



Mary Taylor, CPA
Auditor of State

**CITY OF INDEPEDENCE
CUYAHOGA COUNTY**

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CITY OF INDEPENDENCE
 CUYAHOGA COUNTY
 SCHEDULE OF FEDERAL AWARDS EXPENDITURES
 FOR THE YEAR ENDED DECEMBER 31, 2007

Federal Grantor Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
U.S. Department of Transportation			
<i>Passed Through the Ohio Department of Transportation:</i>			
Highway Planning and Construction Cluster	N/A	20.205	\$ 6,777,393
Total U.S Department of Transportation			6,777,393
Total Federal Assistance			\$ 6,777,393

See accompanying notes to this schedule.

**CITY OF INDEPENDENCE
CUYAHOGA COUNTY
NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2007**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the City's federal award programs. The Schedule has been prepared on the cash basis of accounting.

CFDA – Catalog of Federal Domestic Assistance



Mary Taylor, CPA

Auditor of State

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

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

To the Members of City Council:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Independence, Cuyahoga County, Ohio, (the City) as of and for the year ended December 31, 2007, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 20, 2008, wherein we noted during 2007 the City changed its methods of accounting for payments in lieu of taxes and workers' compensation retrospective claims liability. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

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

We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: 2007-001.

Internal Control Over Financial Reporting (Continued)

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, we believe the significant deficiency described above, finding number 2007-001, is also a material weakness.

We also noted certain internal control matters that we reported to the City's management in a separate letter dated November 20, 2008.

Compliance and Other Matters

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

We did note certain noncompliance or other matters that we reported to the City's management in a separate letter dated November 20, 2008.

The City's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the City's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of management, City Council, and federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Mary Taylor, CPA
Auditor of State

November 20, 2008



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

To the Members of Council:

Compliance

We have audited the compliance of the City of Independence, Cuyahoga County, Ohio, (the City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to its major federal program for the year ended December 31, 2007. The summary of auditor's results section of the accompanying schedule of findings identifies the City's major federal program. The City's management is responsible for complying with the requirements of laws, regulations, contracts and grants applicable to the major federal program. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended December 31, 2007.

Internal Control Over Compliance

The City's management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could directly and materially affect a major federal program to determine our auditing procedures for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the City's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to administer a federal program such that there is more than a remote likelihood that the City's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings as finding: 2007-002 to be a significant deficiency.

A material weakness is significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that the City's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements. We consider finding 2007-002 described in the accompanying schedule of findings to be a material weakness.

The City's response to the finding we identified is described in the accompanying schedule of findings. We did not audit the City's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of management, City Council, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

Schedule of Federal Awards Expenditures

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, 2007, and have issued our report thereon dated November 20, 2008, wherein we noted during 2007 the City changed its methods of accounting for payments in lieu of taxes and workers' compensation retrospective claims liability. Our audit was performed to form opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of federal awards expenditures provides additional information as required by OMB Circular A-133 and is not a required part of the basic financial statements. We subjected this information to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Mary Taylor, CPA
Auditor of State

November 20, 2008

CITY OF INDEPENDENCE
 CUYAHOGA COUNTY
 SCHEDULE OF FINDINGS
 OMB CIRCULAR A - §133 - §505
 DECEMBER 31, 2007

1. SUMMARY OF AUDITOR'S RESULTS
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<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	Yes
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Program(list):	CFDA# 20,205 - Highway Planning and Construction Cluster
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

**CITY OF INDEPENDENCE
 CUYAHOGA COUNTY
 SCHEDULE OF FINDINGS
 OMB CIRCULAR A - §133 - §505
 DECEMBER 31, 2007**

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

Material Weakness

Finding Number	2007-001
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During 2007, the City received a highway planning and construction federal grant that was passed through the Ohio Department of Transportation (ODOT). While ODOT monitors the project and provides technical assistance to varying degrees, the City awards the contract and has primary responsibility for project compliance. Accordingly, amounts the City expends under the City's Federal Project Agreement should be reported in the City's federal schedule. Under the agreement, the City agreed to have ODOT make some of the project payments directly to vendors/contractors. These direct payments should be recorded on the City's books as memo receipts and disbursements, and in the schedule of federal awards expenditures.

A review of the City's general ledger and a confirmation received from ODOT disclosed that payments made directly to the vendors by ODOT totaling \$6,777,393 were not recorded in the general ledger as memo receipts and disbursements nor were they recorded in the schedule of federal awards expenditures. As a result, total revenues and expenditures were understated in the Street Resurfacing Fund by \$6,777,393 and in the schedule of federal awards expenditures. The accompanying financial statements reflect the correcting adjustments.

We recommend that grants paid directly to the City's vendors by a pass-through agency be recorded as memo receipts and disbursements in the general ledger and schedule of federal awards expenditures.

City's Response

We will correct this in the future.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Material Weakness

Finding Number	2007-002
CFDA Title and Number	CFDA# 20,205 - Highway Planning and Construction
Federal Award Number / Year	NA
Federal Agency	U.S. Department of Transportation
Pass-Through Agency	Ohio Department of Transportation

As reported in finding number 2007-001, the Ohio Department of Transportation made direct payments to vendors on the City's behalf that were not recorded on the City's books as memo receipts and disbursements, and in the schedule of federal awards expenditures.

City's Response

We will correct this in the future.

CITY OF INDEPENDENCE, OHIO

COMPREHENSIVE

ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2007

John M. Veres, CPA, CPFA
Finance Director

Prepared by the City Finance Department

City of Independence, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2007
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Opinion Letter Date

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

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

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

State statutes require the City to be subjected to an annual examination by the Auditor of State. The Auditor of State's office rendered an opinion on the City's financial statements as of December 31, 2007, and the Independent Accountants' Report on the basic financial statements is included in the financial section of this report.

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

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

The current population is estimated to be 7,109 (as of the 2000 Census) indicating a comfortable average of approximately 710 persons per square mile in this City of 9.73 square miles (6,138.3 acres). Independence has the lowest property tax rate of any city in Cuyahoga County. The 2007 rate is \$5.65 per one hundred dollars of assessed valuation (as of 1/1/07). The 2007 rate for Cleveland, for example, is \$10.25.

The City Hall and Police Facility was dedicated in 1982, and the Fire Station was dedicated in 1995. The Fire Station and equipment are manned by 24 full-time firefighters, all of whom are trained paramedics, and 7 part-time firefighters, 4 of whom are trained paramedics. There are 34 full-time and 2 part-time police officers on the staff of the Police Department.

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

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. According to the Charter, the Mayor is the chief executive officer of the municipality. The Mayor appoints, subject to the approval of Council, the Law Director, the Fire Chief, and Police Chief. He appoints all of the Directors to the City's Departments with the exception of the Finance Director and the Clerk of Council. He serves as the conservator of the peace, and is responsible to the electors for enforcement of all laws and ordinances. The Mayor executes on behalf of the municipality all contracts, conveyances, and all other instruments to which the municipality is a party. The mayor is the official and ceremonial head of the City and shall receive all civil processes in any action wherein the municipality is a party. He also serves as the Safety Director and presides over Mayor's Court.

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

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

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

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

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

Local Economy

From the beginning, Independence has become the most strategically located industrial, commercial and residential area in the County. It is a fast developing Cleveland suburb and is in the midst of a rapid expansion due to the completion of Interstates 77 and 480. Employees can conveniently get to work either by car or bus. Bus service is provided by the Regional Transit Authority.

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

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

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

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

Major Initiatives

The City is aggressively working on mixed-use (retail, office, residential) plans to redevelop the Downtown area that encompasses a targeted footprint of 65 acres of which approximately 35 are vacant acres. Presently, a communication consultant is gathering information about the retail/service interests and senior needs of the community through targeted and communitywide surveys and focus groups. This data will set the foundation for both planning the use of existing facilities and vacant land along with preparing for a ballot issue sometime in 2009 to pass a PUD (Planned Unit Development) zoning for the downtown footprint. This is the largest comprehensive overhaul of the original downtown area in decades. It will require all the stakeholders (residents, government officials, business and land owners, and churches) to share their perspectives and coordinate their interests and efforts into a cohesive vision of the Downtown’s image, how it should function and respond to the needs of the community.

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

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

Awards and Acknowledgements

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

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

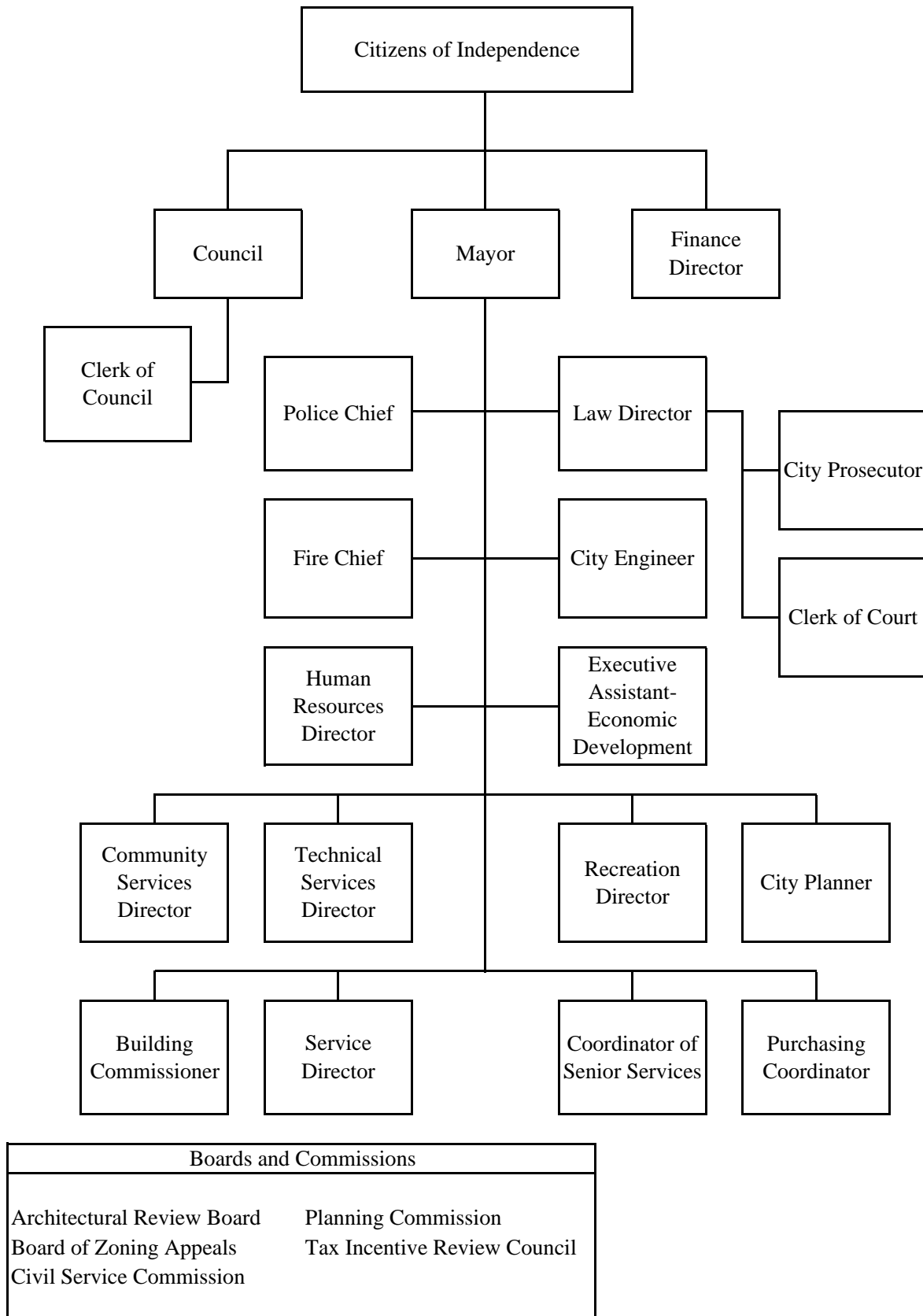
Respectfully submitted,

Gregory P. Kurtz
Mayor

John M. Veres, CPA, CPFA
Director of Finance

City of Independence

Organizational Chart



City of Independence, Ohio

List of Principal Officials

December 31, 2007

Elected Officials

Mayor..... Fred P. Ramos (1)
Finance Director John M. Veres, CPA, CPFA
Council MemberGregory P. Kurtz–Vice Mayor (1)
Council Member Vernon Blaze (2)
Council Member Charles Cichocki (1)
Council Member James F. Crooks
Council Member David S. Grendel
Council Member George Klepacz
Council Member Patricia Wisnieski (1)

Appointed Officials

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

Administration

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

- (1) The November 6, 2007 election resulted in the following changes which were effective January 1, 2008:
 Gregory P. Kurtz was elected Mayor
 Thomas Narduzzi and James Riley were elected to Council
- (2) During the January 2008 organizational meeting, Vernon Blaze was elected Vice Mayor.

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Members of City Council:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Independence, Cuyahoga County, Ohio (the City), as of and for the year ended December 31, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Independence, Cuyahoga County, Ohio, as of December 31, 2007, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3B to the basic financial statements, during 2007 the City changed its methods of accounting for payments in lieu of taxes and workers' compensation retrospective claims liabilities.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2008, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

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

Mary Taylor, CPA
Auditor of State

November 20, 2008

City of Independence, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

The discussion and analysis of the City of Independence's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2007. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers are encouraged to consider the information presented here in conjunction with the transmittal letter, the basic financial statements, and the accompanying notes to those financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2007 are as follows:

- ❖ The City's total net assets increased by \$1,794,891 or 2.16 percent.
- ❖ Total current assets decreased by \$2,111,031 or 3.42 percent compared to 2006 current assets. The decrease is largely due to the City continuing to spend down the money it had borrowed, along with grant money received, for both phases of the Rockside Road widening project.
- ❖ Total current liabilities increased by \$852,911 or 21.23 percent from 2006, due mainly to amounts owed on the Rockside Road widening project.
- ❖ The City began Phase II of the Rockside Road Widening Project in 2006. In anticipation of this project starting the City borrowed \$5,800,000 in 2005. Phase II of the Rockside Road Widening Project is included as a Tax Increment Financing (TIF) expansion project.
- ❖ The general fund transferred \$2,900,000 to the capital improvements fund in order to fund capital improvement projects.

Using this Annual Financial Report

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

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

Reporting the City of Independence as a Whole

Statement of Net Assets and the Statement of Activities

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question.

City of Independence, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

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

Reporting on the Most Significant Funds of the City of Independence

Fund Financial Statements

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

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

The City of Independence as a Whole

Statement of Net Assets

As noted earlier, the Statement of Net Assets looks at the City as a whole and can prove to be a useful indicator of the City's financial position. Table 1 provides a summary of the City's net assets for 2007 and 2006.

City of Independence, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

Table 1
 Net Assets

	2007	2006	Change
Assets			
Current and Other Assets	\$63,785,901	\$61,674,870	\$2,111,031
Capital Assets, Net	91,834,768	88,942,105	2,892,663
Total Assets	155,620,669	150,616,975	5,003,694
Liabilities			
Current and Other Liabilities	4,869,627	4,016,716	852,911
Long Term Liabilities			
Due Within One Year	2,869,669	2,381,808	487,861
Due in More than One Year	62,894,166	61,026,135	1,868,031
Total Liabilities	70,633,462	67,424,659	3,208,803
Net Assets			
Invested in Capital Assets, Net of Related Debt	55,982,088	51,169,988	4,812,100
Restricted:			
Capital Projects	4,749,445	4,666,275	83,170
Debt Service	8,892,204	12,217,212	(3,325,008)
State Highway	252,401	102,812	149,589
Street Construction Maintenance and Repair	349,348	319,972	29,376
Other Purposes	235,472	313,121	(77,649)
Unrestricted	14,526,249	14,402,936	123,313
Total Net Assets	\$84,987,207	\$83,192,316	\$1,794,891

Total assets increased by \$5,003,694, which can be attributed mainly to the completion of the Rockside Road widening project.

Current liabilities increased by \$852,911, or 21.23 percent mainly due to payables for the Rockside Road project.

As one can see from the increase in overall net assets, the City was able to provide the services that the City residents expect while controlling the costs of providing those services.

Table 2 shows the changes in net assets for fiscal year 2007 and corresponds to the Statement of Activities. Table 2 indicates that total revenue exceeded total expenses by \$1,794,891.

City of Independence, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

Table 2
Changes in Net Assets

	2007	2006	Change
Revenues			
Program Revenues			
Charges for Services and Sales	\$1,020,688	\$1,084,283	(\$63,595)
Operating Grants and Contributions	594,026	474,954	119,072
Capital Grants and Contributions	6,871,738	425,251	6,446,487
<i>Total Program Revenues</i>	<u>8,486,452</u>	<u>1,984,488</u>	<u>6,501,964</u>
General Revenues			
Taxes	2,788,937	2,498,742	290,195
Municipal Income Taxes	23,387,075	21,378,552	2,008,523
Grant and Entitlements, Not Restricted to Specific Programs	796,657	859,930	(63,273)
Payments in Lieu of Taxes	5,909,236	16,378,474	(10,469,238)
Interest	770,803	604,679	166,124
Miscellaneous	964,031	950,187	13,844
<i>Total General Revenues</i>	<u>34,616,739</u>	<u>42,670,564</u>	<u>(8,053,825)</u>
<i>Total Revenues</i>	<u>43,103,191</u>	<u>44,655,052</u>	<u>(1,551,861)</u>
Program Expenses			
General Government	12,028,156	8,191,861	3,836,295
Security of Persons and Property	8,396,575	7,642,209	754,366
Public Health and Welfare	51,713	150,106	(98,393)
Leisure Time Activities	3,178,450	2,780,531	397,919
Community Environment	2,375,832	2,020,142	355,690
Basic Utility Services	699,018	938,050	(239,032)
Transportation	6,222,871	3,459,425	2,763,446
Intergovernmental	6,777,393	0	6,777,393
Interest and Fiscal Charges	1,578,292	1,618,688	(40,396)
<i>Total Expenses</i>	<u>41,308,300</u>	<u>26,801,012</u>	<u>14,507,288</u>
<i>Increase in Net Assets</i>	1,794,891	17,854,040	(16,059,149)
<i>Net Assets Beginning of Year</i>	<u>83,192,316</u>	<u>65,338,276</u>	<u>17,854,040</u>
<i>Net Assets End of Year</i>	<u><u>\$84,987,207</u></u>	<u><u>\$83,192,316</u></u>	<u><u>\$1,794,891</u></u>

Governmental Activities

Several revenue sources fund our governmental activities with income tax revenue being the largest source. The City levies a municipal income tax of 2 percent on all income earned within the City as well as on income of residents earned outside of the City. In the latter case, the City allows a credit of 100 percent, up to 2 percent, on the income earned outside of the City and paid to another municipality. On a full accrual basis, the City received \$23,387,075 in income tax collections or 54 percent of total 2007 revenue.

City of Independence, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

The City's strong commercial employment tax base has provided for a consistent level of withholding tax collections. This strong base has enabled the City to enjoy increased collections during economically strong periods, while at the same time maintaining fairly level collections during economic downturns. In an effort to maintain and increase the commercial tax base, the City has completed Phase I of the Rockside Road Widening project (a TIF project), which will improve the infrastructure to allow for future growth in the area.

