

Mary Taylor, CPA
Auditor of State

CITY OF INDEPENDENCE
CUYAHOGA COUNTY

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Mary Taylor, CPA

Auditor of State

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

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

To the City Council:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Independence, Cuyahoga County, Ohio (the City) as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated October 28, 2010 where in we noted the City restated the January 1, 2009 fund balances of the General fund and Other Governmental funds to properly account for the mayor's court computer activity. 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 the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the City's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the City's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and timely corrected.

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

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 matters not requiring inclusion in this report that we reported to the City's management in a separate letter dated October 28, 2010.

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



Mary Taylor, CPA
Auditor of State

October 28, 2010

CITY OF INDEPENDENCE, OHIO

COMPREHENSIVE

ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2009

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, 2009
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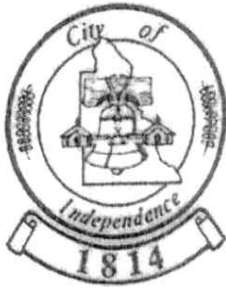
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City of Independence, Ohio

"THE HEART OF CUYAHOGA COUNTY"
6800 BRECKSVILLE ROAD INDEPENDENCE, OHIO 44131

(216) 524-4131

October 28, 2010

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

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

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

State statutes require the City to be subjected to an annual examination by the Auditor of State. The Auditor of State's office rendered an opinion on the City's financial statements as of and for the year ended December 31, 2009, 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 accountant'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 730 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 rate paid in 2009 is \$2.8 per one hundred dollars of assessed valuation. The 2009 rate for Cleveland, for example, is \$10.24.

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 25 full-time firefighters, all of whom are trained paramedics, and 6 part-time firefighters, 3 of whom are trained paramedics. There are 33 full-time and 3 part-time police officers on the staff of the Police Department, as well as dispatchers and support service personnel.

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

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

The Director of Finance is elected for a four-year term to begin on the first day of January following the election. He shall be bonded for the faithful performance of his duties before taking office. The amount of such bond shall be set by Council. The Director of Finance shall hold a bachelors degree from an accredited college or university and have had at least five (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, Director of Finance and Council shall be fixed not less than one hundred twenty (120) days prior to the term next beginning.

The Law Director and the Service Director are appointed by the Mayor with the consent of a majority of the members elected to the Council. The Mayor appoints the three members of the City's Civil Service Commission with the approval of a majority of the members elected to Council. The Council 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 developing Cleveland suburb and continues to expand due primarily to the junction of major interstates (I-77 and I-480). Employees can conveniently get to work either by car or bus. Bus service is provided by the Regional Transit Authority.

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

There are also many fine restaurants (over 35 of them to choose from), motels and hotels (12 of them with 1,884 available rooms) located within the City – Comfort Inn, Courtyard by Marriott, Days Inn, Doubletree, Embassy Suites, Hampton Inn and Suites, Holiday Inn, Hyatt Place, LaQuinta, Red Roof Inns, Residence Inn by Marriott, and the Crowne Plaza, 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-Honeywell International, Inc., CSA International and OnSpex, Wegman, Hessler, & Vanderburg, Hylant Group, Dayton Heidelberg Distributing, Fedeli Group, Inc., Ohio College of Podiatric Medicine, All Erection Crane Rental Co. 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

Three businesses in the last half of 2010 will be added to the list of prestigious companies adding over 500 employees to the total commercial population.

A former Lincoln/Mercury dealership that is currently vacant will be redeveloped into a retail site that includes a new stand-alone Key Bank branch, a Panera Restaurant and a number of other stores / shops.

A recently proposed development of an addition to the Independence Technology Center will potentially increase the size of the facility by 138,000 square feet and increase the population of the facility by 800-1,000 Cleveland Clinic Patient Finance Division employees once the addition is completed in 2011. The intersection of Selig Drive / Brecksville Road will be realigned and upgraded in conjunction with this project.

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 resurfacing of lower Hillside Road, the planned resurfacing of Chestnut Road, the planned intersection upgrades at Hillside and Brecksville Road along with the planned intersection upgrade at Brecksville and Pleasant Valley Road.

