0	0	0	0	0
260,772	235,273	240,043	220,497	241,628	227,699
35,017	33,086	34,267	57,495	175,629	50,442
2,017,208	1,431,139	1,438,276	1,497,224	1,273,291	1,307,885
0	0	0	0	0	0
517,540	1,101,577	447,970	461,420	550,560	366,333
48,519,689	41,850,021	37,944,954	35,936,303	32,596,499	33,223,692
10,787,548	7,946,192	5,412,864	5,855,234	5,549,948	6,165,368
9,581,281	9,171,683	8,876,769	8,303,665	8,313,475	7,164,583
60,713	58,523	56,141	48,085	76,612	101,608
3,668,531	3,621,031	3,527,981	3,529,611	3,449,266	3,310,319
3,180,703	3,611,465	3,330,249	3,422,437	2,942,887	2,687,884
818,316	906,884	412,156	420,393	448,869	499,164
2,139,277	1,783,539	2,537,295	2,606,959	2,589,496	2,599,750
10,319,276	9,795,563	9,338,664	12,814,813	8,431,969	4,963,406
1,884,458	1,839,458	1,696,531	1,572,078	1,540,123	1,128,199
0	0	0	0	0	0
0	5,700,000	3,950,000	4,300,000	4,700,000	4,500,000
693,007	802,768	652,432	682,233	719,884	840,930
140,481	86,901	52,907	18,631	124,813	33,979
43,273,591	45,324,007	39,843,989	43,574,139	38,887,342	33,995,190
5,246,098	(3,473,986)	(1,899,035)	(7,637,836)	(6,290,843)	(771,498)
49,755	0	0	0	0	0
0	0	3,600,000	3,950,000	4,300,000	4,700,000
0	0	0	0	0	0
0	0	0	0	4,305,000	0
0	0	2,100,000	0	0	0
3,190,000	0	0	0	0	0
0	0	0	4,164,161	0	0
0	0	0	0	0	0
0	0	0	0	299,647	0
107,880	0	0	0	0	0
0	0	24,990	0	0	36,190
0	0	47,005	0	0	0
0	0	0	0	(4,503,365)	0
15,256,500	9,514,900	8,580,625	9,416,500	7,821,500	9,631,100
(15,556,500)	(9,789,900)	(8,680,625)	(9,516,500)	(7,821,500)	(9,631,100)
3,047,635	(275,000)	5,671,995	8,014,161	4,401,282	4,736,190
\$8,293,733	(\$3,748,986)	\$3,772,960	\$376,325	(\$1,889,561)	\$3,964,692
7.3%	22.4%	19.9%	19.9%	21.6%	21.5%

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

Collection Year	Real Property			Tangible Personal Property	
	Assessed Value		Estimated Actual Value	Public Utility	
	Residential/ Agricultural	Commercial Industrial/PU		Assessed Value	Estimated Actual Value
2022	\$306,618,410	\$171,685,450	\$1,366,582,457	\$34,502,080	\$39,206,909
2021	280,040,760	183,500,830	1,324,404,543	32,443,030	36,867,080
2020	276,147,370	176,434,890	1,293,092,171	31,782,550	36,116,534
2019	271,635,690	174,509,960	1,274,701,857	29,497,910	33,520,352
2018	254,195,690	180,737,320	1,242,665,743	24,612,240	27,968,455
2017	252,851,300	173,420,510	1,217,919,457	22,521,000	25,592,045
2016	251,749,270	181,909,760	1,239,025,800	20,192,650	22,946,193
2015	240,611,760	198,450,590	1,254,463,857	18,952,480	21,536,909
2014	239,083,160	199,757,400	1,253,830,171	17,533,550	19,924,489
2013	239,574,100	200,039,350	1,256,038,429	16,106,220	18,302,523

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.

The tangible personal property values associated with each year were the values that, when multiplied by the applicable rates, generated the property tax revenue billed in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by a 10 percent and a 2 1/2 percent rollback, and homestead exemptions before being billed.

Source: Cuyahoga County, Ohio; County Fiscal Officer

Assessed Value	Total Estimated Actual Value	Ratio	Tax Rate
\$512,805,940	\$1,405,789,366	36.48%	\$2.20
495,984,620	1,361,271,623	36.44	2.20
484,364,810	1,329,208,705	36.44	2.20
475,643,560	1,308,222,209	36.36	2.20
459,545,250	1,270,634,198	36.17	2.20
448,792,810	1,243,511,502	36.09	2.20
453,851,680	1,261,971,993	35.96	2.20
458,014,830	1,276,000,766	35.89	2.20
456,374,110	1,273,754,660	35.83	2.20
455,719,670	1,274,340,952	35.76	2.20

City of Independence, Ohio
Property Tax Rates – Direct and Overlapping Governments
(Per \$1,000 of Assed Valuations)
Last Ten Years