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. During 2006, the City completed the expansion of Rockside Road. This fulfilled the City's portion of the tax increment financing agreement (TIF) with various developers. The City was able to recognize the full value of the TIF at that time. During 2007, the City fulfilled 25 percent of its portion for the Pleasant Valley Quadrant TIF agreement and 20 percent of the Gateway TIF agreement. The City is able to recognize the respective percentages of revenue during 2007. General government expenses increased due to the City recognizing the Independence Local School District's portion of the additional tax increment financing agreements.

The City received \$6.8 million in State Highway Federal grant monies from the Ohio Department of Transportation for the renovation of Rockside Road Phase II. Due to the nature of the asset, this asset is not retained by the City. Therefore, this expense is reflected as transportation-intergovernmental expense on the Statement of Activities and the corresponding grant money is reflected as a capital grant and contribution program revenue.

Overall, expenses increased due to a slight increase in wages as well as increased healthcare costs. 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 following schedule presents a summary of governmental activity expenses and the net cost of providing these services (excluding general revenues).

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2007	2006	2007	2006
General Government	\$12,028,156	\$8,191,861	\$11,864,181	\$8,005,181
Security of Persons and Property	8,396,575	7,642,209	8,101,573	7,257,068
Public Health and Welfare	51,713	150,106	50,108	144,505
Leisure Time Activities	3,178,450	2,780,531	2,729,142	2,391,632
Community Environment	2,375,832	2,020,142	2,302,752	1,945,488
Basic Utility Services	699,018	938,050	679,817	918,745
Transportation	6,222,871	3,459,425	5,515,983	2,535,217
Intergovernmental	6,777,393	0	0	0
Interest and Fiscal Charges	1,578,292	1,618,688	1,578,292	1,618,688
Total Expenses	\$41,308,300	\$26,801,012	\$32,821,848	\$24,816,524

City of Independence, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

The City's Funds

Information about the City's major government funds begins on page 16. Total revenue and expenditures for the general fund (on a modified accrual basis) are \$27,373,775 and \$19,413,516, respectively. The general fund balance decreased \$259,507. This decrease was a result of operating transfers to other funds. The Quadrant TIF, Capital Improvements, and Street Resurfacing funds had balances of (\$6,711,166), \$2,622,358, and \$902,189, respectively, at December 31, 2007, a decrease of \$3,595,338 in the Quadrant TIF, an increase of \$148,698 in Capital Improvements and, an increase of \$13,371 in Street Resurfacing, from the prior year. The negative balance reflected in the Quadrant TIF fund is a result of interfund borrowing to temporarily provide funding.

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 Mayor and Director of Finance. During the course of 2007, 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.

For the general fund, original budgeted revenues were \$25,193,815; final budget amounts were \$26,938,715; and actual revenue collections were \$27,402,659. The majority of the increase in actual revenue over the final budgeted amount is due to conservative estimates.

Capital Assets and Debt Administration

Capital Assets

Table 4 compares capital assets as of December 31, 2007 to balances at December 31, 2006.

Total capital assets as of December 31, 2007 were \$91,834,768, which is an increase of \$2,892,663 from 2006 capital assets.

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

See Note 12 in the financial statements for more information regarding the City's capital assets.

City of Independence, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

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

	2007	2006
Land	\$15,696,861	\$15,696,861
Construction in Progress	18,351	5,128,209
Buildings and Improvements	31,038,151	31,572,073
Machinery and Equipment	1,138,084	1,180,337
Furniture and Fixtures	385,523	441,251
Vehicles	2,003,519	1,899,809
Infrastructure	41,554,279	33,023,565
<i>Total</i>	\$91,834,768	\$88,942,105

Debt

Table 5 summarizes outstanding long-term debt at December 31, 2007 compared to December 31, 2006.

Table 5
Outstanding Long-Term Debt at Year End

	2007	2006
Special Assessment Bonds	\$617,778	\$649,630
Various Improvement Notes	7,700,000	8,300,000
OPWC Loans	43,986	50,753
Capital Lease Payable	0	19,042
Police and Fire Pension Liability	70,772	74,111
Independence Local School District	28,054,252	24,087,373
OPERS Liability	252,677	0
General Obligation Bonds	28,216,359	29,567,177
<i>Total</i>	\$64,955,824	\$62,748,086

The special assessment bonds will be paid from the proceeds of special assessments levied against benefited property owners. The various improvement notes will be paid out of the bond retirement fund. The City has an agreement with the Independence Local School District that the City would compensate the School District for the property that became tax exempt through the City's various tax incremental financing agreements. See Note 17 in the financial statements for more information regarding the City's outstanding debt.

City of Independence, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

Current Financial Related Activities

The City's budget for 2007 uses a conservative estimate for revenues. Most of the major revenue sources for the City have been budgeted at an amount less than or equal to what was actually received in 2006. The City's strong financial position and the City's commitment to protecting the level of services afforded all citizens continue to be the underlying theme during the budget process.

In order to maintain services provided to citizens and improve the economic and operational efficiency of the City, the City has been focused on facility expansion issues. In 2006, the City began Phase II of the Rockside Road Widening project. This final phase of the widening project will facilitate future growth to the City's most vital commercial district which is one-third undeveloped at this time.

Contacting the City's Finance Department

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

Basic Financial Statements

City of Independence, Ohio

Statement of Net Assets

December 31, 2007

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$11,069,450
Cash and Cash Equivalents In Segregated Accounts	29,016
Materials and Supplies Inventory	162,225
Accounts Receivable	1,191
Hotel/Motel Taxes Receivable	61,929
Intergovernmental Receivable	697,040
Prepaid Items	62,624
Municipal Income Taxes Receivable	4,475,514
Property Taxes Receivable	1,705,913
Accrued Interest Receivable	382
Special Assessments Receivable	634,241
Payments in Lieu of Taxes Receivable	44,504,125
Deferred Charges	382,251
Nondepreciable Capital Assets	15,715,212
Depreciable Capital Assets, Net	<u>76,119,556</u>
<i>Total Assets</i>	<u>155,620,669</u>
Liabilities	
Accounts Payable	338,006
Accrued Wages	472,711
Contracts Payable	88,892
Intergovernmental Payable	643,343
Matured Compensated Absences Payable	13,379
Accrued Interest Payable	346,413
Notes Payable	600,000
Deferred Revenue	1,285,003
Retainage Payable	1,081,880
Long-Term Liabilities:	
Due Within One Year	2,869,669
Due In More Than One Year	<u>62,894,166</u>
<i>Total Liabilities</i>	<u>70,633,462</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	55,982,088
Restricted for:	
Capital Projects	4,749,445
Debt Service	8,892,204
State Highway	252,401
Street Construction Maintenance and Repair	349,348
Other Purposes	235,472
Unrestricted	<u>14,526,249</u>
<i>Total Net Assets</i>	<u>\$84,987,207</u>

See accompanying notes to the basic financial statements

City of Independence, Ohio

Balance Sheet

Governmental Funds

December 31, 2007

	General	Quadrant Tax Increment Financing	Capital Improvements	Street Resurfacing
Assets				
Equity in Pooled Cash and Cash Equivalents	\$2,037,235	\$349,834	\$1,070,949	\$3,126,991
Cash and Cash Equivalents				
In Segregated Accounts	29,016	0	0	0
Materials and Supplies Inventory	162,225	0	0	0
Accounts Receivable	1,191	0	0	0
Hotel/Motel Taxes Receivable	61,929	0	0	0
Interfund Receivable	5,966,000	0	1,875,000	0
Intergovernmental Receivable	425,650	0	0	0
Prepaid Items	60,092	0	0	0
Accrued Interest Receivable	382	0	0	0
Special Assessments Receivable	0	0	0	0
Payments in Lieu of Taxes Receivable	0	44,504,125	0	0
Property Taxes Receivable	1,157,585	0	0	0
Municipal Income Taxes Receivable	4,475,514	0	0	0
<i>Total Assets</i>	<u>\$14,376,819</u>	<u>\$44,853,959</u>	<u>\$2,945,949</u>	<u>\$3,126,991</u>
Liabilities				
Accounts Payable	\$146,462	\$0	\$14,666	\$20,323
Accrued Wages	434,593	0	0	0
Contracts Payable	43,873	0	0	16,649
Intergovernmental Payable	462,349	0	0	0
Retainage Payable	0	0	0	1,081,880
Accrued Interest Payable	0	0	8,925	5,950
Notes Payable	0	0	300,000	200,000
Interfund Payable	0	7,061,000	0	900,000
Matured Compensated Absences Payable	13,379	0	0	0
Deferred Revenue	2,355,895	44,504,125	0	0
<i>Total Liabilities</i>	<u>3,456,551</u>	<u>51,565,125</u>	<u>323,591</u>	<u>2,224,802</u>
Fund Balances				
Reserved for Encumbrances	689,909	146,020	912,841	2,717,306
Reserved for Long-Term Advances	4,996,000	0	1,875,000	0
Unreserved, Undesignated (Deficit), Reported in:				
General Fund	5,234,359	0	0	0
Special Revenue Funds	0	0	0	0
Debt Service Funds	0	(6,857,186)	0	0
Capital Projects Funds	0	0	(165,483)	(1,815,117)
<i>Total Fund Balances (Deficit)</i>	<u>10,920,268</u>	<u>(6,711,166)</u>	<u>2,622,358</u>	<u>902,189</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$14,376,819</u>	<u>\$44,853,959</u>	<u>\$2,945,949</u>	<u>\$3,126,991</u>

See accompanying notes to the basic financial statements

City of Independence, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 December 31, 2007*

Other Governmental Funds	Total Governmental Funds		
		Total Governmental Funds Balances	\$8,702,957
		<i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
\$1,275,278	\$7,860,287	Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	91,834,768
0	29,016	Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
0	162,225	Property Taxes	420,910
0	1,191	Municipal Income Taxes	874,120
0	61,929	Intergovernmental	514,538
190,000	8,031,000	Payments in Lieu of Taxes	44,504,125
271,390	697,040	Special Assessments	<u>634,241</u>
0	60,092		
0	382		
634,241	634,241		
0	44,504,125		
548,328	1,705,913		
0	4,475,514		
<u>\$2,919,237</u>	<u>\$68,222,955</u>		
		Bond Issuance costs are considered deferred charges and will be amortized over the life of the bonds on the statement of net assets.	382,251
		In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported due.	(328,563)
\$156,555	\$338,006	An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.	3,211,695
38,118	472,711		
28,370	88,892		
180,994	643,343		
0	1,081,880		
2,975	17,850		
100,000	600,000		
70,000	8,031,000		
0	13,379		
1,372,917	48,232,937		
<u>1,949,929</u>	<u>59,519,998</u>		
		Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
		General Obligation Bonds	(28,216,359)
		Special Assessment Bonds	(617,778)
		OPWC Loan Payable	(43,986)
		Police and Fire Pension Liability	(70,772)
		Notes Payable	(7,700,000)
		OPERS Liability	(252,677)
		Independence Local School District	(28,054,252)
		Claims Payable	(253,482)
		Compensated Absences	<u>(554,529)</u>
		Total	<u>(65,763,835)</u>
		Net Assets of Governmental Activities	<u>\$84,987,207</u>
217,683	4,683,759		
190,000	7,061,000		
0	5,234,359		
364,175	364,175		
325,751	(6,531,435)		
(128,301)	(2,108,901)		
<u>969,308</u>	<u>8,702,957</u>		
<u>\$2,919,237</u>	<u>\$68,222,955</u>		

City of Independence, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2007

	General	Quadrant Tax Increment Financing	Capital Improvements	Street Resurfacing	Other Governmental Funds	Total Governmental Funds
Revenues						
Property Taxes	\$980,073	\$0	\$0	\$0	\$448,474	\$1,428,547
Municipal Income Taxes	23,163,526	0	0	0	0	23,163,526
Hotel/Motel Taxes	1,088,235	0	0	0	0	1,088,235
Amusement Taxes	19,796	0	0	0	0	19,796
Intergovernmental	694,531	11,321	0	6,777,393	555,820	8,039,065
Investment Income	170,866	0	60,851	347,408	11,314	590,439
Fees, Licenses and Permits	343,982	0	0	0	365,954	709,936
Fines and Forfeitures	244,232	0	0	0	54,309	298,541
Charges for Services	12,211	0	0	0	0	12,211
Special Assessments	0	0	0	0	88,289	88,289
Payment in Lieu of Taxes	0	1,765,991	0	0	0	1,765,991
Miscellaneous	656,323	0	22,203	158,379	36,488	873,393
<i>Total Revenues</i>	<u>27,373,775</u>	<u>1,777,312</u>	<u>83,054</u>	<u>7,283,180</u>	<u>1,560,648</u>	<u>38,077,969</u>
Expenditures						
Current:						
General Government	5,532,762	1,053,943	0	0	2,234	6,588,939
Security of Persons and Property	7,405,987	0	0	0	618,392	8,024,379
Public Health and Welfare	49,480	0	0	0	0	49,480
Leisure Time Activities	2,626,436	0	0	0	439,140	3,065,576
Community Environment	2,315,832	0	0	0	0	2,315,832
Basic Utility Services	592,856	0	0	0	0	592,856
Transportation	890,163	0	0	0	1,559,906	2,450,069
Intergovernmental	0	0	0	6,777,393	0	6,777,393
Capital Outlay	0	338,671	1,039,860	6,633,548	280,214	8,292,293
Debt Service:						
Principal Retirement	0	390,000	626,858	6,767	335,523	1,359,148
Principal Retirement - Current Refunding	0	0	300,000	200,000	100,000	600,000
Interest and Fiscal Charges	0	590,036	867,638	27,101	135,382	1,620,157
<i>Total Expenditures</i>	<u>19,413,516</u>	<u>2,372,650</u>	<u>2,834,356</u>	<u>13,644,809</u>	<u>3,470,791</u>	<u>41,736,122</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>7,960,259</u>	<u>(595,338)</u>	<u>(2,751,302)</u>	<u>(6,361,629)</u>	<u>(1,910,143)</u>	<u>(3,658,153)</u>
Other Financing Sources (Uses)						
Current Refunding	0	0	(6,200,000)	(200,000)	(1,300,000)	(7,700,000)
Refunding Notes Issued	0	0	6,200,000	200,000	1,300,000	7,700,000
Transfers In	17,234	0	2,900,000	6,375,000	1,975,900	11,268,134
Transfers Out	(8,237,000)	(3,000,000)	0	0	(31,134)	(11,268,134)
<i>Total Other Financing Sources (Uses)</i>	<u>(8,219,766)</u>	<u>(3,000,000)</u>	<u>2,900,000</u>	<u>6,375,000</u>	<u>1,944,766</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	<u>(259,507)</u>	<u>(3,595,338)</u>	<u>148,698</u>	<u>13,371</u>	<u>34,623</u>	<u>(3,658,153)</u>
<i>Fund Balances (Deficit)</i>						
<i>Beginning of Year</i>	<u>11,179,775</u>	<u>(3,115,828)</u>	<u>2,473,660</u>	<u>888,818</u>	<u>934,685</u>	<u>12,361,110</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$10,920,268</u>	<u>(\$6,711,166)</u>	<u>\$2,622,358</u>	<u>\$902,189</u>	<u>\$969,308</u>	<u>\$8,702,957</u>

See accompanying notes to the basic financial statements

City of Independence, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2007*

Net Change in Fund Balances - Total Governmental Funds (\$3,658,153)

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

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

Capital Outlay	6,122,705	
Depreciation	(3,148,422)	
Total		2,974,283

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (81,620)

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

Property Taxes	252,359	
Municipal Income Taxes	223,549	
Intergovernmental	140,332	
Payments in Lieu of Taxes	4,143,245	
Special Assessments	(5,265)	
Total		4,754,220

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

Accrued Interest	12,955	
Amortization of Bond Issuance Costs	(23,760)	
Amortization of Accounting Loss	(5,333)	
Amortization of Bond Premium	58,003	
Total		41,865

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.

Independence Local School District	(3,966,879)	
Compensated Absences	(16,288)	
Claims Payable	(131,866)	
OPERS Liability	(252,677)	
Totals		(4,367,710)

Repayment of long term obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 9,659,148

Other financing sources, such as refunding notes, in the governmental funds increase long-term liabilities in the statement of net assets. (7,700,000)

The internal service fund used to charge costs of insurance to individual funds is not reported in the City-wide statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities. 172,858

Change in Net Assets of Governmental Activities \$1,794,891

See accompanying notes to the basic financial statements

City of Independence, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$1,353,618	\$942,044	\$980,073	\$38,029
Municipal Income Taxes	21,100,000	23,000,000	23,057,586	57,586
Hotel/Motel Taxes	0	0	1,102,843	1,102,843
Amusement Taxes	0	0	19,796	19,796
Intergovernmental	273,916	257,956	726,176	468,220
Investment Income	0	0	264,386	264,386
Fees, Licenses and Permits	0	0	343,982	343,982
Fines and Forfeitures	0	0	237,107	237,107
Charges for Services	0	0	12,579	12,579
Miscellaneous	2,466,281	2,738,715	658,131	(2,080,584)
<i>Total Revenues</i>	25,193,815	26,938,715	27,402,659	463,944
Expenditures				
Current:				
General Government	5,423,779	5,763,066	5,727,307	35,759
Security of Persons and Property	7,276,925	7,567,926	7,565,791	2,135
Public Health and Welfare	105,365	109,579	109,403	176
Leisure Time Activities	2,680,504	2,787,696	2,784,922	2,774
Community Environment	2,443,698	2,541,421	2,539,786	1,635
Basic Utility Services	594,456	618,228	617,019	1,209
Transportation	918,334	955,058	954,331	727
<i>Total Expenditures</i>	19,443,061	20,342,974	20,298,559	44,415
<i>Excess of Revenues Over Expenditures</i>	5,750,754	6,595,741	7,104,100	508,359
Other Financing Sources (Uses)				
Advances In	1,500,000	1,560,000	1,550,000	(10,000)
Advances Out	(1,658,045)	(3,477,132)	(3,465,000)	12,132
Transfers In	0	172,334	17,234	(155,100)
Transfers Out	(8,097,000)	(8,237,000)	(8,237,000)	0
<i>Total Other Financing Sources (Uses)</i>	(8,255,045)	(9,981,798)	(10,134,766)	(152,968)
<i>Net Change in Fund Balance</i>	(2,504,291)	(3,386,057)	(3,030,666)	355,391
<i>Fund Balance Beginning of Year</i>	3,475,268	3,475,268	3,475,268	0
Prior Year Encumbrances Appropriated	718,606	718,606	718,606	0
<i>Fund Balance End of Year</i>	\$1,689,583	\$807,817	\$1,163,208	\$355,391

See accompanying notes to the basic financial statements

City of Independence, Ohio

Statement of Fund Net Assets

Internal Service Fund

December 31, 2007

	<u>Insurance</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$3,209,163
Prepaid Items	<u>2,532</u>
<i>Total Assets</i>	<u>3,211,695</u>
Net Assets	
Unrestricted	<u><u>\$3,211,695</u></u>

See accompanying notes to the basic financial statements

City of Independence, Ohio
*Statement of Revenues,
Expenses and Changes in Fund Net Assets
Internal Service Fund
For the Year Ended December 31, 2007*

	<u>Insurance</u>
Operating Revenues	
Miscellaneous	<u>\$90,638</u>
Operating Expenses	
Contractual Services	9,477
Claims	<u>88,667</u>
<i>Total Operating Expenses</i>	<u>98,144</u>
<i>Operating Loss</i>	(7,506)
Non-Operating Revenues	
Investment Income	<u>180,364</u>
<i>Change in Net Assets</i>	172,858
<i>Net Assets Beginning of Year</i>	<u>3,038,837</u>
<i>Net Assets End of Year</i>	<u><u>\$3,211,695</u></u>

See accompanying notes to the basic financial statements

City of Independence, Ohio
Statement of Cash Flows
Internal Service Fund
For the Year Ended December 31, 2007

	Insurance
<i>Increase (Decrease) in Cash and Cash Equivalents</i>	
Cash Flows from Operating Activities	
Other Cash Receipts	\$90,638
Cash Payments for Services	(9,456)
Cash Payments for Claims	(88,667)
<i>Net Cash Used in Operating Activities</i>	(7,485)
Cash Flows from Investing Activities	
Interest on Investments	180,364
<i>Net Increase in Cash and Cash Equivalents</i>	172,879
<i>Cash and Cash Equivalents Beginning of Year</i>	3,036,284
<i>Cash and Cash Equivalents End of Year</i>	\$3,209,163
Reconciliation of Operating Loss to Net Cash Used in Operating Activities	
<i>Operating Loss</i>	(\$7,506)
Adjustment:	
Decrease in Prepaid Items	21
<i>Net Cash Used In Operating Activities</i>	(\$7,485)

See accompanying notes to the basic financial statements

City of Independence, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Fund
December 31, 2007

Assets	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$158,511</u></u>
Liabilities	
Deposits Held and Due to Others	<u><u>\$158,511</u></u>

See accompanying notes to the basic financial statements

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

Note 1 - Reporting Entity

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

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

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

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

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

The City participates in two jointly governed organizations, the Southwest Council of Governments and the Northeast Ohio Public Energy Council. These organizations are presented in Note 18 of the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

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

A. Basis of Presentation

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

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

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

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

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

B. Fund Accounting

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

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

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

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

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

Capital Improvements Fund The capital improvements fund is used to account for general obligation bond proceeds for departmental capital improvements such as machinery and equipment, furniture, fixtures and equipment and vehicles.