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

Long-term Planning

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

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

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

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

Relevant Financial Policies

The City has been able to maintain a plan to minimize its debt. Since 2000, the City has been able to reduce its note debt from \$15,850,000 to \$7,100,000 while paying \$6,700,000 in cash for two large capital improvement projects.

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

The City borrowed \$8,800,000 for Phase I of the project in 2003, and \$5,800,000 in 2005 for Phase II of the project. In 2009, the City collected \$1,272,801 in additional TIF revenue which represented 131 percent of the debt service for the TIF borrowings.

The City's total debt reached \$39,902,500 at December 31, 2005. A concentrated effort was made from that point forward to continue to reduce the City's total debt annually. By December 31, 2009 the City's total long-term debt was \$32,104,500.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting for a Comprehensive Annual Financial Report. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government reports.

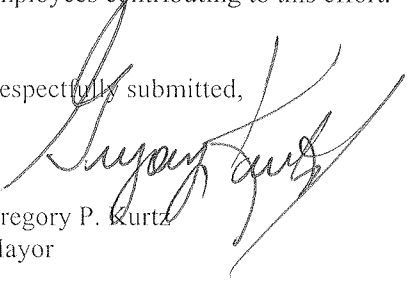
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

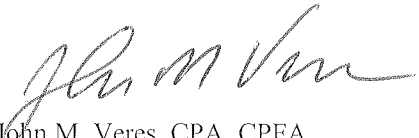
We believe our current report conforms to the Certificate of Achievement requirements and we are submitting it to GFOA for consideration.