	2022	2021	2020	2019
Unvoted Millage				
Operating	\$1.9000	\$1.9000	\$1.9000	\$1.9000
Police Pension	0.3000	0.3000	0.3000	0.3000
Total Millage	<u>\$2.2000</u>	<u>\$2.2000</u>	<u>\$2.2000</u>	<u>\$2.2000</u>
Overlapping Rates by Taxing District				
Independence Local School District				
Residential/Agricultural Real	\$32.4511	\$33.0848	\$33.4400	\$34.4400
Commercial/Industrial and Public Utility Real	34.3721	34.0147	34.5600	35.6800
General Business and Public Utility Personal	34.8500	35.3000	35.7000	36.7000
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	12.2552	14.0063	12.8000	12.8000
Commercial/Industrial and Public Utility Real	13.6706	14.3037	13.2300	13.0800
General Business and Public Utility Personal	14.8500	14.8500	14.0500	14.0500
Special Taxing Districts (1)				
Residential/Agricultural Real	9.0236	10.3637	9.3500	8.9500
Commercial/Industrial and Public Utility Real	10.2402	10.7300	9.7000	8.2100
General Business and Public Utility Personal	11.2800	11.2800	10.2800	9.8800

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.

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

2018	2017	2016	2015	2014	2013
\$1.9000	\$1.9000	\$1.9000	\$1.9000	\$1.9000	\$1.9000
0.3000	0.3000	0.3000	0.3000	0.3000	0.3000
<u>\$2.2000</u>	<u>\$2.2000</u>	<u>\$2.2000</u>	<u>\$2.2000</u>	<u>\$2.2000</u>	<u>\$2.2000</u>
\$34.7439	\$34.7329	\$34.1022	\$34.3753	\$34.5646	\$33.7028
35.8131	36.5959	36.1000	35.8000	36.0000	35.2000
36.7000	36.7000	36.1000	35.8000	36.0000	35.2000
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
13.9141	13.8802	13.8698	14.0500	14.0500	13.2200
14.0060	14.0124	14.0500	14.0195	13.9495	12.9968
14.0500	14.0500	14.0500	14.0500	14.0500	13.2200
9.7637	9.2408	9.2368	9.3643	8.4639	7.5635
9.8422	9.3438	9.3676	9.3401	8.3843	7.4621
9.8800	9.3800	9.3800	9.3800	8.4800	7.5800

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

Year	Total Tax Levy	Current Tax Collections	Percent of Current Tax Collections to Tax Levy	Delinquent Tax Collections
2022	\$3,430,717	\$3,131,655	91.28%	\$151,794
2021	3,556,583	3,439,820	96.72	126,462
2020	3,260,725	3,025,569	92.79	22,638
2019	3,150,231	3,126,845	99.26	40,080
2018	2,688,656	2,936,178	109.21	46,071
2017	2,591,568	2,339,478	90.27	19,378
2016	4,118,067	2,339,522	56.81	36,769
2015	4,118,077	2,413,170	58.60	39,654
2014	3,605,250	2,039,162	56.56	175,193
2013	3,296,249	2,223,225	67.45	68,364

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 Taxe to Total Tax Lev</u>
\$3,283,449	95.71%	\$57,058	1.66%
3,566,282	100.27	38,916	1.09
3,048,207	93.48	181,742	5.57
3,166,925	100.53	64,020	2.03
2,982,249	110.92	108,441	4.03
2,358,856	91.02	112,177	4.33
2,376,291	57.70	1,484,093	50.77
2,452,824	59.56	1,281,155	43.89
2,214,355	61.42	1,072,868	37.09
2,291,589	69.52	970,830	29.45

City of Independence, Ohio
Principal Real Property Taxpayers
 2022 and 2013

<i>2022</i>		
Taxpayer	Real Property Assessed Valuation	Percentage of Total Assessed Valuation
Park Center Plaza LP	\$17,482,500	3.66 %
Cumberland 6801 LLC	16,170,010	3.38
Summit Cleveland Realty	10,817,230	2.26
AHIP OH Cleveland Properties LLC	10,205,440	2.13
Rockside-77 Properties LLC	10,202,120	2.13
Corporate Plaza LP	8,190,010	1.71
Independence City	7,598,320	1.59
JDI Oak Tree Holdings LLC	5,549,780	1.16
Rockside Magnolia SCC LLC	5,283,020	1.10
6055 Properties LTD	5,203,350	1.09
Total	\$96,701,780	20.22 %
Total Real Property Assessed Valuation	\$478,303,860	

<i>2013</i>		
Taxpayer	Real Property Assessed Valuation	Percentage of Total Assessed Valuation
Duke Realty Ohio	\$25,607,900	5.83 %
Cleveland Clinic	13,708,040	3.12
Investors Warranty of America Inc.	12,938,500	2.94
Cleveland - Cuyahoga County Port Authority	12,145,000	2.76
Rockside - 77 Properties LLC	11,365,520	2.59
Cleveland Electric Illuminating Company	11,329,960	2.58
City of Independence	7,464,460	1.70
AP/AM Independence Suites LLC	6,064,450	1.38
JDI Oak Tree Holdings LLC	5,982,410	1.36
Independence Research	5,474,080	1.25
Total	\$112,080,320	25.50 %
Total Real Property Assessed Valuation	\$439,613,450	