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

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

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

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

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

C. Measurement Focus

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

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

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of fund net assets. The statement of revenues, expenses and changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets. The statement of

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

D. Basis of Accounting

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

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

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

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

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

Property taxes for which there is an enforceable legal claim as of December 31, 2007, but which were levied to finance year 2008 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

E. Budgetary Process

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

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

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

F. Cash and Cash Equivalents

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

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

During 2007, investments were limited to STAROhio, Federal Home Loan Bank Notes, Federal National Mortgage Association Notes and Federal Home Loan Mortgage Corporation Notes.

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

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on December 31, 2007.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2007 amounted to \$170,866, which includes \$12,746 assigned from other City funds.

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

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

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2007, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which the services are consumed.

H. Inventory

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

I. Capital Assets

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

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

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

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

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

J. Interfund Balances

On fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as "interfund receivables/payables". Interfund loans which do not represent available expendable

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

resources are offset by a fund balance reserve account. Interfund balance amounts are eliminated in the statement of net assets.

K. Compensated Absences

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

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

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

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund(s) from which the employees who have resigned or retired will be paid.

L. Accrued Liabilities and Long-Term Obligations

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

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

M. Fund Balance Reserves

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

N. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The government-wide statement of net assets reports \$14,478,870 of restricted net

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

assets, none of which is restricted by enabling legislation. Net assets restricted for other purposes include law enforcement, FEMA grants, drug enforcement and education, police pension, and recreation activities.

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

O. Operating Revenues and Expenses

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

P. Bond Issuance Costs

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

Q. Deferred Loss on Refunding

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

R. Bond Premiums

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

S. Interfund Activity

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Interfund payments for services provided and used are not eliminated.

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

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

T. Extraordinary and Special Items

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

U. Estimates

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

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

A. Change in Accounting Principles

For 2007, the City has implemented Governmental Accounting Standards Boards (GASB) Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions", GASB Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues", and GASB Statement No. 50, "Pension Disclosures".

GASB Statement No. 45 improves the relevance and usefulness of financial reporting by requiring systematic, accrual-basis measurement and recognition of OPEB costs over a period that approximates employees' years of service and providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan. The implementation of this statement did not result in any change to the financial statements. An OPEB liability at transition was determined in accordance with this Statement for both the OPERS and the OP&F post-employment healthcare plans in the amount of \$207,072 and \$214,892, respectively, which are the same as the previously reported liabilities.

GASB Statement No. 48 addresses how to account for the exchange of an interest in expected cash flows from collecting specific receivables or specific future revenues for immediate cash payments. The statement established criteria used to determine whether the transaction should be recorded as revenue or as a liability (a sale or a collateralized borrowing). The implementation of this statement did not result in any change to the financial statements.

GASB Statement No. 50 requires employers contributing to defined benefit pension plans to include the legal or contractual maximum contribution rates in the notes to the financial statements. The implementation of this statement did not result in any change to the financial statements.

B. Restatement of Prior Year Net Assets

During 2007, it was determined that the payments in lieu of taxes receivable and the workers' compensation retrospective rating claims and Independence Local School District liabilities were understated in the government-wide financial statements.

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

	Governmental Activities
Net Assets, December 31, 2006	\$67,040,425
Payments in Lieu of Taxes Receivable	40,360,880
Long-Term Liabilities:	
Due In One Year	(1,111,868)
Due in More Than One Year	(23,097,121)
Restated Net Assets, December 31, 2006	\$83,192,316

Note 4 - Budgetary Basis of Accounting

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

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

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

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

	General
Net Change in Fund Balance	
GAAP Basis	(\$259,507)
Net Adjustment for Revenue Accruals	(63,959)
Beginning Fair Value Adjustment for Investments	138,738
Ending Fair Value Adjustment for Investments	(46,170)
Advances In	1,550,000
Advances Out	(3,465,000)
Net Adjustment for Expenditure Accruals	(58,463)
Beginning Unrecorded Cash	1,552
Ending Unrecorded Cash	(1,277)
Encumbrances	(826,580)
Budget Basis	(\$3,030,666)

Note 5 – Accountability and Compliance

A. Accountability

Fund deficits in the Quadrant Tax Increment Financing bond retirement fund and the Drain Water and the Rockside Woods capital projects funds of \$6,711,166, \$35,205 and \$64,665, respectively, are due to adjustments for accrued liabilities. The General fund is liable for any deficit in these funds and provides transfers when cash is required, rather than when accruals occur.

B. Compliance

The Issue II capital projects fund had expenditures plus encumbrances in excess of appropriations of \$548 contrary to Section 5705.41, Ohio Revised Code. Although this violation was not corrected by year end, management has indicated that appropriations will be closely monitored to ensure no future violations.

Note 6 - Deposits and Investments

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

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

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

City of Independence, Ohio
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For the Year Ended December 31, 2007

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

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

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

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

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

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

Deposits

Custodial Credit Risk Custodial credit risk for deposits is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in possession of an outside party. At year

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

end, \$5,930,950 of the City's bank balance of \$6,048,947 was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the Federal Deposit Insurance Corporation.

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

Investments

As of December 31, 2007, the City had the following investments:

	Fair Value	Average Maturity
STAROhio	\$27,054	41 days
Federal Home Loan Bank Notes	936,074	248 days
Federal National Mortgage Association Notes	1,136,733	242 days
Federal Home Loan Mortgage Corporation Notes	3,013,587	281 days
Total	\$5,113,448	

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

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Federal Home Loan Bank Bonds, Federal National Mortgage Association Bonds, and the Federal Home Loan Mortgage Corporation Bonds are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty. The City has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the finance director or qualified trustee.

Credit Risk STAROhio carries a rating of AAAM by Standard's and Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. Federal Home Loan Bank Bonds and Federal Home Loan Mortgage Corporation Bonds carry a rating of A-1+ by Standard and Poor's. Federal National Mortgage Association Bonds carry a rating of AA- by Standard and Poor's. The City has no investment policy that addresses credit risk.

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

Investment Issuer	Percentage of Investments
Federal Home Loan Mortgage Corporation Notes	58.93 %
Federal National Mortgage Association Notes	22.23
Federal Home Loan Bank Notes	18.31

Note 7 – Receivables

Receivables at December 31, 2007, consisted primarily of property taxes, municipal income taxes, accounts (billings for user charged services), special assessments, and intergovernmental receivables arising from grants, entitlements and shared revenues.

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

Special assessments expected to be collected in more than one year amount to \$560,000. At December 31, 2007, there was \$44,241 in delinquent special assessments.

A. Property Taxes

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2007 for real and public utility property taxes represents collections of the 2006 taxes. Property tax payments received during 2007 for tangible personal property (other than public utility property) is for 2007 taxes.

2007 real property taxes are levied after October 1, 2007 on the assessed value as of January 1, 2007, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2007 real property taxes are collected in and intended to finance 2008.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2007 public utility property taxes became a lien December 31, 2006, are levied after October 1, 2007, and are collected in 2008 with real property taxes.

2007 tangible personal property taxes are levied after October 1, 2006, on the value as of December 31, 2006. Collections are made in 2007. Tangible personal property tax assessments are being phased out – the assessment percentage for all property including inventory for 2007 is 12.5 percent. This will be reduced to 6.25 percent for 2008 and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may be annually or semiannually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30; with the remainder payable September 20.

The full tax rate for all City operations for the year ended December 31, 2007 was \$2.80 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2007 property tax receipts were based are as follows:

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

Real Property:	
Residential/Agricultural	\$246,146,200
Other Real Estate	249,354,240
Public Utility Personal Property	11,074,010
Tangible Personal Property	32,265,242
Total	\$538,839,692

The County Treasurer collects property tax on behalf of all taxing districts within the County, including the City of Independence. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2007 and for which there is an enforceable legal claim. In the governmental funds, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2007 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while the remainder of the receivable is deferred.

B. Income Tax

The City levies a municipal income tax of two percent on all wages, salaries, commissions and other compensation and net profits earned within the City as well as on incomes of residents earned outside the City. In the latter case, the City allows a credit of 100 percent of the tax paid to another municipality, not to exceed the amount owed. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the Regional Income Tax Agency (RITA) at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually. Taxes collected by RITA in one month are remitted to the City on the first and tenth business days of the following month. In 2007, the proceeds were allocated entirely to the general fund.

C. Intergovernmental Receivable

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

	Amount
Gasoline Excise Tax	\$258,123
Local Government	230,860
Estate Tax	159,557
Homestead and Rollback	46,243
Liquor Fees	1,597
Grants	500
Prisoner Housing	100
Court Fines	60
Total Intergovernmental Receivables	\$697,040

D. Payments in Lieu of Taxes

According to State law, the City has established several tax incremental financing districts within the City under which the City has granted property tax exemptions and agreed to construct certain infrastructure improvements. The property owners have agreed to make payments to the City to help pay the costs of the

City of Independence, Ohio
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For the Year Ended December 31, 2007

infrastructure improvements. The amount of those payments generally reflects all or a portion of the property taxes which the property owners would have paid if the property had not been declared exempt. The property owners' contractual promise to make these payments in lieu of taxes generally continues until the costs of the improvement have been paid or the agreement expires, whichever occurs first. Future development by these owners or others may result in subsequent agreements to make payments in lieu of taxes and may therefore spread the costs of the improvements to a larger number of property owners.

Note 8 - Risk Management

A. Property and Liability

The City is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2007, the City contracted with St. Paul Travelers Insurance Agency for various types of insurance as follows:

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

Settled claims have not exceeded this coverage in any of the last three years. There has not been significant reduction in coverage from the prior year.

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, 2007. Changes in the fund's claims liability amount for 2006 and 2007 were:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2006	\$0	\$200,556	\$200,556	\$0
2007	0	88,667	88,667	0

B. Workers' Compensation

The City participates in the State Workers' Compensation retrospective rating and payment system. This plan involves the payment of a minimum premium for administrative services and stop-loss coverage plus the actual claims cost for injured employees in 2007. The maintenance of these benefits is accounted for in the general fund. Incurred but not reported claims of \$253,482 have been accrued as a liability at December 31, 2007, based on an estimate by the City's third party administrator.

The claims liability of \$253,482, reported at December 31, 2007 for Workers' Compensation is based on the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenditures and does not include other allocated or unallocated claims adjustment expenditures. Changes in claims activity for 2006 and 2007 are as follows:

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Change in Workers' Compensation Estimate	Balance at End of Year
2006	\$53,148	\$151,122	\$82,654	\$0	\$121,616
2007	121,616	278,700	57,925	(88,909)	253,482

Note 9 - Contingencies

A. Grants

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

B. Litigation

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

Note 10 – Compensated Absences

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

Note 11 – Contractual Commitments

The City had the following contractual commitments outstanding at December 31, 2007:

Project	Contract Amount	Amount Paid to Date	Amount Remaining on Contract
Sanitary Sewer	\$100,000	\$73,259	\$26,741
Roadway Maintenance	141,907	75,000	66,907
Creek Maintenance	123,000	95,544	27,456
Rockside Road	3,219,017	1,280,351	1,938,666
Total	\$3,583,924	\$1,524,154	\$2,059,770

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

Note 12 - Capital Assets

Capital asset activity for the year ended December 31, 2007, was as follows:

	Balance 12/31/06	Additions	Reductions	Balance 12/31/07
Governmental Activities:				
Capital Assets, Not Being Depreciated				
Land	\$15,696,861	\$0	\$0	\$15,696,861
Construction in progress	5,128,209	4,892,004	(10,001,862)	18,351
<i>Total Capital Assets, Not Being Depreciated</i>	<u>20,825,070</u>	<u>4,892,004</u>	<u>(10,001,862)</u>	<u>15,715,212</u>
Capital Assets, Being Depreciated				
Buildings and Improvements	38,631,121	258,507	0	38,889,628
Machinery and Equipment	3,364,484	209,057	(21,272)	3,552,269
Furniture and Fixtures	1,714,926	25,888	(12,446)	1,728,368
Vehicles	5,240,254	583,001	(293,039)	5,530,216
Infrastructure				
Roads	31,315,009	10,001,862	0	41,316,871
Water Lines	5,432,820	0	0	5,432,820
Sanitary Sewers	2,670,596	0	0	2,670,596
Storm Sewers	9,234,048	154,248	0	9,388,296
<i>Total Capital Assets, Being Depreciated</i>	<u>97,603,258</u>	<u>11,232,563</u>	<u>(326,757)</u>	<u>108,509,064</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(7,059,048)	(792,429)	0	(7,851,477)
Machinery and Equipment	(2,184,147)	(243,499)	13,461	(2,414,185)
Furniture and Fixtures	(1,273,675)	(80,857)	11,687	(1,342,845)
Vehicles	(3,340,445)	(406,241)	219,989	(3,526,697)
Infrastructure				
Roads	(11,938,951)	(1,347,695)	0	(13,286,646)
Water Lines	(827,122)	(54,327)	0	(881,449)
Sanitary Sewers	(492,059)	(35,608)	0	(527,667)
Storm Sewers	(2,370,776)	(187,766)	0	(2,558,542)
<i>Total Accumulated Depreciation</i>	<u>(29,486,223)</u>	<u>(3,148,422) *</u>	<u>245,137</u>	<u>(32,389,508)</u>
Total Capital Assets, Being Depreciated, Net	<u>68,117,035</u>	<u>8,084,141</u>	<u>(81,620)</u>	<u>76,119,556</u>
Governmental Activities Capital Assets, Net	<u>\$88,942,105</u>	<u>\$12,976,145</u>	<u>(\$10,083,482)</u>	<u>\$91,834,768</u>

*Depreciation expense was charged to governmental activities as follows:

General Government	\$1,192,281
Security of Persons and Property	328,349
Leisure Time Activities	49,086
Community Environment	20,649
Basic Utility Services	16,826
Transportation	1,541,231
Total	<u>\$3,148,422</u>

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

Note 13 - Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

Plan Description - The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only within the traditional pension plan.

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

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2007, members in state and local classifications contributed 9.5 percent of covered payroll, public safety members contributed 9.75 percent, and law enforcement members contributed 10.1 percent.

The City's contribution rate for 2007 was 13.85 percent, except for those plan members in law enforcement or public safety, for whom the City's contribution was 17.17 percent of covered payroll. For the period January 1 through June 30, a portion of the City's contribution equal to 5 percent of covered payroll was allocated to fund the post-employment health care plan; for the period July 1 through December 31, 2007 this amount was increased to 6 percent. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the City of 14 percent, except for public safety and law enforcement, where the maximum employer contribution rate is 18.1 percent.

The City's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 were \$570,788, \$561,091, and \$567,936, respectively; 69.66 percent has been contributed for 2007 and 100 percent for 2006 and 2005. Contributions to the member-directed plan for 2007 were \$24,468 made by the City and \$16,783 made by the plan members.

B. Ohio Police and Fire Pension Fund

Plan Description - The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability 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 for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations. The City’s contribution was 19.5 percent for police officers and 24 percent for firefighters. Contribution rates are established by State statute. For 2007, a portion of the City’s contribution equal to 6.75 percent of covered payroll was allocated to fund the post-employment health care plan. The City’s contributions to OP&F for police and firefighters were \$339,966 and \$301,069 for the year ended December 31, 2007, \$295,373 and \$273,641 for the year ended December 31, 2006, and \$292,009 and \$270,307 for the year ended December 31, 2005. The full amount has been contributed for 2006 and 2005. 66.21 percent has been contributed for police and 68.71 percent has been contributed for firefighters for 2007.

In addition to current contributions, the City pays installments on the accrued liability incurred when the State of Ohio established the statewide pension system for police and fire fighters in 1967. As of December 31, 2007, the unfunded liability of the City was \$70,772 payable in semi-annual payments through the year 2035. This is an accounting liability of the City which will not vary.

Note 14 - Postemployment Benefits

A. Ohio Public Employees Retirement System

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

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

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

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

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2007, local government employers contributed 13.85 percent of covered payroll (17.17 percent for public safety and law enforcement). Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding post-employment health care benefits. The amount of the employer contributions which was allocated to fund post-employment health care was 5.00 percent of covered payroll from January 1 through June 30, 2007, and 6.00 percent from July 1 to December 31, 2007.

The retirement board is also authorized to establish rules for the payment of a portion of the health care benefits by the retiree or the retiree’s surviving beneficiaries. Payment amounts vary depending on the

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2007, 2006, and 2005 were \$375,968, \$295,311, \$365,701 respectively. 69.66 percent has been contributed for 2007 and 100 percent for 2006 and 2005.

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

B. Police and Firemen's Disability Pension Fund

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

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

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

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made to the pension plan to the 401(h) account as the employer contribution for retiree healthcare benefits. For the year ended December 31, 2007, the employer contribution allocated to the healthcare plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the trustees' primary responsibility to ensure that pension benefits are adequately funded and also is limited by the provisions of Section 401(h).

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the healthcare plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the OPEB plan.

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

The City's contributions to OP&F which were allocated to fund post-employment health care benefits for police and firefighters were \$179,982 and \$117,810 for the year ended December 31, 2007, \$194,821 and \$130,506 for the year ended December 31, 2006, and \$192,602 and \$128,915 for the year ended December 31, 2005. The full amount has been contributed for 2006 and 2005. 66.21 percent has been contributed for police and 68.71 percent has been contributed for firefighters for 2007.

Note 15 – Note Debt

During 2007, the City paid \$600,000 of the outstanding \$8,900,000 in bond anticipation notes and reissued \$8,300,000. The \$8,300,000 liability outstanding at December 31, 2007 will be split with \$7,700,000 presented as a long-term liability and \$600,000 presented as a fund liability in the financial statements.

Types / Issues	Balance 12/31/06	Additions	Deletions	Balance 12/31/07
2006 - 4.25% General Purpose Bond Anticipation Notes	\$600,000	\$0	\$600,000	\$0
2007 - 4.50% General Purpose Bond Anticipation Notes	0	600,000	0	600,000
Total Governmental Funds	\$600,000	\$600,000	\$600,000	\$600,000

The notes are backed by the full faith and credit of the City of Independence and mature within one year. The maturity date for all outstanding notes is May 2, 2008. The note liability is reflected in the funds which received the proceeds. All note proceeds have been fully expended. The notes will be paid from the capital improvement, street resurfacing and drain water capital projects funds.

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

Note 16 – Interfund Transactions

A. Interfund Balances

Interfund Payable	Interfund Receivable			Totals
	General	Capital Improvements	Other Governmental Funds	
Quadrant Tax Increment Financing	\$4,996,000	\$1,875,000	\$190,000	\$7,061,000
Street Resurfacing	900,000	0	0	900,000
Other Governmental Funds	70,000	0	0	70,000
Total	\$5,966,000	\$1,875,000	\$190,000	\$8,031,000

The interfund receivables and payables are advances for grant monies and payment in lieu of taxes revenue that were not repaid by year end. The City advances grant monies in the event that the award was not

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

received when expected. The City advances money to fund the various TIF projects. The general fund will receive \$5,966,000 from various funds, while the capital improvement fund will receive \$1,875,000 and the nonmajor funds will receive \$190,000 from the quadrant TIF fund. All interfund balances, except TIF related balances, are expected to be repaid within one year.

B. Interfund Transfers

Interfund transfers for the year ended December 31, 2007, consisted of the following:

Transfers To	Transfer From			Total
	General	Quadrant Tax Increment Financing	Other Governmental Funds	
General Fund	\$0	\$0	\$17,234	\$17,234
Capital Improvements	2,900,000	0	0	2,900,000
Street Resurfacing	3,375,000	3,000,000	0	6,375,000
Other Governmental Funds	1,962,000	0	13,900	1,975,900
Total All Funds	\$8,237,000	\$3,000,000	\$31,134	\$11,268,134

The transfers to the Capital Improvements and Street Resurfacing funds were to provide money for capital purchases and expenses. The transfer to the general fund was for the closure of a fund. The remaining transfers were made to move unrestricted balances to support programs and projects accounted for in other funds.

Note 17 - Long-Term Obligations

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

Debt Issue	Interest Rate	Original Issue Amount	Date of Maturity
General Obligation Bonds			
2003 Civic Center Refunding	2.00-3.00 %	\$2,520,000	December 1, 2011
2003 Shared Facilities Serial	2.00-5.00	15,000,000	December 1, 2022
2003 Northwest Quadrant TIF Serial	2.00-5.00	7,125,000	December 1, 2028
2003 Southwest Quadrant TIF Serial	2.00-5.00	1,675,000	December 1, 2028
2005 Northeast Quadrant TIF Serial	2.00-5.00	5,800,000	December 1, 2030
Special Assessments			
2003 Oaktree Serial	2.00-5.00	700,000	December 1, 2022
Long-Term Notes Payable			
2007 General Purpose	4.25	7,700,000	May 2, 2008
Ohio Public Works Commission Loan			
1994 Quarry Road Bridge Project	0.00	335,095	December 1, 2014
Police and Fire Pension			
	2.12	129,053	November 1, 2022

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

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

	Balance 12/31/06	Additions	Reductions	Balance 12/31/07	Amounts Due in One Year
General Obligation Bonds					
2003 Civic Center Refunding					
Refunding Bonds	\$1,535,000	\$0	(\$295,000)	\$1,240,000	\$300,000
Unamortized Premium	9,099	0	(1,820)	7,279	0
Unamortized Accounting Loss	(26,667)	0	5,333	(21,334)	0
Total 2003 Civic Center Refunding	1,517,432	0	(291,487)	1,225,945	300,000
2003 Shared Facilities Serial					
Serial Bonds	13,220,000	0	(615,000)	12,605,000	630,000
Unamortized Premium	631,766	0	(39,485)	592,281	0
Total 2003 Shared Facilities Serial	13,851,766	0	(654,485)	13,197,281	630,000
2003 Northwest Quadrant TIF					
Serial Bonds	6,570,000	0	(195,000)	6,375,000	195,000
Unamortized Premium	163,620	0	(7,437)	156,183	0
Total 2003 Northwest Quadrant TIF	6,733,620	0	(202,437)	6,531,183	195,000
2003 Southwest Quadrant TIF					
Serial Bonds	1,540,000	0	(45,000)	1,495,000	45,000
Unamortized Premium	38,112	0	(1,732)	36,380	0
Total 2003 Southwest Quadrant TIF	1,578,112	0	(46,732)	1,531,380	45,000
2005 Northeast Quadrant TIF					
Serial Bonds	5,750,000	0	(150,000)	5,600,000	155,000
Unamortized Premium	136,247	0	(5,677)	130,570	0
Total 2005 Northeast Quadrant TIF	5,886,247	0	(155,677)	5,730,570	155,000
<i>Total General Obligation Bonds</i>	29,567,177	0	(1,350,818)	28,216,359	1,325,000
Special Assessment Bonds					
2003 Oaktree					
Serial Bonds	620,000	0	(30,000)	590,000	30,000
Unamortized Premium	29,630	0	(1,852)	27,778	0
<i>Total Special Assessment Bonds</i>	649,630	0	(31,852)	617,778	30,000
OPWC Loan					
1994 Quarry Road Bridge	50,753	0	(6,767)	43,986	6,767
Other Long-term Obligations					
Notes Payable	8,300,000	7,700,000	(8,300,000)	7,700,000	0
Capital Lease Obligation	19,042	0	(19,042)	0	0
Police and Fire Pension	74,111	0	(3,339)	70,772	3,481
Independence Local School District	24,087,373	5,020,822	(1,053,943)	28,054,252	1,040,787
Claim Payable	121,616	189,791	(57,925)	253,482	233,740
OPERS Liability	0	252,677	0	252,677	68,302
Compensated Absences	538,241	30,633	(14,345)	554,529	161,592
<i>Total Other Long-term Obligations</i>	33,140,383	13,193,923	(9,448,594)	36,885,712	1,507,902
<i>Total General Long-term Obligations</i>	\$63,407,943	\$13,193,923	(\$10,838,031)	\$65,763,835	\$2,869,669

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

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

The Civic Center Refunding general obligation bonds will be paid from the general bond retirement debt service fund from property taxes. The Shared Facilities Serial general obligation bonds will be paid from the capital improvement capital projects fund from property taxes. The Various Quadrant Tax Increment Financing (TIF) bonds will be paid from the Quadrant Tax Increment Financing debt service fund with payments in lieu of taxes. The Oaktree special assessment bonds will be paid from the Issue II capital projects fund. Special assessment bonds were paid from the proceeds of special assessments levied against benefited property owners. In the event that a property owner would fail to pay the assessment, payment would be made by the City. The OPWC loans will be paid from the street resurfacing capital projects fund. The capital lease obligation was paid from the federal forfeiture special revenue and capital improvements capital projects funds.

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

The City has an agreement with the Independence Local School District that the City would compensate the School District for the property that became tax exempt through the City's various tax incremental financing agreements. Compensated absences will be paid from the general fund and the street construction, maintenance and repair special revenue fund.

The City has pledged future payments in lieu of taxes revenues to repay the Independence Local School District debt issue in the quadrant tax increment financing debt service fund. The debt is payable solely from net revenues and are payable through 2036. Annual principal payments on the debt issue are expected to require 59.68 percent of net revenues. The total principal remaining to be paid on the debt is \$28,054,252. Principal paid for the current year and total net revenues were \$1,053,943 and \$1,765,991 respectively.

The City's overall legal debt margin was \$34,389,182 at December 31, 2007. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2007 are as follows:

	<u>General Obligation Bonds</u>		<u>Special Assessment Bonds</u>		<u>OPWC Loan</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>
2008	\$1,325,000	\$1,162,115	\$30,000	\$25,745	\$6,767
2009	1,350,000	1,132,310	30,000	25,100	6,767
2010	1,405,000	1,075,586	30,000	23,900	6,767
2011	1,440,000	1,044,950	30,000	23,075	6,767
2012	1,150,000	787,050	35,000	22,175	6,767
2013-2017	6,650,000	4,123,216	190,000	84,475	10,151
2018-2022	8,355,000	2,409,924	245,000	34,038	0
2023-2027	3,995,000	887,500	0	0	0
2028-2032	1,645,000	117,512	0	0	0
Total	<u>\$27,315,000</u>	<u>\$12,740,163</u>	<u>\$590,000</u>	<u>\$238,508</u>	<u>\$43,986</u>

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

	Police and Fire Pension Loan		OPERS	Independence City School District
	Principal	Interest		
2008	\$3,481	\$2,971	\$68,302	\$1,040,787
2009	3,631	2,822	69,671	1,040,787
2010	3,787	2,666	114,704	1,040,787
2011	3,950	2,503	0	1,040,787
2012	4,119	2,333	0	1,040,787
2013-2017	23,407	8,856	0	5,203,932
2018-2022	28,397	3,380	0	5,203,932
2023-2027	0	0	0	5,203,932
2028-2032	0	0	0	5,203,932
2033-2037	0	0	0	2,034,589
Total	<u>\$70,772</u>	<u>\$25,531</u>	<u>\$252,677</u>	<u>\$28,054,252</u>

Note 18 – Jointly Governed Organizations

A. Southwest Council of Governments

The Southwest Council of Governments helps foster cooperation between municipalities in areas affecting health, safety, welfare, education, economic conditions and regional development. The board is comprised of one member from each of the sixteen participating entities. The board exercises total control over the operation of the Council including budgeting, appropriating, contracting and designating management. Budgets are adopted by the Board. Each City’s degree of control is limited to its representation on the board. In 2007, the City contributed \$7,500 which represents 5.4 percent of total contributions.

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

B. Northeast Ohio Public Energy Council (NOPEC)

The City is a member of The Northeast Ohio Public Energy Council (NOPEC). NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity. NOPEC is currently comprised of 118 communities who have been authorized by ballot to purchase electricity on behalf of their citizens. The intent of NOPEC is to provide electricity at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide electricity to the citizens of its member communities.

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives on the governing board from each county then elect one person to serve on the eight-member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. The City did not contribute to NOPEC during 2007. Financial information can be obtained by contacting Joseph Migliorini, Board Chairman, 175 South Main Street, Akron, Ohio 44308 or at the website www.nopecinfo.org.

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

Note 19 – Shared Facilities Joint Operating Agreement

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

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

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

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

Note 20 – Subsequent Event

On May 1, 2008, the City reissued the various purpose bond anticipation notes in the amount of \$7,700,000 at a rate of 2.1 percent. The notes will mature on April 30, 2009.

**Combining and Individual
Fund Statements and Schedules**

Combining Statements – Non-major Governmental Funds

Non-major Special Revenue Funds

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

State Highway Fund – This fund accounts for that portion of the State gasoline tax and motor vehicle registration fees designated for maintenance of State highways within the City.

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

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

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

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

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

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

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

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

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

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

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

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

(continued)

Combining Statements – Non-major Governmental Funds (continued)

Non-major Debt Service Fund

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

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

Non-major Capital Projects Funds

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

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

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

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

City of Independence, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2007

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$773,667	\$325,751	\$175,860	\$1,275,278
Interfund Receivable	190,000	0	0	190,000
Intergovernmental Receivable	262,585	8,805	0	271,390
Special Assessments Receivable	0	0	634,241	634,241
Property Taxes Receivable	182,775	365,553	0	548,328
<i>Total Assets</i>	<u>\$1,409,027</u>	<u>\$700,109</u>	<u>\$810,101</u>	<u>\$2,919,237</u>
Liabilities				
Accounts Payable	\$79,662	\$0	\$76,893	\$156,555
Accrued Wages	38,118	0	0	38,118
Contracts Payable	28,370	0	0	28,370
Intergovernmental Payable	180,994	0	0	180,994
Accrued Interest Payable	0	0	2,975	2,975
Notes Payable	0	0	100,000	100,000
Interfund Payable	0	0	70,000	70,000
Deferred Revenue	364,318	374,358	634,241	1,372,917
<i>Total Liabilities</i>	<u>691,462</u>	<u>374,358</u>	<u>884,109</u>	<u>1,949,929</u>
Fund Balances				
Reserved for Encumbrances	163,390	0	54,293	217,683
Reserved for Long-Term Advances	190,000	0	0	190,000
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	364,175	0	0	364,175
Debt Service Fund	0	325,751	0	325,751
Capital Projects Funds (Deficit)	0	0	(128,301)	(128,301)
<i>Total Fund Balances (Deficit)</i>	<u>717,565</u>	<u>325,751</u>	<u>(74,008)</u>	<u>969,308</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$1,409,027</u>	<u>\$700,109</u>	<u>\$810,101</u>	<u>\$2,919,237</u>

City of Independence, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2007

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Property Taxes	\$176,182	\$272,292	\$0	\$448,474
Intergovernmental	534,108	21,712	0	555,820
Investment Income	0	0	11,314	11,314
Fees, Licenses and Permits	365,954	0	0	365,954
Fines and Forfeitures	54,309	0	0	54,309
Special Assessments	0	0	88,289	88,289
Miscellaneous	36,488	0	0	36,488
<i>Total Revenues</i>	<u>1,167,041</u>	<u>294,004</u>	<u>99,603</u>	<u>1,560,648</u>
Expenditures				
Current:				
General Government	2,234		0	2,234
Security of Persons and Property	618,392	0	0	618,392
Leisure Time Activities	439,140	0	0	439,140
Transportation				
Other	1,559,906	0	0	1,559,906
Capital Outlay	0	0	280,214	280,214
Debt Service:				
Principal Retirement	10,523	295,000	30,000	335,523
Principal Retirement - Current Refunding	0	0	100,000	100,000
Interest and Fiscal Charges	3,549	38,085	93,748	135,382
<i>Total Expenditures</i>	<u>2,633,744</u>	<u>333,085</u>	<u>503,962</u>	<u>3,470,791</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(1,466,703)</u>	<u>(39,081)</u>	<u>(404,359)</u>	<u>(1,910,143)</u>
Other Financing Sources (Uses)				
Current Refunding	0	0	(1,300,000)	(1,300,000)
Refunding Notes Issued	0	0	1,300,000	1,300,000
Transfers In	1,625,900	0	350,000	1,975,900
Transfers Out	(13,900)	0	(17,234)	(31,134)
<i>Total Other Financing Sources (Uses)</i>	<u>1,612,000</u>	<u>0</u>	<u>332,766</u>	<u>1,944,766</u>
<i>Net Change in Fund Balances</i>	145,297	(39,081)	(71,593)	34,623
<i>Fund Balances (Deficit)</i>				
<i>Beginning of Year</i>	<u>572,268</u>	<u>364,832</u>	<u>(2,415)</u>	<u>934,685</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>\$717,565</u></u>	<u><u>\$325,751</u></u>	<u><u>(\$74,008)</u></u>	<u><u>\$969,308</u></u>

City of Independence, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2007

	State Highway	Motor Vehicle License Tax	Street Construction, Maintenance and Repair	Enforcement and Education
Assets				
Equity in Pooled Cash and Cash Equivalents	\$24,306	\$9,431	\$308,565	\$9,482
Interfund Receivable	100,000	90,000	0	0
Intergovernmental Receivable	18,732	9,932	229,459	60
Property Taxes Receivable	0	0	0	0
<i>Total Assets</i>	<u>\$143,038</u>	<u>\$109,363</u>	<u>\$538,024</u>	<u>\$9,542</u>
Liabilities				
Accounts Payable	\$0	\$0	\$68,388	\$0
Accrued Wages	0	0	34,858	0
Contracts Payable	0	0	28,370	0
Intergovernmental Payable	0	0	4,828	0
Deferred Revenue	12,897	6,760	157,484	0
<i>Total Liabilities</i>	<u>12,897</u>	<u>6,760</u>	<u>293,928</u>	<u>0</u>
Fund Balances				
Reserved for Encumbrances	0	0	96,798	0
Reserved for Long-Term Advances	100,000	90,000	0	0
Unreserved, Undesignated	30,141	12,603	147,298	9,542
<i>Total Fund Balances</i>	<u>130,141</u>	<u>102,603</u>	<u>244,096</u>	<u>9,542</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$143,038</u>	<u>\$109,363</u>	<u>\$538,024</u>	<u>\$9,542</u>

(continued)

City of Independence, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2007

	Drug Offense	Law Enforcement	Federal Forfeiture	FEMA Grant
Assets				
Equity in Pooled Cash and Cash Equivalents	\$19,736	\$39,973	\$77,334	\$15,377
Interfund Receivable	0	0	0	0
Intergovernmental Receivable	0	0	0	0
Property Taxes Receivable	0	0	0	0
<i>Total Assets</i>	<u>\$19,736</u>	<u>\$39,973</u>	<u>\$77,334</u>	<u>\$15,377</u>
Liabilities				
Accounts Payable	\$0	\$0	\$3,898	\$4,371
Accrued Wages	0	0	0	0
Contracts Payable	0	0	0	0
Intergovernmental Payable	0	0	0	0
Deferred Revenue	0	0	0	0
<i>Total Liabilities</i>	<u>0</u>	<u>0</u>	<u>3,898</u>	<u>4,371</u>
Fund Balances				
Reserved for Encumbrances	0	18,000	26,470	0
Reserved for Long-Term Advances	0	0	0	0
Unreserved, Undesignated	19,736	21,973	46,966	11,006
<i>Total Fund Balances</i>	<u>19,736</u>	<u>39,973</u>	<u>73,436</u>	<u>11,006</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$19,736</u>	<u>\$39,973</u>	<u>\$77,334</u>	<u>\$15,377</u>

<u>Friends for Life</u>	<u>Twenty- Five and Alive</u>	<u>Tree</u>	<u>Recreation</u>	<u>Police Pension</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$2,085	\$6,332	\$15,502	\$68,516	\$177,028	\$773,667
0	0	0	0	0	190,000
0	0	0	0	4,402	262,585
0	0	0	0	182,775	182,775
<u>\$2,085</u>	<u>\$6,332</u>	<u>\$15,502</u>	<u>\$68,516</u>	<u>\$364,205</u>	<u>\$1,409,027</u>
\$0	\$0	\$0	\$3,005	\$0	\$79,662
0	0	0	3,260	0	38,118
0	0	0	0	0	28,370
0	0	0	451	175,715	180,994
0	0	0	0	187,177	364,318
0	0	0	6,716	362,892	691,462
0	125	2,125	19,872	0	163,390
0	0	0	0	0	190,000
2,085	6,207	13,377	41,928	1,313	364,175
2,085	6,332	15,502	61,800	1,313	717,565
<u>\$2,085</u>	<u>\$6,332</u>	<u>\$15,502</u>	<u>\$68,516</u>	<u>\$364,205</u>	<u>\$1,409,027</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, 2007