Source: Cuyahoga County Fiscal Officer

City of Independence, Ohio
Income Tax Revenue Base and Collection
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>
2022	2.00%	\$32,738,076	\$26,876,226	82.09%	\$4,353,639	13.30%	\$1,508,211	4.61%
2021	2.00	34,967,308	29,799,389	85.22	3,562,033	10.19	1,605,886	4.59
2020	2.00	33,573,510	29,031,738	86.47	3,052,661	9.09	1,489,111	4.44
2019	2.00	33,313,603	28,235,391	84.75	3,776,444	11.34	1,301,768	3.91
2018	2.00	34,444,017	29,122,416	84.55	4,140,171	12.02	1,181,430	3.43
2017	2.00	31,470,365	26,872,545	85.39	3,553,004	11.29	1,044,816	3.32
2016	2.00	30,809,785	26,293,071	85.34	3,395,238	11.02	1,121,476	3.64
2015	2.00	28,691,285	24,396,200	85.03	3,110,135	10.84	1,184,950	4.13
2014	2.00	24,615,423	21,248,033	86.32	2,424,619	9.85	942,771	3.83
2013	2.00	26,429,663	22,393,040	84.73	3,107,726	11.76	928,897	3.51

(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 2022 and 2013

Tax Year 2022

Income Range	Number of Filers	Percent of Filers	Taxable Income	Percent of Taxable Income
Over \$100,000	954	32.84 %	\$226,385,918	75.22 %
75,001-100,000	304	10.46	26,404,998	8.77
50,001-75,000	385	13.25	23,854,670	7.93
25,000-50,000	449	15.46	16,620,843	5.52
Under 25,000	813	27.99	7,695,423	2.56
Total	<u>2,905</u>	<u>100.00 %</u>	<u>\$300,961,852</u>	<u>100.00 %</u>

Tax Year 2013

Income Range	Number of Filers	Percent of Filers	Taxable Income	Percent of Taxable Income
Over \$100,000	718	26.30 %	\$138,774,288	65.42 %
75,001-100,000	280	10.26	24,350,480	11.48
50,001-75,000	385	14.10	23,875,472	11.25
25,000-50,000	448	16.41	16,629,198	7.84
Under 25,000	899	32.93	8,513,305	4.01
Total	<u>2,730</u>	<u>100.00 %</u>	<u>\$212,142,743</u>	<u>100.00 %</u>

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

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
2022	\$17,603,834	\$1,405,789,366	1.25%	\$2,340
2021	18,895,154	1,361,271,623	1.39	2,512
2020	24,436,536	1,329,208,705	1.84	3,406
2019	8,241,033	1,308,222,209	0.63	1,149
2018	13,530,802	1,270,634,198	1.06	1,891
2017	15,274,188	1,243,511,502	1.23	2,144
2016	16,972,574	1,261,971,993	1.34	2,386
2015	18,620,960	1,276,000,766	1.46	2,583
2014	20,253,380	1,273,754,660	1.59	2,825
2013	21,540,762	1,274,340,952	1.69	3,019

Note: Population is presented on page S25.

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

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

Fiscal Year	General Obligation Bonds	Special Assessment Bonds	OPWC Loans	OWDA Loans	Notes Payable
2022	\$17,603,834	\$2,940,260	\$2,917,684	\$0	\$0
2021	18,895,154	3,044,575	3,137,142	0	0
2020	24,436,536	3,138,890	3,466,329	0	0
2019	8,241,033	3,233,205	3,576,058	0	0
2018	13,530,802	3,297,520	3,795,516	0	0
2017	15,274,188	0	4,014,974	0	0
2016	16,972,574	0	4,234,432	0	5,717,998
2015	18,620,960	0	4,349,786	11,177	3,950,000
2014	20,253,380	0	196,875	22,005	4,300,000
2013	21,540,762	0	211,509	32,494	4,712,069

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

<u>Total</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
\$23,461,778	5.54 %	\$3,119
25,076,871	6.34	3,333
31,041,755	8.01	4,326
15,050,296	4.28	2,098
20,623,838	6.67	2,882
19,289,162	6.55	2,708
26,925,004	10.16	3,785
26,931,923	10.46	3,757
24,772,260	10.02	3,471
26,496,834	11.45	3,741