	State Highway	Motor Vehicle License Tax	Street Construction, Maintenance and Repair	Enforcement and Education
Revenues				
Property Taxes	\$0	\$0	\$0	\$0
Intergovernmental	37,706	22,207	465,044	0
Fees, Licenses and Permits	0	0	0	0
Fines and Forfeitures	0	0	0	2,234
Miscellaneous	0	0	24,856	0
<i>Total Revenues</i>	<u>37,706</u>	<u>22,207</u>	<u>489,900</u>	<u>2,234</u>
Expenditures				
Current:				
General Government	0	0	0	0
Security of Persons and Property	0	0	0	9,366
Leisure Time Activities	0	0	0	0
Transportation				
Other	0	0	1,559,906	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
<i>Total Expenditures</i>	<u>0</u>	<u>0</u>	<u>1,559,906</u>	<u>9,366</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>37,706</u>	<u>22,207</u>	<u>(1,070,006)</u>	<u>(7,132)</u>
Other Financing Sources (Uses)				
Transfers In	0	0	1,100,000	0
Transfers Out	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>1,100,000</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	37,706	22,207	29,994	(7,132)
<i>Fund Balances (Deficit)</i>				
<i>Beginning of Year</i>	<u>92,435</u>	<u>80,396</u>	<u>214,102</u>	<u>16,674</u>
<i>Fund Balances End of Year</i>	<u><u>\$130,141</u></u>	<u><u>\$102,603</u></u>	<u><u>\$244,096</u></u>	<u><u>\$9,542</u></u>

Drug Offense	Law Enforcement	Federal Forfeiture	FEMA Grant	Friends for Life	Twenty- Five and Alive
\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0
0	0	0	0	0	0
2,751	25,984	23,340	0	0	0
0	3,201	0	0	0	2,287
<u>2,751</u>	<u>29,185</u>	<u>23,340</u>	<u>0</u>	<u>0</u>	<u>2,287</u>
0	0	0	0	0	2,234
0	26,993	55,799	4,371	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	7,184	0	0	0
0	0	435	0	0	0
<u>0</u>	<u>26,993</u>	<u>63,418</u>	<u>4,371</u>	<u>0</u>	<u>2,234</u>
<u>2,751</u>	<u>2,192</u>	<u>(40,078)</u>	<u>(4,371)</u>	<u>0</u>	<u>53</u>
0	0	13,900	0	0	2,000
0	(13,900)	0	0	0	0
<u>0</u>	<u>(13,900)</u>	<u>13,900</u>	<u>0</u>	<u>0</u>	<u>2,000</u>
2,751	(11,708)	(26,178)	(4,371)	0	2,053
<u>16,985</u>	<u>51,681</u>	<u>99,614</u>	<u>15,377</u>	<u>2,085</u>	<u>4,279</u>
<u>\$19,736</u>	<u>\$39,973</u>	<u>\$73,436</u>	<u>\$11,006</u>	<u>\$2,085</u>	<u>\$6,332</u>

(continued)

City of Independence, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds (continued)
For the Year Ended December 31, 2007

	Tree	Recreation	Police Pension	Total Nonmajor Special Revenue Funds
Revenues				
Property Taxes	\$0	\$0	\$176,182	\$176,182
Intergovernmental	0	0	9,151	534,108
Fees, Licenses and Permits	0	365,954	0	365,954
Fines and Forfeitures	0	0	0	54,309
Miscellaneous	3,375	2,769	0	36,488
<i>Total Revenues</i>	<u>3,375</u>	<u>368,723</u>	<u>185,333</u>	<u>1,167,041</u>
Expenditures				
Current:				
General Government	0	0	0	2,234
Security of Persons and Property	0	0	521,863	618,392
Leisure Time Activities	0	439,140	0	439,140
Transportation				
Other	0	0	0	1,559,906
Debt Service:				
Principal Retirement	0	0	3,339	10,523
Interest and Fiscal Charges	0	0	3,114	3,549
<i>Total Expenditures</i>	<u>0</u>	<u>439,140</u>	<u>528,316</u>	<u>2,633,744</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>3,375</u>	<u>(70,417)</u>	<u>(342,983)</u>	<u>(1,466,703)</u>
Other Financing Sources (Uses)				
Transfers In	0	120,000	390,000	1,625,900
Transfers Out	0	0	0	(13,900)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>120,000</u>	<u>390,000</u>	<u>1,612,000</u>
<i>Net Change in Fund Balances</i>	3,375	49,583	47,017	145,297
<i>Fund Balances (Deficit)</i>				
<i>Beginning of Year</i>	<u>12,127</u>	<u>12,217</u>	<u>(45,704)</u>	<u>572,268</u>
<i>Fund Balances End of Year</i>	<u><u>\$15,502</u></u>	<u><u>\$61,800</u></u>	<u><u>\$1,313</u></u>	<u><u>\$717,565</u></u>

City of Independence, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2007

	Drain Water	Rockside Woods	Issue II	Total Nonmajor Capital Projects Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$144,663	\$5,335	\$25,862	\$175,860
Special Assessments Receivable	0	0	634,241	634,241
<i>Total Assets</i>	<u>\$144,663</u>	<u>\$5,335</u>	<u>\$660,103</u>	<u>\$810,101</u>
Liabilities				
Accounts Payable	\$76,893	\$0	\$0	\$76,893
Accrued Interest Payable	2,975	0	0	2,975
Notes Payable	100,000	0	0	100,000
Interfund Payable	0	70,000	0	70,000
Deferred Revenue	0	0	634,241	634,241
<i>Total Liabilities</i>	<u>179,868</u>	<u>70,000</u>	<u>634,241</u>	<u>884,109</u>
Fund Balances				
Reserved for Encumbrances	49,108	5,185	0	54,293
Unreserved, Undesignated (Deficit)	(84,313)	(69,850)	25,862	(128,301)
<i>Total Fund Balances (Deficit)</i>	<u>(35,205)</u>	<u>(64,665)</u>	<u>25,862</u>	<u>(74,008)</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$144,663</u>	<u>\$5,335</u>	<u>\$660,103</u>	<u>\$810,101</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, 2007

	Drain Water	Rockside Woods	Issue II	Total Nonmajor Capital Projects Funds
Revenues				
Investment Income	\$11,314	\$0	\$0	\$11,314
Special Assessments	0	2,041	86,248	88,289
<i>Total Revenues</i>	<u>11,314</u>	<u>2,041</u>	<u>86,248</u>	<u>99,603</u>
Expenditures				
Capital Outlay	279,511	0	703	280,214
Debt Service:				
Principal Retirement	0	0	30,000	30,000
Principal Retirement - Current Refunding	100,000	0	0	100,000
Interest and Fiscal Charges	67,403	0	26,345	93,748
<i>Total Expenditures</i>	<u>446,914</u>	<u>0</u>	<u>57,048</u>	<u>503,962</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(435,600)</u>	<u>2,041</u>	<u>29,200</u>	<u>(404,359)</u>
Other Financing Sources (Uses)				
Current Refunding	(1,300,000)	0	0	(1,300,000)
Refunding Notes Issued	1,300,000	0	0	1,300,000
Transfers In	350,000	0	0	350,000
Transfers Out	0	0	(17,234)	(17,234)
<i>Total Other Financing Sources (Uses)</i>	<u>350,000</u>	<u>0</u>	<u>(17,234)</u>	<u>332,766</u>
<i>Net Change in Fund Balances</i>	(85,600)	2,041	11,966	(71,593)
<i>Fund Balances (Deficit)</i>				
<i>Beginning of Year</i>	<u>50,395</u>	<u>(66,706)</u>	<u>13,896</u>	<u>(2,415)</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>(\$35,205)</u></u>	<u><u>(\$64,665)</u></u>	<u><u>\$25,862</u></u>	<u><u>(\$74,008)</u></u>

Fiduciary Fund

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

Agency Fund

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

City of Independence, Ohio
Statement of Changes in Assets and Liabilities
Agency Fund
For the Year Ended December 31, 2007

	Beginning Balance <u>12/31/06</u>	<u>Additions</u>	<u>Deductions</u>	Ending Balance <u>12/31/07</u>
<i>Deposits and Fees</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	<u>\$162,322</u>	<u>\$163,584</u>	<u>\$167,395</u>	<u>\$158,511</u>
Liabilities				
Deposits Held and Due to Others	<u>\$162,322</u>	<u>\$163,584</u>	<u>\$167,395</u>	<u>\$158,511</u>

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

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues				
Property Taxes	\$1,353,618	\$942,044	\$980,073	\$38,029
Municipal Income Taxes	21,100,000	23,000,000	23,057,586	57,586
Hotel/Motel Taxes	0	0	1,102,843	1,102,843
Admusement Taxes	0	0	19,796	19,796
Intergovernmental	273,916	257,956	726,176	468,220
Investment Income	0	0	264,386	264,386
Fees, Licenses and Permits	0	0	343,982	343,982
Fines and Forfeitures	0	0	237,107	237,107
Charges for Services	0	0	12,579	12,579
Miscellaneous	2,466,281	2,738,715	658,131	(2,080,584)
<i>Total Revenues</i>	<u>25,193,815</u>	<u>26,938,715</u>	<u>27,402,659</u>	<u>463,944</u>
Expenditures				
Current:				
General Government:				
Legislative and Executive:				
Mayor:				
Salaries and Wages	293,753	305,500	305,500	0
Benefits	113,174	117,700	117,666	34
Other	39,954	41,552	41,371	181
Total Mayor	<u>446,881</u>	<u>464,752</u>	<u>464,537</u>	<u>215</u>
Finance Department:				
Salaries and Wages	281,926	293,200	293,114	86
Benefits	96,155	100,000	99,842	158
Other	23,062	23,985	23,838	147
Total Finance Department	<u>401,143</u>	<u>417,185</u>	<u>416,794</u>	<u>391</u>
Council:				
Salaries and Wages	161,059	167,500	167,439	61
Benefits	123,078	128,000	127,939	61
Other	17,125	17,809	17,626	183
Total Council	<u>\$301,262</u>	<u>\$313,309</u>	<u>\$313,004</u>	<u>\$305</u>

(continued)

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Law Director:				
Salaries and Wages	\$50,866	\$52,900	\$52,800	\$100
Benefits	6,923	7,200	7,126	74
Other	222,399	231,293	231,169	124
Total Law Director	<u>280,188</u>	<u>291,393</u>	<u>291,095</u>	<u>298</u>
Other:				
Salaries and Wages	90,386	94,000	93,939	61
Benefits	167,886	174,600	174,137	463
Insurance	347,984	361,900	361,305	595
Professional Fees	602,593	626,690	626,274	416
Other	1,330,818	1,384,037	1,383,984	53
Total Other	<u>2,539,667</u>	<u>2,641,227</u>	<u>2,639,639</u>	<u>1,588</u>
Court:				
Salaries and Wages	131,348	136,600	136,499	101
Benefits	55,289	57,500	57,488	12
Other	85,033	86,820	57,436	29,384
Total Court	<u>271,670</u>	<u>280,920</u>	<u>251,423</u>	<u>29,497</u>
Service Administration:				
Salaries and Wages	375,869	390,900	390,865	35
Benefits	140,810	146,441	146,303	138
Other	16,289	16,939	16,929	10
Total Service Administration	<u>532,968</u>	<u>554,280</u>	<u>554,097</u>	<u>183</u>
Income Tax Collection:				
Other	650,000	800,000	796,718	3,282
Total General Government	<u>\$5,423,779</u>	<u>\$5,763,066</u>	<u>\$5,727,307</u>	<u>\$35,759</u>

(continued)

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Security of Persons and Property:				
Police:				
Salaries and Wages	\$3,439,361	\$3,576,900	\$3,576,865	\$35
Benefits	793,595	825,331	824,606	725
Other	296,634	308,495	308,284	211
Total Police	<u>4,529,590</u>	<u>4,710,726</u>	<u>4,709,755</u>	<u>971</u>
Fire:				
Salaries and Wages	1,765,018	1,835,600	1,835,315	285
Benefits	780,469	811,680	811,009	671
Other	201,848	209,920	209,712	208
Total Fire	<u>2,747,335</u>	<u>2,857,200</u>	<u>2,856,036</u>	<u>1,164</u>
Total Security of Persons and Property	<u>7,276,925</u>	<u>7,567,926</u>	<u>7,565,791</u>	<u>2,135</u>
Public Health and Welfare:				
Cemetary:				
Salaries and Wages	54,135	56,300	56,300	0
Benefits	21,731	22,600	22,469	131
Other	29,499	30,679	30,634	45
Total Public Health and Welfare	<u>105,365</u>	<u>109,579</u>	<u>109,403</u>	<u>176</u>
Leisure Time Activities:				
Parks and Playgrounds:				
Salaries and Wages	142,886	148,600	148,501	99
Benefits	33,943	35,300	35,176	124
Other	123,705	128,652	128,362	290
Total Parks and Playgrounds	<u>300,534</u>	<u>312,552</u>	<u>312,039</u>	<u>513</u>
Pools:				
Salaries and Wages	275,772	286,800	286,685	115
Benefits	42,308	44,000	43,746	254
Other	40,455	42,073	41,707	366
Total Pools	<u>358,535</u>	<u>372,873</u>	<u>372,138</u>	<u>735</u>
Little Theatre:				
Other	<u>\$6,731</u>	<u>\$7,000</u>	<u>\$6,985</u>	<u>\$15</u>

(continued)

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Arts Council:				
Other	\$6,731	\$7,000	\$7,000	\$0
Golden Agers:				
Other	13,462	14,000	14,000	0
July 4th Celebration:				
Other	24,039	25,000	25,000	0
Concession Stand:				
Salaries and Wages	32,789	34,100	34,029	71
Other	36,923	38,400	38,380	20
Total Concession Stand	69,712	72,500	72,409	91
Field House:				
Salaries and Wages	56,251	58,500	58,475	25
Benefits	22,212	23,100	23,078	22
Other	36,043	37,485	37,205	280
Total Field House	114,506	119,085	118,758	327
Administration:				
Salaries and Wages	511,255	531,700	531,565	135
Benefits	179,329	186,500	185,973	527
Other	2,115	2,200	2,107	93
Total Administration	692,699	720,400	719,645	755
Civic Center:				
Salaries and Wages	667,026	693,700	693,661	39
Benefits	233,757	243,105	242,994	111
Other	187,966	195,483	195,295	188
Total Civic Center	1,088,749	1,132,288	1,131,950	338
Civic Center Recreation:				
Other	4,806	4,998	4,998	0
Total Leisure Time Activities	\$2,680,504	\$2,787,696	\$2,784,922	\$2,774

(continued)

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Community Environment:				
Building and Lands:				
Salaries and Wages	\$297,407	\$309,300	\$309,188	\$112
Benefits	92,982	96,700	96,338	362
Other	525,783	546,809	546,451	358
Total Building and Lands	<u>916,172</u>	<u>952,809</u>	<u>951,977</u>	<u>832</u>
Technical Services:				
Salaries and Wages	458,755	477,100	477,055	45
Benefits	161,444	167,900	167,751	149
Other	350,433	364,447	364,349	98
Total Technical Services	<u>970,632</u>	<u>1,009,447</u>	<u>1,009,155</u>	<u>292</u>
Building Department:				
Salaries and Wages	305,484	317,700	317,653	47
Benefits	125,963	131,000	130,809	191
Other	76,024	79,065	79,061	4
Total Building Department	<u>507,471</u>	<u>527,765</u>	<u>527,523</u>	<u>242</u>
Planning Commission:				
Salaries and Wages	7,692	8,000	7,922	78
Benefits	6,154	6,400	6,368	32
Total Planning Commission	<u>13,846</u>	<u>14,400</u>	<u>14,290</u>	<u>110</u>
Architect Board:				
Salaries and Wages	16,827	17,500	17,423	77
Zoning Board of Appeals:				
Salaries and Wages	8,173	8,500	8,455	45
Civil Service:				
Salaries and Wages	10,577	11,000	10,963	37
Total Community Environment	<u>\$2,443,698</u>	<u>\$2,541,421</u>	<u>\$2,539,786</u>	<u>\$1,635</u>

(continued)

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Basic Utility Services				
Rubbish:				
Salaries and Wages	\$86,924	\$90,400	\$90,344	\$56
Benefits	11,346	11,800	11,635	165
Other	186,792	194,261	193,820	441
Total Rubbish	<u>285,062</u>	<u>296,461</u>	<u>295,799</u>	<u>662</u>
Sewer/Water Control:				
Salaries and Wages	212,310	220,800	220,578	222
Benefits	77,885	81,000	80,723	277
Other	19,199	19,967	19,919	48
Total Sewer/Water Control	<u>309,394</u>	<u>321,767</u>	<u>321,220</u>	<u>547</u>
Total Basic Utility Services	<u>594,456</u>	<u>618,228</u>	<u>617,019</u>	<u>1,209</u>
Transportation:				
Equipment and Motor Pool				
Salaries and Wages	339,715	353,300	352,866	434
Benefits	99,328	103,300	103,245	55
Other	479,291	498,458	498,220	238
Total Transportation	<u>918,334</u>	<u>955,058</u>	<u>954,331</u>	<u>727</u>
<i>Total Expenditures</i>	<u>19,443,061</u>	<u>20,342,974</u>	<u>20,298,559</u>	<u>44,415</u>
<i>Excess of Revenues Over Expenditures</i>	<u>5,750,754</u>	<u>6,595,741</u>	<u>7,104,100</u>	<u>508,359</u>
Other Financing Sources (Uses)				
Avances In	1,500,000	1,560,000	1,550,000	(10,000)
Advances Out	(1,658,045)	(3,477,132)	(3,465,000)	12,132
Transfers In	0	172,334	17,234	(155,100)
Transfers Out	(8,097,000)	(8,237,000)	(8,237,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(8,255,045)</u>	<u>(9,981,798)</u>	<u>(10,134,766)</u>	<u>(152,968)</u>
<i>Net Change in Fund Balance</i>	(2,504,291)	(3,386,057)	(3,030,666)	355,391
<i>Fund Balance Beginning of Year</i>	3,475,268	3,475,268	3,475,268	0
Prior Year Encumbrances Appropriated	<u>718,606</u>	<u>718,606</u>	<u>718,606</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$1,689,583</u>	<u>\$807,817</u>	<u>\$1,163,208</u>	<u>\$355,391</u>

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Quadrant Tax Increment Financing Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$0	\$10,952	\$11,321	\$369
Payments in Lieu of Taxes	500,000	712,048	712,048	0
<i>Total Revenues</i>	<u>500,000</u>	<u>723,000</u>	<u>723,369</u>	<u>369</u>
Expenditures				
Capital Outlay:				
Capital Outlay	182,191	484,691	484,691	0
Debt Service:				
Principal Retirement	390,000	390,000	390,000	0
Interest and Fiscal Charges	629,676	629,676	590,036	39,640
Total Debt Service	<u>1,019,676</u>	<u>1,019,676</u>	<u>980,036</u>	<u>39,640</u>
<i>Total Expenditures</i>	<u>1,201,867</u>	<u>1,504,367</u>	<u>1,464,727</u>	<u>39,640</u>
<i>Excess of Revenues</i> <i>Under Expenditures</i>	<u>(701,867)</u>	<u>(781,367)</u>	<u>(741,358)</u>	<u>40,009</u>
Other Financing Sources (Uses)				
Advances In	637,500	3,655,000	3,655,000	0
Transfers Out	0	(3,000,000)	(3,000,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>637,500</u>	<u>655,000</u>	<u>655,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(64,367)	(126,367)	(86,358)	40,009
<i>Fund Balance Beginning of Year</i>	256,106	256,106	256,106	0
Prior Year Encumbrances Appropriated	34,067	34,067	34,067	0
<i>Fund Balance End of Year</i>	<u>\$225,806</u>	<u>\$163,806</u>	<u>\$203,815</u>	<u>\$40,009</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, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Investment Income	\$44,675	\$40,000	\$60,851	\$20,851
Miscellaneous	5,325	10,000	22,203	12,203
<i>Total Revenues</i>	50,000	50,000	83,054	33,054
Expenditures				
Capital Outlay:				
Capital Outlay	1,924,322	2,129,681	2,105,367	24,314
Debt Service:				
Principal Retirement	7,415,000	7,415,000	7,415,000	0
Interest and Fiscal Charges	873,300	866,641	866,641	0
<i>Total Debt Service</i>	8,288,300	8,281,641	8,281,641	0
<i>Total Expenditures</i>	10,212,622	10,411,322	10,387,008	24,314
<i>Excess of Revenues Under Expenditures</i>	(10,162,622)	(10,361,322)	(10,303,954)	57,368
Other Financing Sources (Uses)				
General Obligation Notes Issued	6,800,000	6,500,000	6,500,000	0
Transfers In	2,400,000	2,900,000	2,900,000	0
<i>Total Other Financing Sources (Uses)</i>	9,200,000	9,400,000	9,400,000	0
<i>Net Change in Fund Balance</i>	(962,622)	(961,322)	(903,954)	57,368
<i>Fund Balance Beginning of Year</i>	173,074	173,074	173,074	0
Prior Year Encumbrances Appropriated	874,322	874,322	874,322	0
<i>Fund Balance End of Year</i>	\$84,774	\$86,074	\$143,442	\$57,368

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, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$525,000	\$550,000	\$0	(\$550,000)
Investment Income	420,000	450,000	347,408	(102,592)
Miscellaneous	0	117,000	158,379	41,379
<i>Total Revenues</i>	945,000	1,117,000	505,787	(611,213)
Expenditures				
Capital Outlay:				
Capital Outlay	8,498,745	9,353,845	8,487,838	866,007
Debt Service:				
Principal Retirement	206,800	206,774	206,767	7
Interest and Fiscal Charges	25,400	26,926	26,926	0
<i>Total Debt Service</i>	232,200	233,700	233,693	7
<i>Total Expenditures</i>	8,730,945	9,587,545	8,721,531	866,014
<i>Excess of Revenues Under Expenditures</i>	(7,785,945)	(8,470,545)	(8,215,744)	254,801
Other Financing Sources (Uses)				
Current Refunding	(400,000)	(400,000)	(400,000)	0
Refunding Notes Issued	3,000,000	400,000	400,000	0
Advances Out	(1,500,000)	(1,500,000)	(1,500,000)	0
Transfers In	3,900,000	6,375,000	6,375,000	0
<i>Total Other Financing Sources (Uses)</i>	5,000,000	4,875,000	4,875,000	0
<i>Net Change in Fund Balance</i>	(2,785,945)	(3,595,545)	(3,340,744)	254,801
<i>Fund Balance Beginning of Year</i>	1,519,712	1,519,712	1,519,712	0
Prior Year Encumbrances Appropriated	2,193,745	2,193,745	2,193,745	0
<i>Fund Balance End of Year</i>	\$927,512	\$117,912	\$372,713	\$254,801

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, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$30,000	\$30,000	\$37,151	\$7,151
Expenditures				
Current:				
Transportation:				
Streets, Sidewalks, and Maintenance:				
Other	5,000	0	0	0
<i>Excess of Revenues Over Expenditures</i>	25,000	30,000	37,151	7,151
Other Financing Uses				
Advances Out	0	(100,000)	(100,000)	0
<i>Net Change in Fund Balance</i>	25,000	(70,000)	(62,849)	7,151
<i>Fund Balance Beginning of Year</i>	87,155	87,155	87,155	0
<i>Fund Balance End of Year</i>	<u>\$112,155</u>	<u>\$17,155</u>	<u>\$24,306</u>	<u>\$7,151</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, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$25,000	\$25,000	\$22,357	(\$2,643)
Expenditures				
Current:				
Transportation:				
Streets, Sidewalks, and Maintenance:				
Other	5,000	0	0	0
<i>Excess of Revenues Over Expenditures</i>	20,000	25,000	22,357	(2,643)
Other Financing Uses				
Advances Out	0	(90,000)	(90,000)	0
<i>Net Change in Fund Balance</i>	20,000	(65,000)	(67,643)	(2,643)
<i>Fund Balance Beginning of Year</i>	77,074	77,074	77,074	0
<i>Fund Balance End of Year</i>	<u>\$97,074</u>	<u>\$12,074</u>	<u>\$9,431</u>	<u>(\$2,643)</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, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$425,000	\$425,000	\$458,197	\$33,197
Miscellaneous	0	0	24,856	24,856
<i>Total Revenues</i>	<u>425,000</u>	<u>425,000</u>	<u>483,053</u>	<u>58,053</u>
Expenditures				
Current:				
Transportation:				
Streets, Sidewalks, and Maintenance:				
Salaries and Wages	716,288	736,600	736,344	256
Benefits	242,328	249,200	249,191	9
Other	663,562	682,379	681,499	880
<i>Total Expenditures</i>	<u>1,622,178</u>	<u>1,668,179</u>	<u>1,667,034</u>	<u>1,145</u>
<i>Excess of Revenues Under Expenditures</i>	(1,197,178)	(1,243,179)	(1,183,981)	59,198
Other Financing Sources				
Transfers In	1,100,000	1,100,000	1,100,000	0
<i>Net Change in Fund Balance</i>	(97,178)	(143,179)	(83,981)	59,198
<i>Fund Balance Beginning of Year</i>	105,308	105,308	105,308	0
Prior Year Encumbrances Appropriated	110,679	110,679	110,679	0
<i>Fund Balance End of Year</i>	<u>\$118,809</u>	<u>\$72,808</u>	<u>\$132,006</u>	<u>\$59,198</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, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeitures	\$2,500	\$2,500	\$2,224	(\$276)
Expenditures				
Current:				
Security of Persons and Property:				
Police Department:				
Other	10,000	10,000	9,366	634
<i>Net Change in Fund Balance</i>	(7,500)	(7,500)	(7,142)	358
<i>Fund Balance Beginning of Year</i>	16,624	16,624	16,624	0
<i>Fund Balance End of Year</i>	<u>\$9,124</u>	<u>\$9,124</u>	<u>\$9,482</u>	<u>\$358</u>

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Drug Offense Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeitures	\$2,500	\$2,500	\$2,751	\$251
Expenditures				
Current:				
Security of Persons and Property:				
Police Department:				
Other	10,000	10,000	0	10,000
<i>Net Change in Fund Balance</i>	(7,500)	(7,500)	2,751	10,251
<i>Fund Balance Beginning of Year</i>	16,985	16,985	16,985	0
<i>Fund Balance End of Year</i>	<u>\$9,485</u>	<u>\$9,485</u>	<u>\$19,736</u>	<u>\$10,251</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, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeitures	\$15,000	\$15,000	\$25,984	\$10,984
Miscellaneous	0	0	3,201	3,201
<i>Total Revenues</i>	15,000	15,000	29,185	14,185
Expenditures				
Current:				
Security of Persons and Property:				
Police Department:				
Other	45,000	45,000	44,993	7
<i>Excess of Revenues Under Expenditures</i>	(30,000)	(30,000)	(15,808)	14,192
Other Financing Uses				
Transfers Out	0	(13,900)	(13,900)	0
<i>Net Change in Fund Balance</i>	(30,000)	(43,900)	(29,708)	14,192
<i>Fund Balance Beginning of Year</i>	51,681	51,681	51,681	0
<i>Fund Balance End of Year</i>	\$21,681	\$7,781	\$21,973	\$14,192

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, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeitures	\$25,000	\$25,000	\$23,340	(\$1,660)
Expenditures				
Current:				
Security of Persons and Property:				
Police Department:				
Other	75,000	90,500	89,888	612
<i>Excess of Revenues Under Expenditures</i>	(50,000)	(65,500)	(66,548)	(1,048)
Other Financing Sources				
Transfers In	0	13,900	13,900	0
<i>Net Change in Fund Balance</i>	(50,000)	(51,600)	(52,648)	(1,048)
<i>Fund Balance Beginning of Year</i>	99,614	99,614	99,614	0
<i>Fund Balance End of Year</i>	<u>\$49,614</u>	<u>\$48,014</u>	<u>\$46,966</u>	<u>(\$1,048)</u>

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
FEMA Grant Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Miscellaneous	\$100	\$10,000	\$0	(\$10,000)
Expenditures				
Current:				
Security of Persons and Property:				
Fire Department:				
Other	100	20,000	4,371	15,629
<i>Net Change in Fund Balance</i>	0	(10,000)	(4,371)	5,629
<i>Fund Balance Beginning of Year</i>	15,377	15,377	15,377	0
<i>Fund Balance End of Year</i>	<u>\$15,377</u>	<u>\$5,377</u>	<u>\$11,006</u>	<u>\$5,629</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, 2007

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

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Twenty-Five and Alive Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Miscellaneous	\$2,500	\$2,500	\$2,287	(\$213)
Expenditures				
Current:				
General Government:				
Other General Government:				
Other	3,546	3,546	2,359	1,187
<i>Excess of Revenues Under Expenditures</i>	(1,046)	(1,046)	(72)	974
Other Financing Sources				
Transfers In	2,000	2,000	2,000	0
<i>Net Change in Fund Balance</i>	954	954	1,928	974
<i>Fund Balance Beginning of Year</i>	3,733	3,733	3,733	0
Prior Year Encumbrances Appropriated	546	546	546	0
<i>Fund Balance End of Year</i>	\$5,233	\$5,233	\$6,207	\$974

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, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Miscellaneous	\$3,000	\$3,000	\$3,375	\$375
Expenditures				
Current:				
General Government:				
Other General Government:				
Other	3,333	3,333	2,125	1,208
<i>Net Change in Fund Balance</i>	(333)	(333)	1,250	1,583
<i>Fund Balance Beginning of Year</i>	11,294	11,294	11,294	0
Prior Year Encumbrances Appropriated	833	833	833	0
<i>Fund Balance End of Year</i>	<u>\$11,794</u>	<u>\$11,794</u>	<u>\$13,377</u>	<u>\$1,583</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, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fees, Licenses and Permits	\$325,000	\$335,000	\$365,954	\$30,954
Miscellaneous	0	0	2,769	2,769
<i>Total Revenues</i>	325,000	335,000	368,723	33,723
Expenditures				
Current:				
Leisure Time Activities				
Recreation:				
Other	456,710	466,710	465,534	1,176
<i>Excess of Revenues Under Expenditures</i>	(131,710)	(131,710)	(96,811)	34,899
Other Financing Sources				
Transfers In	120,000	120,000	120,000	0
<i>Net Change in Fund Balance</i>	(11,710)	(11,710)	23,189	34,899
<i>Fund Balance Beginning of Year</i>	10,740	10,740	10,740	0
Prior Year Encumbrances Appropriated	11,710	11,710	11,710	0
<i>Fund Balance End of Year</i>	<u>\$10,740</u>	<u>\$10,740</u>	<u>\$45,639</u>	<u>\$34,899</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, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$142,088	\$150,849	\$176,182	\$25,333
Intergovernmental	9,151	9,151	9,151	0
<i>Total Revenues</i>	151,239	160,000	185,333	25,333
Expenditures				
Current:				
Security of Persons and Property:				
Police Department:				
Other	495,000	525,000	521,256	3,744
<i>Excess of Revenues Under Expenditures</i>	(343,761)	(365,000)	(335,923)	29,077
Other Financing Sources				
Transfers In	325,000	381,239	390,000	8,761
<i>Net Change in Fund Balance</i>	(18,761)	16,239	54,077	37,838
<i>Fund Balance Beginning of Year</i>	122,952	122,952	122,952	0
<i>Fund Balance End of Year</i>	<u>\$104,191</u>	<u>\$139,191</u>	<u>\$177,029</u>	<u>\$37,838</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, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$284,179	\$284,179	\$272,292	(\$11,887)
Intergovernmental	18,302	18,302	21,712	3,410
<i>Total Revenues</i>	<u>302,481</u>	<u>302,481</u>	<u>294,004</u>	<u>(8,477)</u>
Expenditures				
Debt Service:				
Principal Retirement	295,000	295,000	295,000	0
Interest and Fiscal Charges	43,100	43,100	38,085	5,015
<i>Total Expenditures</i>	<u>338,100</u>	<u>338,100</u>	<u>333,085</u>	<u>5,015</u>
<i>Net Change in Fund Balance</i>	(35,619)	(35,619)	(39,081)	(3,462)
<i>Fund Balance Beginning of Year</i>	<u>364,832</u>	<u>364,832</u>	<u>364,832</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$329,213</u></u>	<u><u>\$329,213</u></u>	<u><u>\$325,751</u></u>	<u><u>(\$3,462)</u></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, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Investment Income	\$20,000	\$20,000	\$11,314	(\$8,686)
Expenditures				
Capital Outlay:				
Capital Outlay	295,672	345,657	336,069	9,588
Debt Service:				
Principal Retirement	100,000	100,000	100,000	0
Interest and Fiscal Charges	68,900	67,315	67,315	0
Total Debt Service	168,900	167,315	167,315	0
<i>Total Expenditures</i>	464,572	512,972	503,384	9,588
<i>Excess of Revenues Under Expenditures</i>	(444,572)	(492,972)	(492,070)	902
Other Financing Sources (Uses)				
Current Refunding	(1,400,000)	(1,400,000)	(1,400,000)	0
Refunding Notes Issued	1,500,000	1,400,000	1,400,000	0
Transfers In	250,000	350,000	350,000	0
<i>Total Other Financing Sources (Uses)</i>	350,000	350,000	350,000	0
<i>Net Change in Fund Balance</i>	(94,572)	(142,972)	(142,070)	902
<i>Fund Balance Beginning of Year</i>	65,060	65,060	65,060	0
Prior Year Encumbrances Appropriated	95,672	95,672	95,672	0
<i>Fund Balance End of Year</i>	\$66,160	\$17,760	\$18,662	\$902

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, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Special Assessments	\$15,000	\$15,000	\$2,041	(\$12,959)
Expenditures				
Capital Outlay:				
Capital Outlay	10,185	10,185	5,185	5,000
<i>Excess of Revenues Over (Under) Expenditures</i>	4,815	4,815	(3,144)	(7,959)
Other Financing Uses				
Advances Out	0	(35,000)	(30,000)	5,000
<i>Net Change in Fund Balance</i>	4,815	(30,185)	(33,144)	(2,959)
<i>Fund Balance Beginning of Year</i>	28,109	28,109	28,109	0
Prior Year Encumbrances Appropriated	5,185	5,185	5,185	0
<i>Fund Balance End of Year</i>	\$38,109	\$3,109	\$150	(\$2,959)

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, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Special Assessments	\$57,400	\$76,900	\$86,248	\$9,348
Expenditures				
Capital Outlay:				
Capital Outlay	1,500	500	703	(203)
Debt Service:				
Principal Retirement	30,000	30,000	30,000	0
Interest and Fiscal Charges	26,500	26,000	26,345	(345)
Total Debt Service	56,500	56,000	56,345	(345)
<i>Total Expenditures</i>	58,000	56,500	57,048	(548)
<i>Excess of Revenues Over (Under) Expenditures</i>	(600)	20,400	29,200	8,800
Other Financing Uses				
Advances Out	0	(20,000)	(20,000)	0
Transfers Out	0	(17,234)	(17,234)	0
<i>Total Other Financing Uses</i>	0	(37,234)	(37,234)	0
<i>Net Change in Fund Balance</i>	(600)	(16,834)	(8,034)	8,800
<i>Fund Balance Beginning of Year</i>	33,896	33,896	33,896	0
<i>Fund Balance End of Year</i>	\$33,296	\$17,062	\$25,862	\$8,800

City of Independence, Ohio
Schedule of Revenues, Expenses and Changes
in Fund Equity - Budget (Non-GAAP Basis) and Actual
Insurance Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Investment Income	\$100,000	\$100,000	\$138,183	\$38,183
Miscellaneous	0	0	90,638	90,638
<i>Total Revenues</i>	100,000	100,000	228,821	128,821
Expenses				
Contractual Services	9,456	9,456	9,456	0
Claims	109,984	109,984	98,818	11,166
<i>Total Expenses</i>	119,440	119,440	108,274	11,166
<i>Net Change in Fund Equity</i>	(19,440)	(19,440)	120,547	139,987
<i>Fund Equity Beginning of Year</i>	3,033,236	3,033,236	3,033,236	0
Prior Year Encumbrances Appropriated	19,440	19,440	19,440	0
<i>Fund Equity End of Year</i>	\$3,033,236	\$3,033,236	\$3,173,223	\$139,987

Statistical Section

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

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

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

City of Independence, Ohio
Net Assets By Component
Last Five Years
(Accrual Basis of Accounting)

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Governmental Activities			
Invested in Capital Assets, Net of Related Debt	\$55,982,088	\$51,169,988	\$44,444,252
Restricted:			
Capital Projects	4,749,445	4,666,275	8,822,024
Debt Service (1)	8,892,204	12,217,212	0
State Highway	252,401	102,812	68,799
Federal Forfeiture	0	0	0
Street Construction, Repair and Maintenance	349,348	319,972	335,249
Other Purposes	235,472	313,121	31,478
Unrestricted	<u>14,526,249</u>	<u>14,402,936</u>	<u>11,636,474</u>
<i>Total Governmental Activities Net Assets</i>	<u><u>\$84,987,207</u></u>	<u><u>\$83,192,316</u></u>	<u><u>\$65,338,276</u></u>

(1) 2006 was the first year the City calculated a payments in lieu of taxes receivable.