City of Independence, Ohio
Legal Debt Margin
Last Ten Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total Assessed Property Value	<u>\$512,805,940</u>	<u>\$495,984,620</u>	<u>\$484,364,810</u>	<u>\$475,643,560</u>
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	<u>\$53,844,624</u>	<u>\$52,078,385</u>	<u>\$50,858,305</u>	<u>\$49,942,574</u>
Debt Outstanding:				
General Obligation Bonds	15,955,000	17,120,000	22,310,000	7,785,000
Special Assessment Bonds	2,850,000	2,950,000	3,040,000	3,130,000
OPWC Loans	2,917,684	3,137,142	3,466,329	3,576,058
OWDA Loan	0	0	0	0
Notes	<u>0</u>	<u>0</u>	<u>0</u>	<u>17,375,000</u>
Total Gross Indebtedness	21,722,684	23,207,142	28,816,329	31,866,058
Less:				
General Obligation Bonds	(2,740,000)	(2,740,000)	(3,000,000)	(3,255,000)
Special Assessment Bonds	(2,850,000)	(2,950,000)	(3,040,000)	(3,130,000)
OPWC Loans	<u>(2,917,684)</u>	<u>(3,137,142)</u>	<u>(3,466,329)</u>	<u>(3,576,058)</u>
Total Net Debt Applicable to Debt Limit	<u>13,215,000</u>	<u>14,380,000</u>	<u>19,310,000</u>	<u>21,905,000</u>
Legal Debt Margin Within 10 ½ % Limitations	<u>\$40,629,624</u>	<u>\$37,698,385</u>	<u>\$31,548,305</u>	<u>\$28,037,574</u>
Legal Debt Margin as a Percentage of the Debt Limit	75.46%	72.39%	62.03%	56.14%
Unvoted Debt Limitation (5 ½ % of Assessed Valuation)	<u>\$28,204,327</u>	<u>\$27,279,154</u>	<u>\$26,640,065</u>	<u>\$26,160,396</u>
Gross Indebtedness	21,722,684	23,207,142	28,816,329	31,866,058
Less:				
General Obligation Bonds	(2,740,000)	(2,740,000)	(3,000,000)	(3,255,000)
Special Assessment Bonds	(2,850,000)	(2,950,000)	(3,040,000)	(3,130,000)
OPWC Loans	<u>(2,917,684)</u>	<u>(3,137,142)</u>	<u>(3,466,329)</u>	<u>(3,576,058)</u>
Net Debt Within 5 ½ % Limitations	<u>13,215,000</u>	<u>14,380,000</u>	<u>19,310,000</u>	<u>21,905,000</u>
Unvoted Legal Debt Margin Within 5 ½ % Limitations	<u>\$14,989,327</u>	<u>\$12,899,154</u>	<u>\$7,330,065</u>	<u>\$4,255,396</u>
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	53.15%	47.29%	27.52%	16.27%

Source: City Financial Records

2018	2017	2016	2015	2014	2013
<u>\$459,545,250</u>	<u>\$448,792,810</u>	<u>\$453,851,680</u>	<u>\$458,014,830</u>	<u>\$456,374,110</u>	<u>\$455,719,670</u>
<u>\$48,252,251</u>	<u>\$47,123,245</u>	<u>\$47,654,426</u>	<u>\$48,091,557</u>	<u>\$47,919,282</u>	<u>\$47,850,565</u>
12,785,000	14,450,000	16,070,000	17,640,000	19,190,000	20,620,000
3,190,000	0	0	0	0	0
3,795,516	4,014,974	4,234,432	4,349,786	196,875	211,509
0	0	0	11,177	22,005	32,494
<u>12,300,000</u>	<u>12,150,000</u>	<u>12,550,000</u>	<u>4,300,000</u>	<u>4,700,000</u>	<u>5,450,000</u>
32,070,516	30,614,974	32,854,432	26,300,963	24,108,880	26,314,003
(3,740,000)	(3,740,000)	(3,980,000)	(4,215,000)	(4,445,000)	(4,605,000)
(3,190,000)	0	0	0	0	0
<u>(3,795,516)</u>	<u>(4,014,974)</u>	<u>(4,234,432)</u>	<u>(4,349,786)</u>	<u>(196,875)</u>	<u>(211,509)</u>
<u>21,345,000</u>	<u>22,860,000</u>	<u>24,640,000</u>	<u>17,736,177</u>	<u>19,467,005</u>	<u>21,497,494</u>
<u>\$26,907,251</u>	<u>\$24,263,245</u>	<u>\$23,014,426</u>	<u>\$30,355,380</u>	<u>\$28,452,277</u>	<u>\$26,353,071</u>
55.76%	51.49%	48.29%	63.12%	59.38%	55.07%
<u>\$25,274,989</u>	<u>\$24,683,605</u>	<u>\$24,961,842</u>	<u>\$25,190,816</u>	<u>\$25,100,576</u>	<u>\$25,064,582</u>
32,070,516	30,614,974	32,854,432	26,300,963	24,108,880	26,314,003
(3,740,000)	(3,740,000)	(3,980,000)	(4,215,000)	(4,445,000)	(4,605,000)
(3,190,000)	0	0	0	0	0
<u>(3,795,516)</u>	<u>(4,014,974)</u>	<u>(4,234,432)</u>	<u>(4,349,786)</u>	<u>(196,875)</u>	<u>(211,509)</u>
<u>21,345,000</u>	<u>22,860,000</u>	<u>24,640,000</u>	<u>17,736,177</u>	<u>19,467,005</u>	<u>21,497,494</u>
<u>\$3,929,989</u>	<u>\$1,823,605</u>	<u>\$321,842</u>	<u>\$7,454,639</u>	<u>\$5,633,571</u>	<u>\$3,567,088</u>
15.55%	7.39%	1.29%	29.59%	22.44%	14.23%

City of Independence, Ohio
*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
December 31, 2022*