<u>2004</u>	<u>2003</u>
\$53,026,762	\$56,892,794
4,847,751	9,747,148
0	0
183,949	147,633
0	100,677
263,556	204,126
306,066	76,757
10,751,428	25,766
<u>\$69,379,512</u>	<u>\$67,194,901</u>

City of Independence, Ohio

Changes in Net Assets

Last Five Years

(Accrual Basis of Accounting)

	2007	2006
Program Revenues		
Governmental Activities:		
Charges for Services:		
General Government	\$163,975	\$186,680
Security of Persons and Property	285,474	380,208
Public Health and Welfare	1,605	5,601
Leisure Time Activities	449,308	388,899
Community Environment	73,080	74,654
Basic Utility Services	19,201	19,305
Transportation	28,045	28,936
Operating Grants and Contributions:	594,026	474,954
Capital Grants and Contributions:	6,871,738	425,251
<i>Total Government Activities Program Revenues</i>	<u>8,486,452</u>	<u>1,984,488</u>
Expenses		
Governmental Activities:		
General Government	12,028,156	8,191,861
Security of Persons and Property	8,396,575	7,642,209
Public Health and Welfare	51,713	150,106
Leisure Time Activities	3,178,450	2,780,531
Community Environment	2,375,832	2,020,142
Basic Utility Services	699,018	938,050
Transportation	6,222,871	3,459,425
Intergovernmental	6,777,393	0
Interest and Fiscal Charges	1,578,292	1,618,688
<i>Total Governmental Activities Expenses</i>	<u>41,308,300</u>	<u>26,801,012</u>
Net (Expense)/Revenue		
Governmental Activities	<u>(32,821,848)</u>	<u>(24,816,524)</u>
General Revenues and Other Changes in Net Assets		
Governmental Activities		
Property and Other Local Taxes Levied For (1):		
General Purposes	1,151,317	2,024,599
Debt Service	326,369	313,916
Police Pension	203,220	160,227
Municipal Income Taxes levied for General Purposes	23,387,075	21,378,552
Hotel/Motel Tax Levied for General Purposes	1,088,235	0
Amusement Tax Levied for General Purposes	19,796	0
Grants and Entitlements not Restricted to Specific Programs	796,657	859,930
Payments in Lieu of Taxes	5,909,236	16,378,474
Investment Earnings	770,803	604,679
Miscellaneous	964,031	950,187
<i>Total Governmental Activities</i>	<u>34,616,739</u>	<u>42,670,564</u>
Change in Governmental Activities Net Assets	<u>\$1,794,891</u>	<u>\$17,854,040</u>

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

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

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

	2007	2006	2005	2004
General Fund				
Reserved	\$5,685,909	\$2,319,792	\$2,155,243	\$422,535
Unreserved	5,234,359	8,859,983	7,156,832	7,382,659
Total General Fund	<u>10,920,268</u>	<u>11,179,775</u>	<u>9,312,075</u>	<u>7,805,194</u>
All Other Governmental Funds				
Reserved	6,058,850	3,077,867	3,851,968	9,977,491
Unreserved, Undesignated, Reported in:				
Special Revenue funds	364,175	457,896	251,256	311,525
Debt Service funds	(6,531,435)	364,832	278,323	285,846
Capital Projects funds	(2,108,901)	(2,719,260)	3,913,934	1,688,663
Total All Other Governmental Funds	<u>(2,217,311)</u>	<u>1,181,335</u>	<u>8,295,481</u>	<u>12,263,525</u>
Total Governmental Funds	<u><u>\$8,702,957</u></u>	<u><u>\$12,361,110</u></u>	<u><u>\$17,607,556</u></u>	<u><u>\$20,068,719</u></u>

2003	2002	2001	2000	1999	1998
\$355,631	\$290,755	\$351,645	\$823,080	\$690,545	\$394,655
6,924,808	6,164,224	6,867,235	8,795,411	7,978,963	5,706,386
7,280,439	6,454,979	7,218,880	9,618,491	8,669,508	6,101,041
12,013,645	1,636,665	1,359,853	1,277,783	6,498,817	6,565,509
591,485	534,274	832,949	633,321	382,125	169,698
996,507	458,503	423,804	307,386	236,326	160,149
12,233,503	(89,375)	(199,577)	4,397,157	(5,728,676)	1,952,051
25,835,140	2,540,067	2,417,029	6,615,647	1,388,592	8,847,407
\$33,115,579	\$8,995,046	\$9,635,909	\$16,234,138	\$10,058,100	\$14,948,448

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

	2007	2006	2005	2004	2003
Revenues					
Taxes (1)	\$25,700,104	\$23,702,165	\$22,112,467	\$21,450,696	\$20,752,589
Intergovernmental	8,039,065	1,819,536	1,656,582	4,096,896	5,693,128
Investment Income	590,439	466,309	913,835	472,951	361,782
Fees, Licenses and Permits	709,936	681,069	662,272	735,203	718,605
Fines and Forfeitures	298,541	394,785	363,501	515,736	496,741
Charges for Services	12,211	18,021	38,864	36,689	41,648
Special Assessments	88,289	54,674	38,970	25,000	362,736
Payment in Lieu of Taxes	1,765,991	226,583	0	0	0
Rentals	0	1,808	0	0	0
Miscellaneous	873,393	950,187	1,119,263	613,729	362,688
<i>Total Revenues</i>	<u>38,077,969</u>	<u>28,315,137</u>	<u>26,905,754</u>	<u>27,946,900</u>	<u>28,789,917</u>
Expenditures					
Current:					
General Government	6,588,939	5,233,963	4,048,540	4,833,510	5,062,317
Security of Persons and Property	8,024,379	7,684,493	7,773,464	7,676,970	7,228,353
Public Health and Welfare	49,480	156,935	99,105	86,338	94,848
Leisure Time Activities	3,065,576	2,843,285	3,165,517	2,946,376	2,758,908
Community Environment	2,315,832	2,098,700	2,394,982	2,391,832	2,378,175
Basic Utility Services	592,856	540,928	519,660	475,860	473,105
Transportation					
Intergovernmental	6,777,393	0	0	0	0
Other	2,450,069	2,118,211	2,514,550	2,129,507	2,047,996
Capital Outlay	8,292,293	9,286,939	11,188,741	17,660,524	8,702,345
Debt Service:					
Principal Retirement	1,359,148	1,247,070	1,172,783	11,529,050	10,550,091
Principal Retirement - Current Refunding	600,000	600,000	500,000	0	0
Interest and Fiscal Charges	1,620,157	1,751,059	1,301,228	1,224,777	795,370
Bond Issuance Costs	0	0	157,525	0	331,409
<i>Total Expenditures</i>	<u>41,736,122</u>	<u>33,561,583</u>	<u>34,836,095</u>	<u>50,954,744</u>	<u>40,422,917</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(3,658,153)</u>	<u>(5,246,446)</u>	<u>(7,930,341)</u>	<u>(23,007,844)</u>	<u>(11,633,000)</u>
Other Financing Sources (Uses)					
Bond Anticipation Notes Issued	0	0	8,400,000	9,900,000	10,400,000
Refunding Notes Issued	7,700,000	8,300,000	0	0	0
General Obligation Bonds Issued	0	0	5,800,000	0	26,320,000
Special Assessment Bonds Issued	0	0	0	0	700,000
Premium on Issuance of Debt	0	0	147,601	0	1,081,533
Payment to Refunded Bond Escrow Agent	0	0	0	0	(2,748,000)
Current Refunding	(7,700,000)	(8,300,000)	(8,900,000)	0	0
Sale of Capital Assets	0	0	0	0	0
Inception of Capital Lease	0	0	21,577	60,984	0
Transfers In	11,268,134	5,557,000	10,543,376	5,006,541	10,800,000
Transfers Out	(11,268,134)	(5,557,000)	(10,543,376)	(5,006,541)	(10,800,000)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>5,469,178</u>	<u>9,960,984</u>	<u>35,753,533</u>
<i>Net Change in Fund Balances</i>	<u>(\$3,658,153)</u>	<u>(\$5,246,446)</u>	<u>(\$2,461,163)</u>	<u>(\$13,046,860)</u>	<u>\$24,120,533</u>
Debt Service as a Percentage of Noncapital Expenditures	10.1%	14.3%	12.5%	36.0%	36.2%

(1) Includes All Taxes

2002	2001	2000	1999	1998
\$20,026,548	\$22,090,195	\$21,057,453	\$22,391,102	\$22,044,916
1,955,153	850,390	1,708,315	734,273	533,442
241,041	545,895	1,033,880	678,986	562,813
693,295	691,704	634,589	727,295	705,072
300,889	309,045	231,792	276,622	230,395
168,400	496,034	61,600	27,371	49,082
93,877	44,580	135,367	34,138	54,083
0	0	0	0	0
109,222	90,019	83,204	50,236	49,869
412,160	0	126,017	263,252	346,541
<u>24,000,585</u>	<u>25,117,862</u>	<u>25,072,217</u>	<u>25,183,275</u>	<u>24,576,213</u>
4,327,195	4,360,115	4,130,992	3,554,765	2,921,572
7,205,207	6,580,235	6,246,895	5,708,545	5,278,883
84,143	115,192	132,462	138,728	153,999
2,830,344	1,679,081	1,437,934	1,156,384	1,219,603
2,263,419	3,389,729	3,132,194	2,883,401	2,204,900
479,706	457,337	460,959	434,941	436,295
0	0	0	0	0
1,703,730	1,720,366	1,958,885	1,815,370	1,727,960
3,820,532	10,359,863	10,634,815	10,957,714	5,554,976
23,120,839	13,668,884	3,457,531	5,954,950	2,322,209
0	0	0	0	0
633,605	700,617	569,377	482,698	365,226
0	0	0	0	0
<u>46,468,720</u>	<u>43,031,419</u>	<u>32,162,044</u>	<u>33,087,496</u>	<u>22,185,623</u>
<u>(22,468,135)</u>	<u>(17,913,557)</u>	<u>(7,089,827)</u>	<u>(7,904,221)</u>	<u>2,390,590</u>
21,800,000	11,400,000	13,350,000	3,100,000	5,600,000
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
9,634	15,328	15,865	4,000	35,400
17,638	0	0	9,873	0
4,794,659	10,425,500	6,550,000	7,055,000	11,775,816
<u>(4,794,659)</u>	<u>(10,525,500)</u>	<u>(6,650,000)</u>	<u>(7,155,000)</u>	<u>(11,905,816)</u>
<u>21,827,272</u>	<u>11,315,328</u>	<u>13,265,865</u>	<u>3,013,873</u>	<u>5,505,400</u>
<u>(\$640,863)</u>	<u>(\$6,598,229)</u>	<u>\$6,176,038</u>	<u>(\$4,890,348)</u>	<u>\$7,895,990</u>
55.7%	44.0%	18.7%	29.1%	16.2%

City of Independence, Ohio
Assessed Valuation and Estimated Actual Values of Taxable Property
Last Six Years (1)

Collection Year	Real Property			Tangible Personal Property	
	Assessed Value		Estimated Actual Value	Public Utility	
	Residential/Agricultural	Commercial Industrial/PU		Assessed Value	Estimated Actual Value
2007	\$246,146,200	\$249,354,240	\$1,415,715,543	\$11,074,010	\$12,584,102
2006	243,061,090	242,628,230	1,387,683,771	19,920,220	22,636,614
2005	219,661,670	244,877,290	1,327,254,171	20,241,990	23,002,261
2004	217,259,750	255,391,400	1,350,431,857	25,368,400	28,827,727
2003	212,846,750	253,773,710	1,333,201,314	22,120,190	25,136,580
2002	264,140,960	192,864,210	1,305,729,057	16,012,173	18,195,651
2001	189,810,990	240,430,230	1,229,260,629	18,026,050	20,484,148
2000	186,531,910	227,004,330	1,181,532,114	24,252,740	27,559,932
1999	167,431,580	187,195,620	1,013,220,571	24,444,450	27,777,784
1998	164,473,680	180,703,370	986,220,143	30,688,820	34,873,659

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

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

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

Source: Cuyahoga County, Ohio; County Auditor

Tangible Personal Property					
General Business		Total		Ratio	Tax Rate
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
\$32,265,242	\$258,121,936	\$538,839,692	\$1,686,421,581	31.95%	\$2.80
31,350,145	167,200,773	536,959,685	1,577,521,158	34.04	2.80
2,001,217					
40,970,389	163,881,556	525,751,339	1,514,137,989	34.72	2.80
42,971,606	171,886,424	540,991,156	1,551,146,008	34.88	2.80
49,910,985	199,643,940	538,651,635	1,557,981,834	34.57	3.20
42,820,707	171,282,828	515,838,050	1,495,207,536	34.50	3.20
63,851,343	255,405,372	512,118,613	1,505,150,148	34.02	3.30
57,941,478	231,765,912	495,730,458	1,440,857,958	34.41	3.50
53,400,026	213,600,104	432,471,676	1,254,598,460	34.47	3.50
49,644,275	198,577,100	425,510,145	1,219,670,902	34.89	3.60

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

	2007	2006	2005	2004
Unvoted Millage				
Operating	\$1.9000	\$1.9000	\$1.9000	\$1.9000
Police Pension	0.3000	0.3000	0.3000	0.3000
<i>Total Unvoted Millage</i>	2.2000	2.2000	2.2000	2.2000
Charter Millage				
1990 Civic Center	0.6000	0.6000	0.6000	0.6000
Total Millage	\$2.8000	\$2.8000	\$2.8000	\$2.8000
Overlapping Rates by Taxing District				
Independence Local School District				
Residential/Agricultural Real	\$29.3470	\$28.5895	\$28.7260	\$23.1340
Commerical/Industrial and Public Utility Real	29.8339	29.9017	29.3792	23.3597
General Business and Public Utility Personal	31.5000	31.5000	31.5000	26.0000
Cuyahoga Valley Career Center				
Residential/Agricultural Real	2.0000	2.0000	2.0000	2.0000
Commerical/Industrial and Public Utility Real	2.0000	2.0000	2.0000	2.0000
General Business and Public Utility Personal	2.0000	2.0000	2.0000	2.0000
Cuyahoga County				
Residential/Agricultural Real	11.8688	11.7227	11.7227	10.9754
Commerical/Industrial and Public Utility Real	12.4535	12.5880	12.5762	11.9846
General Business and Public Utility Personal	13.4200	13.5200	13.5200	13.5200
Special Taxing Districts (1)				
Residential/Agricultural Real	5.9676	6.2900	6.2900	6.2880
Commerical/Industrial and Public Utility Real	6.2519	6.5596	6.5552	6.5067
General Business and Public Utility Personal	6.7800	6.7800	6.7800	6.7800

Source: Cuyahoga County Auditor

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

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

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

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

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

2003	2002	2001	2000	1999	1998
\$1.9000	\$1.9000	\$1.9000	\$1.9000	\$1.9000	\$1.9000
0.3000	0.3000	0.3000	0.3000	0.3000	0.3000
2.2000	2.2000	2.2000	2.2000	2.2000	2.2000
1.0000	1.0000	1.1000	1.3000	1.3000	1.4000
\$3.2000	\$3.2000	\$3.3000	\$3.5000	\$3.5000	\$3.6000

\$22.8398	\$22.8802	\$20.5804	\$20.5826	\$20.6366	\$20.6396
23.0598	23.1101	20.7785	20.7803	20.9040	20.9070
25.7000	25.7000	23.4000	23.4000	23.4000	23.4000

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

10.9899	12.4609	11.3815	11.3967	11.4114	11.4230
12.0433	12.8764	12.0023	11.9298	12.3736	12.4065
13.5200	14.6500	14.6500	14.6500	13.7500	13.7500

4.7783	2.5323	2.5354	2.5422	2.8242	2.5610
5.1811	2.5497	2.5320	2.5253	2.8923	2.7580
5.8800	2.9500	2.9500	2.9500	2.9500	2.9500

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

Year	Total Tax Levy	Current Tax Collections	Percent of Current Tax Collections To Tax Levy	Delinquent Tax Collections
2007	\$2,561,471	\$2,091,154	81.64%	\$86,313
2006	1,588,927	1,514,941	95.34	66,720
2005	1,760,464	1,601,235	90.96	36,810
2004	1,670,293	1,432,500	85.76	64,124
2003	1,779,784	1,563,809	87.87	65,300
2002	1,720,734	1,537,752	89.37	60,752
2001	1,772,482	1,619,184	91.35	54,766
2000	1,615,317	1,494,829	92.54	61,213
1999	1,681,365	1,497,156	89.04	118,701
1998	1,686,322	1,493,657	88.57	64,715

Source: Cuyahoga County, Ohio; County Auditor

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

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

Total Tax Collections (1)	Percent of Total Tax Collections To Tax Levy	Accumulated Outstanding Delinquent Taxes	Percentage of Delinquent Taxes to Total Tax Levy
2,177,467	85.01%	\$420,910	16.43%
1,581,661	99.54	237,114	14.92
1,638,045	93.05	223,009	12.67
1,496,624	89.60	173,430	10.38
1,629,109	91.53	159,400	8.96
1,598,504	92.90	113,714	6.61
1,673,950	94.44	94,783	5.35
1,556,042	96.33	74,404	4.61
1,615,857	96.10	45,633	2.71
1,558,372	92.41	105,746	6.27

City of Independence, Ohio
Principal Real Property Taxpayers
 2007 and 1998

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

1998		
Taxpayer	Real Property Assessed Valuation	Percentage of Total Assessed Valuation
Cleveland Electric Illuminating Company	\$14,874,260	4.31 %
Rockside-77 Properties LTD	10,246,260	2.97
Duke Realty LTD Partnership	7,347,620	2.13
Summit Office Park LTD	7,137,900	2.07
Jagi Cleveland	6,660,150	1.93
6200 Oak Tree Boulevard LLC	6,412,980	1.86
Ohio Bell Telephone	5,601,890	1.62
6055 Properties LTD	5,311,040	1.54
H-Cleveland, LLC	5,151,550	1.49
Alltel Ohio Limited	4,571,140	1.32
Total	\$73,314,790	21.24 %
Total Real Property Assessed Valuation	\$345,177,050	

Source: Cuyahoga County Auditor

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

<u>Tax Year</u>	<u>Tax Rate (1)</u>	<u>Total Tax Collected (2)</u>	<u>Taxes from Withholding</u>	<u>Percentage of Taxes from Withholding</u>	<u>Taxes From Net Profits</u>	<u>Percentage of Taxes from Net Profits</u>	<u>Taxes From Individuals</u>	<u>Percentage of Taxes from Individuals</u>
2007	2.00	\$23,387,075	\$20,393,529	87.20%	\$2,128,224	9.10%	\$865,322	3.70%
2006	2.00	21,378,552	18,218,802	85.22	2,261,851	10.58	897,899	4.20
2005	2.00	19,588,902	16,901,304	86.28	1,951,055	9.96	736,543	3.76
2004	2.00	19,452,865	16,674,996	85.72	2,089,238	10.74	688,631	3.54
2003	2.00	18,142,284	15,807,372	87.13	1,542,094	8.50	792,818	4.37
2002	2.00	17,641,640	15,490,153	87.80	896,500	5.08	762,717	4.32
2001	2.00	18,714,234	16,364,299	87.44	1,233,402	6.59	766,577	4.10
2000	2.00	18,731,813	15,953,953	85.17	1,467,460	7.83	718,693	3.84
1999	2.00	19,046,206	14,963,369	78.56	1,683,948	8.84	753,138	3.95
1998	2.00	18,905,210	14,478,763	76.59	2,119,600	11.21	699,553	3.70

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

(2) 2003 through 2007 are on an accrual basis
1998 through 2002 are on a modified accrual basis

City of Independence, Ohio
Income Tax Filers by Income Level
Tax Years 2007 and 1998

Tax Year 2007				
Income Range	Number of Filers	Percent of Filers	Taxable Income	Percent of Taxable Income
Over \$100,000	540	20.57 %	\$100,035,559	56.03 %
75,001-100,000	311	11.85	27,198,494	15.23
50,001-75,000	406	15.47	25,123,120	14.07
25,000-50,000	480	18.29	17,909,476	10.03
Under 25,000	888	33.82	8,266,973	4.64
Total	<u>2,625</u>	<u>100.00 %</u>	<u>\$178,533,623</u>	<u>100.00 %</u>

Tax Year 1998				
Income Range	Number of Filers	Percent of Filers	Taxable Income	Percent of Taxable Income
Over \$100,000	330	13.07 %	\$59,271,488	42.45 %
75,001-100,000	264	10.46	22,662,602	16.23
50,001-75,000	457	18.11	28,083,344	20.11
25,000-50,000	559	22.15	20,724,277	14.84
Under 25,000	914	36.21	8,873,790	6.37
Total	<u>2,524</u>	<u>100.00 %</u>	<u>\$139,615,501</u>	<u>100.00 %</u>

Source: Regional Income Tax Agency

Note: Number of filers does not equal total taxpayers due to taxpayers paying city taxes through employer withholding only without having a filing requirement.