	Debt Attributable to Governmental Activities	Percentage Applicable to City (1)	Amount of Direct and Overlapping Debt
Direct Debt:			
City of Independence			
General Obligation Bonds	\$17,603,834	100.00 %	\$17,603,834
Special Assessment Bonds	2,940,260	100.00	2,940,260
OPWC Loan	<u>2,917,684</u>	100.00	<u>2,917,684</u>
<i>Total Direct Debt</i>	<u>23,461,778</u>		<u>23,461,778</u>
Overlapping Debt:			
Independence Local School District			
General Obligation Bonds	7,130,000	100.00	7,130,000
Cuyahoga County			
General Obligation Bonds	240,795,000	1.48	3,567,316
Cuyahoga Community College			
General Obligation Bonds	<u>189,980,000</u>	1.48	<u>2,814,505</u>
<i>Total Overlapping Debt</i>	<u>437,905,000</u>		<u>13,511,821</u>
<i>Total Direct and Overlapping Debt</i>	<u><u>\$461,366,778</u></u>		<u><u>\$36,973,599</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 2021 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 Household Income (1)	Unemployment Rate (3)		City Square Miles (4)
					Cuyahoga County	State of Ohio	
2022	7,523	\$423,481,280	\$56,292	\$108,674	6.3%	4.1%	9.73
2021	7,523	395,687,231	52,597	105,107	8.3	8.1	9.73
2020	7,175	387,586,325	54,019	100,278	8.3	8.1	9.73
2019	7,175	351,417,150	48,978	95,341	4.2	4.1	9.73
2018	7,156	309,231,352	43,213	86,360	5.3	4.6	9.73
2017	7,124	294,697,450	41,367	84,900	4.8	4.8	9.73
2016	7,114	265,053,412	37,258	75,566	5.4	4.9	9.73
2015	7,209	257,570,361	35,729	74,411	5.0	4.9	9.73
2014	7,169	247,258,810	34,490	67,471	5.5	5.1	9.73
2013	7,136	231,484,704	32,439	73,403	7.2	7.1	9.73

(1) Years 2012-2021 - 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
 2022 and 2013

2022

Employer	Nature of Activity	Employees	Percentage of Total City Employment
Cleveland Clinic Foundation	Health Care	1,816	9.08 %
Airgas USA LLC	Gas Industry	528	2.64
Apple American Group LLC	Restaurant Franchisee Group	453	2.27
City of Independence	Municipality	442	2.20
CBIZ Operations	Financial and Insurance	392	1.96
Independence Excavating Inc.	Construction Company	346	1.73
Farmers Group Incorporated	Insurance Company	333	1.67
Nations Lending Corporation	Mortgage Company	321	1.61
Redwood Living Inc.	Hotel Industry	224	1.12
Dayton Heidelberg Distributing	Beverage Distribution	204	1.02
Total		<u>5,059</u>	<u>25.30 %</u>
Total Employment within the City		<u>19,994</u>	

2013

Employer	Nature of Activity	Employees	Percentage of Total City Employment
Cleveland Clinic Foundation	Health Care	2,149	66.72 %
City of Independence	Municipality	479	14.87
L D Kichler Co	Lighting Products	445	13.82
Farmers Group Incorporated	Insurance Company	413	12.82
Airgus USA LLC	Gas Industry	260	8.07
Travelers Indemnity Company	Insurance Company	237	7.36
CBIZ Operations	Insurance Company	86	2.66
Cavaliers Holding LLC	Basketball Clubs	76	2.36
Total		<u>4,145</u>	<u>128.69 %</u>
Total Employment within the City		<u>3,221</u>	

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

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

Function/Program	2022	2021	2020	2019
General Government				
Council	5.50	4.50	4.50	4.50
Mayor	2.50	2.50	1.50	1.00
Finance	3.50	3.50	3.50	3.50
Purchasing	1.00	1.00	1.00	1.00
Mayor's Court	1.00	1.00	2.00	3.50
Technology	2.00	1.00	1.50	1.00
Engineering	8.50	6.00	5.00	5.50
Administrative Support	5.00	6.00	5.00	4.00
Security of Persons and Property				
Police	41.00	40.00	39.00	39.00
Fire	29.50	29.50	30.00	32.50
Leisure Time Activities				
Recreation Center	70.00	72.00	33.00	46.00
Community Services	46.50	41.00	7.00	24.00
Community Environment				
Building Inspection	4.50	5.00	4.50	3.50
Transportation				
Service and Technical Service	37.50	40.50	39.00	38.50
Totals:	<u>258.00</u>	<u>253.50</u>	<u>176.50</u>	<u>207.50</u>

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

Source: City Records

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
4.50	4.50	4.50	4.50	4.50	4.50
1.50	1.50	1.50	3.50	3.50	2.50
4.00	4.00	3.00	3.50	3.00	3.50
1.00	1.00	1.00	1.00	1.00	1.00
3.50	3.50	3.50	3.00	3.00	3.00
2.00	2.00	2.00	2.00	2.00	2.00
5.50	5.00	5.00	5.50	4.50	4.00
4.00	4.00	4.00	7.50	5.00	5.00
48.50	48.50	47.00	46.50	47.50	47.50
29.50	28.00	27.50	28.00	24.50	24.50
53.00	52.50	54.50	51.50	50.00	50.00
28.00	17.50	18.00	17.00	14.00	14.00
4.00	4.00	3.00	4.50	5.00	4.00
<u>34.00</u>	<u>39.00</u>	<u>40.00</u>	<u>40.00</u>	<u>41.00</u>	<u>42.00</u>
<u>223.00</u>	<u>215.00</u>	<u>214.50</u>	<u>218.00</u>	<u>208.50</u>	<u>207.50</u>

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

Function/Program	2022	2021	2020	2019
General Government				
Square Footage of Building (1)	35,200	35,200	35,200	35,200
Building Department Vehicles	3	5	5	2
Other Department Vehicles	13	12	11	11
Police				
Stations	1	1	1	1
Square Footage of Building (1)	35,200	35,200	35,200	35,200
Vehicles	38	30	29	44
Fire				
Stations	1	1	1	1
Square Footage of Building	19,350	19,350	19,350	19,350
Vehicles	12	12	12	12
Service Department				
Streets (miles)	55	55	55	52
Vehicles	40	48	40	49
Recreation				
Recreation Centers	1	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	3	2	2	2
Number of Tennis Courts	4	4	4	4
Number of Pickle Ball Courts	6	6	6	6
Number of Horse Shoe Pitts	6	6	6	6
Number of Bocce Ball Courts	3	3	3	3
Number of Full Sized Soccer Fields	3	3	3	3
Vehicles	6	6	5	5
Community Services				
Community Services Center Square Footage (2)	82,000	82,000	82,000	82,000
Vehicles	6	6	6	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

2018	2017	2016	2015	2014	2013
35,200	35,200	35,200	35,200	35,200	35,200
2	2	15	15	4	4
8	7	8	7	5	5
1	1	1	1	1	1
35,200	35,200	35,200	35,200	35,200	35,200
46	35	31	35	39	39
1	1	1	1	1	1
19,350	19,350	19,350	19,350	19,350	19,350
13	13	13	13	13	13
52	52	52	52	52	52
51	43	45	43	53	53
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
4	4	4	4	5	5
6	6	6	6	0	0
6	6	6	6	0	0
3	3	3	3	0	0
3	3	3	3	3	3
4	4	4	4	3	3
82,000	82,000	82,000	82,000	82,000	82,000
9	10	9	7	7	7

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

Function/Program	2022	2021	2020	2019
General Government				
Law Expenditures (in thousands)	\$418	\$438	\$373	\$218
Engineering Expenditures (in thousands)	673	579	554	543
Finance Expenditures (in thousands)	333	495	525	454
Mayor's Office Expenditures (in thousands)	340	436	369	352
Council Expenditures (in thousands)	367	372	368	337
Security of Persons and Property				
Police Expenditures (in thousands)	\$6,399	\$5,284	\$5,004	\$5,429
Total Arrests	575	266	1,170	3,928
OVI Arrests	64	42	35	36
Prisoners	294	109	240	261
Motor Vehicle Accidents	415	396	298	558
Calls for Service	17,684	17,885	18,008	23,689
Incidents per Citizen	2.3507	2.3774	2.5098	3.3016
Cost per Citizen	\$843.75	\$702.38	\$697.42	\$756.66
Fire Expenditures (in thousands)	\$4,247	\$3,794	\$3,569	\$3,524
Emergency Responses	5,094	2,192	1,967	2,189
Fire Safety Inspections	593	621	394	831
Fire Protection Systems Inspected	180	204	320	272
Building Fire Protection Plans Reviewed	10	7	8	6
Percentage of Business Inspected	71%	66%	20%	86%
Number of Community Programs	19	19	19	19
Emergency Responses per Citizen	0.2761	0.2890	0.2741	0.3051
Cost per Citizen	\$559.99	\$504.32	\$497.42	\$491.15
Fire Safety Education - Business	4	8	13	13
Street Lights Expenditures (in thousands)	\$269	\$294	\$242	\$261

2018	2017	2016	2015	2014	2013
\$223	\$200	\$286	\$282	\$239	\$244
522	540	485	452	448	360
515	470	475	439	452	400
328	317	317	481	506	546
333	296	285	263	246	221
\$5,368	\$5,057	\$4,973	\$4,688	\$4,650	\$4,483
4,127	3,651	3,086	2,838	3,204	3,023
44	41	76	77	83	151
365	364	319	363	378	393
481	457	542	575	597	547
25,857	27,510	24,797	22,073	25,531	29,342
3.6133	3.8616	3.4857	3.0619	3.5613	4.1400
\$750.14	\$709.85	\$699.04	\$650.30	\$648.63	\$631.34
\$3,370	\$3,286	\$3,179	\$3,026	\$3,009	\$2,851
1,979	1,971	2,001	1,919	1,902	1,658
577	850	705	591	860	459
326	300	474	796	584	209
20	21	53	452	177	19
74%	98%	98%	98%	75%	63%
20	20	20	20	20	20
0.2766	0.2767	0.2813	0.2662	0.2666	0.2210
\$470.93	\$461.26	\$446.87	\$419.75	\$421.84	\$401.59
13	13	14	8	3	5
\$268	\$258	\$279	\$295	\$256	\$220