City of Independence, Ohio
*Ratio of General Obligation Bonded Debt to Estimated Actual
 Values of Taxable Property and Bonded Debt Per Capita
 Last Ten Years*

Year	Gross Bonded Debt	Estimated Actual Values of Taxable Property	Ratio of Bonded Debt to Estimated Actual Value of Taxable Property	Bonded Debt per Capita
2007	\$28,216,359	\$1,686,421,581	1.67%	\$3,969
2006	29,567,177	1,577,521,158	1.87	4,159
2005	30,797,995	1,514,137,989	2.03	4,332
2004	26,011,213	1,551,146,008	1.68	3,659
2003	27,136,353	1,557,981,834	1.74	3,817
2002	2,700,000	1,505,171,933	0.18	380
2001	3,000,000	1,505,150,148	0.20	422
2000	3,300,000	1,440,857,958	0.23	464
1999	3,600,000	1,254,598,460	0.29	506
1998	3,900,000	1,219,670,902	0.32	549

Note: Estimated Actual Values of Taxable Property data is presented on pages S10 and S11.
 Population is presented on page S25.

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

Fiscal Year	General Obligation Bonds	Special Assessment Bonds	OPWC Loans	Notes Payable	Capital Leases
2007	\$28,216,359	\$617,778	\$43,986	\$7,700,000	\$0
2006	29,567,177	649,630	50,753	8,300,000	19,042
2005	30,797,995	681,482	57,520	8,900,000	46,144
2004	26,011,213	708,334	64,287	9,400,000	52,514
2003	27,136,353	735,186	71,054	10,400,000	5,871
2002	2,700,000	0	77,821	10,400,000	11,374
2001	3,000,000	0	84,588	11,400,000	5,124
2000	3,300,000	0	91,355	13,350,000	14,647
1999	3,600,000	35,000	98,122	3,100,000	27,924
1998	3,900,000	70,000	104,889	5,600,000	28,850

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

Police and Fire Pension Liability	Total	Percentage of Personal Income	Per Capita
\$70,772	\$36,648,895	N/A	\$5,155
74,111	38,660,713	20.56 %	5,438
77,312	40,560,453	21.57	5,706
80,381	36,316,729	19.32	5,109
83,323	38,431,787	20.44	5,406
86,144	13,275,339	7.06	1,867
88,849	14,578,561	7.75	2,051
91,443	16,847,445	8.96	2,370
93,930	6,954,976	3.70	978
96,314	9,800,053	5.21	1,379

City of Independence, Ohio

Legal Debt Margin

Last Ten Years

	2007	2006	2005	2004
Total Assessed Property Value	<u>\$538,839,692</u>	<u>\$536,959,685</u>	<u>\$525,751,339</u>	<u>\$540,991,156</u>
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	<u>56,578,168</u>	<u>56,380,767</u>	<u>55,203,891</u>	<u>56,804,071</u>
Debt Outstanding:				
General Obligation Bonds	\$27,315,000	\$28,615,000	\$29,795,000	\$25,105,000
Special Assessment Bonds	590,000	620,000	650,000	675,000
OPWC Loans	43,986	50,753	57,520	64,287
Notes	<u>8,300,000</u>	<u>8,900,000</u>	<u>9,400,000</u>	<u>9,900,000</u>
Total Gross Indebtedness	36,248,986	38,185,753	39,902,520	35,744,287
Less:				
General Obligation Bonds	(13,470,000)	(13,860,000)	(14,145,000)	(8,575,000)
Special Assessment Bonds	<u>(590,000)</u>	<u>(620,000)</u>	<u>(650,000)</u>	<u>(675,000)</u>
Total Net Debt Applicable to Debt Limit	<u>22,188,986</u>	<u>23,705,753</u>	<u>25,107,520</u>	<u>26,494,287</u>
Legal Debt Margin Within 10 ½ % Limitations	<u>\$34,389,182</u>	<u>\$32,675,014</u>	<u>\$30,096,371</u>	<u>\$30,309,784</u>
Legal Debt Margin as a Percentage of the Debt Limit	60.78%	57.95%	54.52%	53.36%
Unvoted Debt Limitation (5 ½ % of Assessed Valuation)	<u>\$29,636,183</u>	<u>\$29,532,783</u>	<u>\$28,916,324</u>	<u>\$29,754,514</u>
Gross Indebtedness	36,248,986	38,185,753	39,902,520	35,744,287
Less:				
General Obligation Bonds	(13,470,000)	(13,860,000)	(14,145,000)	(8,575,000)
Special Assessment Bonds	<u>(590,000)</u>	<u>(620,000)</u>	<u>(650,000)</u>	<u>(675,000)</u>
Net Debt Within 5 ½ % Limitations	<u>22,188,986</u>	<u>23,705,753</u>	<u>25,107,520</u>	<u>26,494,287</u>
Unvoted Legal Debt Margin Within 5 ½ % Limitations	<u>\$7,447,197</u>	<u>\$5,827,030</u>	<u>\$3,808,804</u>	<u>\$3,260,227</u>
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	25.13%	19.73%	13.17%	10.96%

Source: City Financial Records

2003	2002	2001	2000	1999	1998
<u>\$538,651,635</u>	<u>\$512,118,613</u>	<u>\$512,118,613</u>	<u>\$495,730,458</u>	<u>\$432,471,676</u>	<u>\$425,510,145</u>
56,558,422	53,772,454	53,772,454	52,051,698	45,409,526	44,678,565
\$26,185,000	\$2,700,000	\$3,000,000	\$3,300,000	\$3,600,000	\$3,900,000
700,000	0	0	0	35,000	70,000
71,054	77,821	84,588	91,355	98,122	104,889
<u>10,400,000</u>	<u>10,400,000</u>	<u>11,400,000</u>	<u>13,350,000</u>	<u>3,100,000</u>	<u>5,600,000</u>
37,356,054	13,177,821	14,484,588	16,741,355	6,833,122	9,674,889
(23,800,000)	0	0	0	(35,000)	(70,000)
<u>(700,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(35,000)</u>	<u>(70,000)</u>
<u>12,856,054</u>	<u>13,177,821</u>	<u>14,484,588</u>	<u>16,741,355</u>	<u>6,763,122</u>	<u>9,534,889</u>
<u>\$43,702,368</u>	<u>\$40,594,633</u>	<u>\$39,287,866</u>	<u>\$35,310,343</u>	<u>\$38,646,404</u>	<u>\$35,143,676</u>
77.27%	75.49%	73.06%	67.84%	85.11%	78.66%
<u>\$29,625,840</u>	<u>\$28,166,524</u>	<u>\$28,166,524</u>	<u>\$27,265,175</u>	<u>\$23,785,942</u>	<u>\$23,403,058</u>
37,356,054	13,177,821	14,484,588	16,741,355	6,833,122	9,674,889
(23,800,000)	0	0	0	(35,000)	(70,000)
<u>(700,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(35,000)</u>	<u>(70,000)</u>
<u>12,856,054</u>	<u>13,177,821</u>	<u>14,484,588</u>	<u>16,741,355</u>	<u>6,763,122</u>	<u>9,534,889</u>
<u>\$16,769,786</u>	<u>\$14,988,703</u>	<u>\$13,681,936</u>	<u>\$10,523,820</u>	<u>\$17,022,820</u>	<u>\$13,868,169</u>
56.61%	53.21%	48.58%	38.60%	71.57%	59.26%

City of Independence, Ohio
*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
December 31, 2007*

	Debt Attributable to Governmental Activities	Percentage Applicable to City (1)	Amount of Direct and Overlapping Debt
Direct Debt:			
City of Independence			
General Obligation Bonds	\$28,216,359	100.00%	\$28,216,359
Special Assessment Bonds	617,778	100.00	617,778
OPWC Loans	43,986	100.00	43,986
Notes Payable	8,300,000	100.00	8,300,000
<i>Total Direct Debt</i>	<u>37,178,123</u>		<u>37,178,123</u>
Overlapping Debt:			
Payable from Property Taxes			
Cuyahoga County Bonds	188,814,000	1.66	3,134,312
Regional Transit Authority Bonds	149,463,059	1.66	2,481,087
Independence Local School District Bonds	16,720,000	100.00	16,720,000
Payable from Other Sources:			
Cuyahoga County Capital Leases	4,268,000	1.66	70,849
Cuyahoga County Loans	7,293,000	1.66	121,064
Regional Transit Authority Loan	4,088,320	1.66	67,866
<i>Total Overlapping Debt</i>	<u>370,646,379</u>		<u>22,595,178</u>
<i>Total Direct and Overlapping Debt</i>	<u><u>\$370,646,379</u></u>		<u><u>\$22,595,178</u></u>

Source: Office of the Auditor, Cuyahoga County, Ohio

(1 Percentages were determined by dividing the assessed valuation of the overlapping government located within the boundaries of the City by the total assessed valuation of the government. The valuations used were for the 2007 collection year.

City of Independence, Ohio
Pledged Revenue Coverage
Independence Local School District - Governmental Activities
Current Year (1)

<u>Year</u>	<u>Payments in Lieu of Taxes</u>	<u>Expenses</u>	<u>Net Available Revenue</u>	<u>Debt Service</u>	
				<u>Principal</u>	<u>Coverage</u>
2007	\$1,765,991	\$0	\$1,765,991	\$1,053,943	\$1.68

(1) Information prior to 2007 is not available.

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

Year	Population (2)	Total Personal Income (3)	Personal Income Per Capita (3)	Median Family Income (2)	Unemployment Rate (4)		City Square Miles (5)
					Cuyahoga County	State of Ohio	
2007	7,109	N/A	N/A	\$65,059	6.3%	5.8%	9.73
2006	7,109	\$285,000,000	\$40,090	65,059	6.1	5.6	9.73
2005	7,109	282,239,200	39,702	65,059	5.9	5.9	9.73
2004	7,109	280,698,500	39,485	65,059	6.6	5.9	9.73
2003	7,109	280,812,100	39,501	65,059	6.2	6.1	9.73
2002	7,109	277,184,000	38,991	65,059	6.6	5.7	9.73
2001	7,109	276,601,800	38,909	65,059	4.6	4.2	9.73
2000	7,109	270,959,600	38,115	65,059	4.5	4.1	9.73

(1) Information prior to 2000 is not available

(2) U.S. Census Bureau 2000

(3) City estimates

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

(5) City Records

City of Independence, Ohio

Principal Employers

Current Year (1)

2007

Employer	Nature of Activity	Employees	Percentage of Total City Employment
Cleveland Clinic Foundation	Health Care	1,667	8.32%
City of Independence	Municipality	488	2.44
L D Kichler Co	Lighting Products	472	2.36
Bristol West Insurance Service	Insurance	307	1.53
Avtron Manufacturing Incorporated	Manufacturing	302	1.51
Farmers Underwriters Association	Insurance	268	1.34
ADP Incorporated	Payroll Processing	258	1.29
Novastar	Mortgage Company	146	0.73
Ferro Corporation & Subsidiary	Manufacturing	133	0.66
Oracle USA	Sales and Servicing	125	0.62
Total		<u>4,166</u>	<u>20.80%</u>
Total Employment within the City		<u>20,028</u>	

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

(1) Information prior to 2007 is not available

City of Independence, Ohio

Full-Time Equivalent City Government Employees by Function/Program

Last Seven Years (1)

Function/Program	2007	2006	2005	2004
General Government				
Council	5.50	5.50	5.50	5.50
Mayor	2.50	2.50	2.50	3.00
Finance	3.50	3.50	3.50	4.50
Income Tax	0.00	0.00	0.00	0.00
Purchasing	1.50	1.50	1.50	1.50
Mayor's Court	3.50	3.50	3.50	3.00
Technology	1.00	1.00	1.00	1.00
Engineering	0.50	0.50	0.50	0.50
Administrative Support	3.50	3.50	3.50	3.50
Security of Persons and Property				
Police	56.50	54.00	53.00	57.00
Fire	28.00	28.00	27.50	27.50
Leisure Time Activities				
Community Center	43.00	40.50	35.00	34.50
Senior/Community Services	22.50	21.00	20.50	17.50
Community Environment				
Building Inspection	6.00	6.00	6.00	5.50
Transportation				
Service	50.00	50.00	51.00	49.00
Totals:	<u>227.50</u>	<u>221.00</u>	<u>214.50</u>	<u>213.50</u>

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

(1) Information prior to 2001 is not available

<u>2003</u>	<u>2002</u>	<u>2001</u>
5.00	5.00	4.50
3.00	3.00	3.50
5.00	3.00	4.50
0.00	0.00	0.00
1.50	1.50	1.50
3.00	4.50	4.50
1.00	1.00	1.00
0.50	0.50	0.50
3.50	3.50	3.50
53.50	54.50	54.50
29.00	26.50	28.00
35.00	32.00	35.00
17.50	19.50	19.00
5.50	7.00	7.00
<u>52.50</u>	<u>48.50</u>	<u>53.00</u>
<u>215.50</u>	<u>210.00</u>	<u>220.00</u>

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

Function/Program	2007	2006	2005
General Government			
Square Footage of Building (2)	35,200	35,200	35,200
Building Department Vehicles	3	3	3
Other Department Vehicles	0	0	1
Police			
Stations	1	1	1
Square Footage of Building (2)	35,200	35,200	35,200
Vehicles	44	44	40
Fire			
Stations	1	1	1
Square Footage of Building	19,350	19,350	19,350
Vehicles	12	12	13
Service Department			
Streets (miles)	52	52	52
Vehicles	59	59	66
Recreation			
Recreation Centers	2	2	2
New Recreation Center Square Footage (3)	82,000	82,000	82,000
Old Recreation Facility Square Footage	7,570	7,570	7,570
Number of Parks	1	1	1
Number of Baseball Diamonds	6	6	6
Number of Playgrounds	2	2	2
Number of Tennis Courts	5	5	5
Number of Full Sized Soccer Fields	3	3	3
Vehicles	3	3	1
Community Services			
Community Services Center Square Footage (3)	82,000	82,000	82,000
Vehicles	6	6	7

(1) Information is not available prior to 2000.

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

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

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

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

Function/Program	2007	2006	2005
General Government			
Law Expenditures (in thousands)	\$282	\$274	\$264
Engineering Expenditures (in thousands)	\$287	\$294	\$227
Finance Expenditures (in thousands)	\$405	\$397	\$386
Mayor's Office Expenditures (in thousands)	\$454	\$431	\$414
Council Expenditures (in thousands)	\$306	\$287	\$285
Security of Persons and Property			
Police Expenditures (in thousands)	\$4,618	\$4,411	\$4,583
Total Arrests	3,453	4,377	4,895
Part One Offenses	248	275	287
OVI Arrests	103	94	112
Prisoners	813	780	897
Motor Vehicle Accidents	558	544	634
Calls for Service	26,491	29,001	32,889
Incidents per Citizen	3.7264	4.0795	4.6264
Cost per Citizen	\$649.60	\$620.48	\$644.68
Fire Expenditures (in thousands)	\$2,800	\$2,702	\$2,592
Emergency Responses	1,530	1,482	1,433
Fire Safety Inspections	590	604	576
Fire Protection Systems Inspected	258	251	242
Building Fire Protection Plans Reviewed	10	18	16
Percentage of Business Inspected	100%	100%	100%
Number of Community Programs	13	12	11
Emergency Responses per Citizen	0.2152	0.2085	0.2016
Cost per Citizen	\$393.87	\$380.08	\$364.61
Fire Safety Education - Business	48	44	48
Street Lights Expenditures (in thousands)	\$183	\$203	\$193

2004	2003	2002
\$184	\$193	\$302
\$364	\$295	\$397
\$394	\$406	\$431
\$412	\$429	\$441
\$281	\$267	\$261
\$4,381	\$4,378	\$3,930
4,605	4,374	3,680
335	310	252
146	116	143
851	692	623
646	555	607
36,811	38,024	31,678
5.1781	5.3487	4.4560
\$616.26	\$615.84	\$552.82
\$2,458	\$2,386	\$2,385
1,258	1,104	1,099
619	612	584
268	232	254
14	21	12
100%	92%	90%
10	10	8
0.1770	0.1553	0.1546
\$345.76	\$335.63	\$335.49
59	42	39
\$178	\$168	\$214

(continued)

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

Function/Program	2007	2006	2005
Leisure Time Activities			
Recreational Expenditures (in thousands)	\$1,585	\$1,553	\$1,580
Civic Center Expenditures (in thousands)	1,098	944	1,099
Totals	\$2,683	\$2,497	\$2,679
Cost per Citizen	\$0.38	\$0.35	\$0.38
Civic Center Square Feet	82,000	82,000	82,000
Square Feet per Citizen	11.53	11.53	11.53
Total Recreational Revenue (in thousands)	\$93	\$95	\$101
Civic Center Members	2,563	2,586	2,881
Total Participations	93,227	94,673	100,238
Participations of Members Over Age 60	18,869	19,790	19,626
Community Environment			
Building Department Expenditures (in thousands)	\$510	\$489	\$455
Cost per Citizen	\$0.07	\$0.07	\$0.06
Building Permits - Residential	91	97	92
Dollar Value of Permits (in thousands)	\$33,000	\$45,000	\$48,000
Building Permits - Commercial	62	72	62
Dollar Value of Permits (in thousands)	\$71,000	\$171,000	\$86,000
Transportation			
Service Department Expenditures (in thousands)	\$2,970	\$2,732	\$3,015
Street Construction Maintenance and Repair Expenditures (in thousands)	\$1,490	\$1,374	\$1,517
Snow and Ice Removal Expenditures (in thousands)	\$289	\$148	\$357
Leaves, grass, chipped material (in cubic yards)	14,428	12,744	13,520

(1) Information prior to 2002 is not available

2004	2003	2002
\$1,398	\$1,358	\$1,383
1,070	1,024	1,047
\$2,468	\$2,382	\$2,430
\$0.35	\$0.34	\$0.34
82,000	82,000	82,000
11.53	11.53	11.53
\$106	\$117	\$123
2,616	2,683	2,777
93,675	91,379	101,090
19,856	19,452	18,790
\$455	\$424	\$453
\$0.06	\$0.06	\$0.06
84	106	97
\$45,000	\$54,000	\$33,000
81	49	54
\$127,000	\$67,000	\$111,000
\$2,834	\$2,907	\$3,128
\$1,180	\$1,244	\$871
\$267	\$333	\$133
10,216	7,932	3,240

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Mary Taylor, CPA
Auditor of State

CITY OF INDEPENDENCE

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 24, 2009**