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

Function/Program	2022	2021	2020	2019
Leisure Time Activities				
Recreational Expenditures (in thousands)	\$2,040	\$2,202	\$1,886	\$2,105
Civic Center Expenditures (in thousands)	1,593	1,076	737	846
Totals	\$3,633	\$3,278	\$2,623	\$2,951
Cost per Citizen	\$482.92	\$435.73	\$365.57	\$411.29
Civic Center Square Feet	82,000	82,000	82,000	82,000
Square Feet per Citizen	10.90	10.90	11.43	11.43
Total Recreational Revenue (in thousands)	\$292	\$239	\$144	\$389
Civic Center Members	6,220	6,118	4,319	6,915
Total Participations	51,150	49,980	46,744	128,229
Participations of Members Over Age 60	18,640	17,085	14,096	28,233
Community Environment				
Building Department Expenditures (in thousands)	\$454	\$418	\$334	\$339
Cost per Citizen	\$60.35	\$55.56	\$46.55	\$47.25
Building Permits - Residential	65	98	93	87
Dollar Value of Permits (in thousands)	\$2,752	\$10,619	\$9,560	\$12,103
Building Permits - Commercial	41	45	35	36
Dollar Value of Permits (in thousands)	\$38,498	\$9,238	\$11,240	\$15,581
Transportation				
Service Department Expenditures (in thousands)	\$4,122	\$4,690	\$4,945	\$4,066
Street Construction Maintenance and Repair Expenditures (in thousands)	\$533	\$1,307	\$757	\$680
Snow and Ice Removal Expenditures (in thousands)	\$324	\$336	\$189	\$316
Leaves, grass, chipped material (in cubic yards)	9,262	12,420	9,232	9,328

Source: City Records

2018	2017	2016	2015	2014	2013
\$2,243	\$1,397	\$1,950	\$1,979	\$2,002	\$1,948
855	1,325	972	912	848	855
\$3,098	\$2,722	\$2,922	\$2,891	\$2,850	\$2,803
\$432.92	\$382.09	\$410.74	\$401.03	\$397.55	\$394.71
82,000	82,000	82,000	82,000	82,000	82,000
11.46	11.51	11.53	11.37	11.44	11.55
\$350	\$582	\$412	\$715	\$676	\$519
7,227	7,034	7,376	9,898	7,243	7,208
148,678	144,842	153,546	149,001	152,187	103,243
27,226	23,823	23,017	19,834	20,792	20,513
\$308	\$300	\$318	\$350	\$343	\$338
\$43.04	\$42.11	\$44.70	\$48.55	\$47.84	\$47.59
80	88	51	68	50	65
\$6,872	\$11,836	\$4,391	\$6,493	\$4,734	\$5,839
64	45	48	59	57	45
\$37,363	\$4,797	\$27,133	\$25,884	\$12,627	\$8,082
\$4,279	\$3,980	\$3,218	\$3,349	\$3,529	\$3,295
\$930	\$914	\$841	\$750	\$739	\$654
\$396	\$153	\$174	\$340	\$433	\$421
6,317	8,512	10,489	8,603	9,598	10,295

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**CITY OF INDEPENDENCE
CUYAHOGA COUNTY, OHIO**

SINGLE AUDIT REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2022**

Zupka & Associates
Certified Public Accountants

**CITY OF INDEPENDENCE
CUYAHOGA COUNTY, OHIO
SINGLE AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2022**

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**CITY OF INDEPENDENCE
 CUYAHOGA COUNTY, OHIO
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2022**

Federal Grantor/ Pass-Through Grantor/ Program Title	Assistance Listing Number	Pass-Through Entity Number	Total Federal Expenditures
<u>Executive Office of the President - Office of National Drug Control Policy</u>			
<i>Direct Programs</i>			
High Intensity Drug Trafficking Areas Program	95.001	G19OH0031	\$ 8,158
High Intensity Drug Trafficking Areas Program	95.001	G20OH0031	428,641
High Intensity Drug Trafficking Areas Program	95.001	G21OH0031	2,754,480
High Intensity Drug Trafficking Areas Program	95.001	G22OH0031	2,498,198
<i>Total ALN #95.001</i>			<u>5,689,477</u>
Total Executive Office of the President - Office of National Drug Control Policy			<u>5,689,477</u>
<u>U.S. Department of the Treasury</u>			
<i>Direct Program</i>			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	1,500
Total U.S. Department of Treasury			<u>1,500</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 5,690,977</u>

See notes to the Schedule of Expenditures of Federal Awards.

**CITY OF INDEPENDENCE
CUYAHOGA COUNTY, OHIO
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE 1: BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of Independence under programs of the federal government for the year ended December 31, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Independence, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Independence.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3: INDIRECT COST RATE

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

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

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

To the Members of City Council:

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, Cuyahoga County, Ohio, (the City) as of and for the year ended December 31, 2022, 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 26, 2023.

Report on Internal Control Over Financial Reporting

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

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

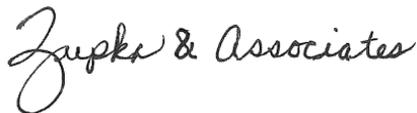
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

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

Purpose of This Report

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



Zupka & Associates
Certified Public Accountants

July 26, 2023

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE;
AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

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

To the Members of City Council:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the City of Independence, Cuyahoga County, Ohio's (the City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended December 31, 2022. The City's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Qualified Opinion on the High Intensity Drug Trafficking Areas Program

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion* section of our report, the City of Independence complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2022.

Basis for Qualified Opinion on the Major Federal Program

We conducted an audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Independence, and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the City of Independence's compliance with the compliance requirements referred to above.

Matter Giving Rise to Qualified Opinion on High Intensity Drug Trafficking Areas Program

As described in finding 2022-001 in the accompanying schedule of findings, the City did not comply with requirements regarding Cash Management applicable to its AL #95.001 High Intensity Drug Trafficking Areas Program major federal program.

Compliance with this requirement is necessary, in our opinion, for the City to comply with requirements applicable to that program.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements to the City of Independence's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Independence's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City of Independence's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Independence's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the City of Independence's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City of Independence's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-001 to be a material weakness.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

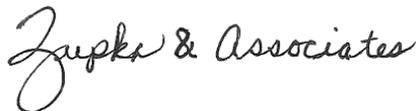
Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the internal control over compliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

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

We have also audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated July 26, 2023, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for the purpose of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Zupka & Associates
Certified Public Accountants

July 26, 2023

**CITY OF INDEPENDENCE
 CUYAHOGA COUNTY, OHIO
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED DECEMBER 31, 2022**

1. SUMMARY OF AUDITOR'S RESULTS

2022(i)	Type of Financial Statement Opinion	Unmodified
2022(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
2022(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
2022(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2022(iv)	Were there any material internal control weaknesses reported for major federal programs?	Yes
2022(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
2022(v)	Type of Major Programs' Compliance Opinions	Qualified
2022(vi)	Are there any reportable findings under 2 CFR 200.516(a)?	Yes
2022(vii)	Major Programs (list): High Intensity Drug Trafficking Areas Program - ALN #95.001	
2022(viii)	Dollar Threshold: A/B Program	Type A: \$750,000 Type B: All Others
2022(ix)	Low Risk Auditee?	No

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

None

**CITY OF INDEPENDENCE
CUYAHOGA COUNTY, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(CONTINUED)**

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Finding #2022-001 – Material Weakness and Non-Compliance-Timeliness of Advance Liquidation

ALN Number and Title:	ALN# 95.001 - High Intensity Drug Trafficking Areas Program
Federal Award Identification Number/Year:	2021-2022
Federal Agency:	Office of National Drug Control Policy
Compliance Requirement:	Cash Management
Pass-Through Entity:	N/A
Repeat Finding from Prior Audit?	Yes

Statement of Condition/Criteria

2 CFR Section 3603.1 gives regulatory effect to the Office of National Drug Control Policy for 2 CFR Section 200.305(b) which states, in part:

Non-Federal entities other than states must minimize the time elapsing between the transfer of funds from the United States Treasury or pass-through entity and disbursement by the non-Federal entity whether the payment is made by electronic funds transfer or issuance or redemption of checks, warrants, or payment by other means.

Section 7.25.2 of the High Intensity Drug Trafficking Area (HIDTA) Program Policy and Guidance states if an advance of funds is requested, details specifying the need for the advance must accompany the request. Documentation of how the advance was spent must be submitted within 21 days of use of funds and prior to another advance or reimbursement request.

During our testing, we noted in 5 out of 30 receipts the advance was not spent within 21 days after the advance was deposited into HIDTA’s account. The timeliness of the submissions was not in compliance with the above-mentioned requirements.

Cause/Effect

Failure to properly document how advances are spent per the HIDTA Program Policy and Guidance may result in a reduction of future funding.

Recommendation

We recommend the City review this matter with the HIDTA Financial Manager to establish procedures in order to submit support for expenses within the 21-day requirement. HIDTA may consider requesting advances of smaller dollar amounts, or requesting reimbursement rather than advances of funds.

Client’s Response

See Corrective Action Plan on the next page of this document.



THE HEART OF CUYAHOGA COUNTY
 6800 Brecksville Road
 Independence, Ohio 44131
 216.524.4131

**CITY OF INDEPENDENCE
 CUYAHOGA COUNTY, OHIO**

**CORRECTIVE ACTION PLAN
 2 CFR § 176.190
 DECEMBER 31, 2022**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2022-001	The HIDTA Financial Manager, in conjunction with the City's Finance Assistant, will request smaller dollar amounts with new advances in order to liquidate the prescribed HIDTA guideline of 21 days.	Effective 7/27/2023	Vern Blaze, Finance Director

**CITY OF INDEPENDENCE
 CUYAHOGA COUNTY, OHIO
 SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
 FOR THE YEAR ENDED DECEMBER 31, 2022**

The prior issued audit report, as of December 31, 2021, included a material weakness and noncompliance finding.

Finding Number	Finding Summary	Status	Additional Information
2021-001	Material Weakness and Non-Compliance - Timeliness of Advance Liquidation	Not Corrected	Repeated as Finding 2022-001

Management letter recommendations have been corrected, repeated, or procedures instituted to prevent occurrences in this audit period.

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OHIO AUDITOR OF STATE KEITH FABER



CITY OF INDEPENDENCE

CUYAHOGA COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 10/5/2023

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
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