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

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

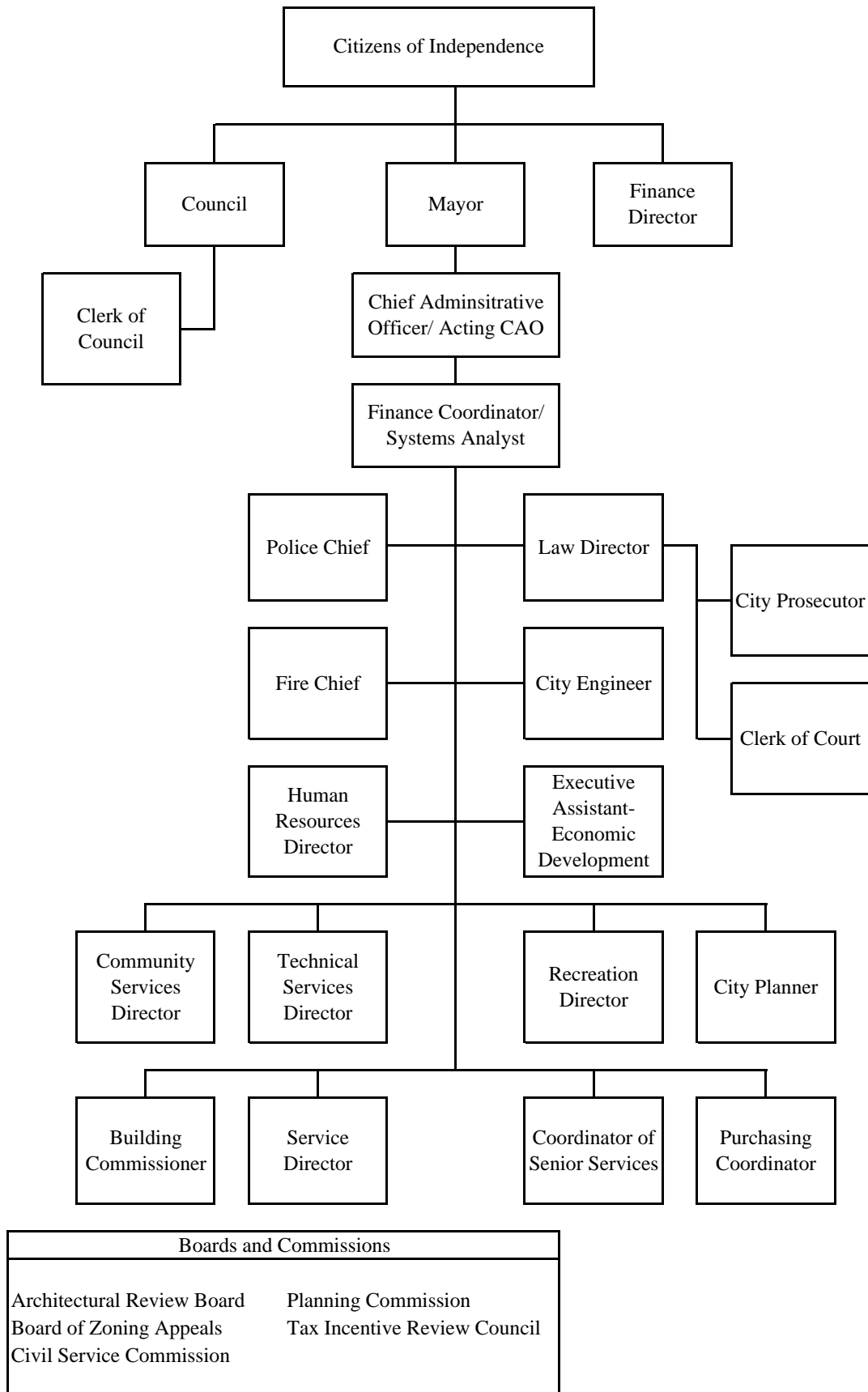
Respectfully submitted,


Gregory P. Kurtz
Mayor


John M. Veres, CPA, CPFA
Director of Finance

City of Independence

Organizational Chart



City of Independence, Ohio

List of Principal Officials

December 31, 2009

Elected Officials

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

Appointed Officials

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

Administration

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

*Joseph T. Lubin became the Human Resources Director on July 6, 2010.

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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 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, 2009, 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, 2009, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General fund and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As more fully described in Note 3, the January 1, 2009 fund balances of the General fund and Other Governmental funds were restated to properly account for the mayor's court computer activity by the City.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2010, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

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

Mary Taylor, CPA
Auditor of State

October 28, 2010

City of Independence, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2009
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, 2009. 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 2009 are as follows:

- ❖ In 2009, the City purchased four service vehicles as well as various machinery and equipment for City departments. The City also completed the grinding and three inch resurfacing of Hillside Road just east of Brecksville Road. This project will be paid for with the payments in lieu of taxes (PILOT) revenue.
- ❖ The City has established several tax incremental financing (TIF) districts within the City under which the City has granted property tax exemptions and agreed to construct certain infrastructure improvements. A taxpayer whose operations are located within the TIF districts continues to make payments to the jurisdiction in an amount equal to the real property tax liability that otherwise would have been due had the property not been exempted. During 2009, the City saw the collection begin for the Hillside Road/Route 21 TIF district as well as an increase in payments from the other TIF districts. Since the inception of the TIF concept the City has received over \$3 million in PILOT's on a cash basis.
- ❖ The City continues to reduce its outstanding bond anticipation notes with a \$600,000 reduction in 2009. Due to prudent management, the City was able to reduce the outstanding bond anticipation notes in 2010 by \$1,200,000.

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.

City of Independence, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2009
Unaudited

Reporting the City of Independence as a Whole

Statement of Net Assets and the Statement of Activities

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

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.

City of Independence, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2009
Unaudited

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 2009 and 2008.

Table 1
 Net Assets

	2009	2008	Change
Assets			
Current and Other Assets	\$22,473,044	\$19,396,055	\$3,076,989
Capital Assets, Net	90,771,550	92,630,406	(1,858,856)
Total Assets	113,244,594	112,026,461	1,218,133
Liabilities			
Current and Other Liabilities	4,949,592	4,284,925	664,667
Long Term Liabilities			
Due Within One Year	1,759,414	1,700,505	58,909
Due in More than One Year	31,138,793	33,874,730	(2,735,937)
Total Liabilities	37,847,799	39,860,160	(2,012,361)
Net Assets			
Invested in Capital Assets,			
Net of Related Debt	58,812,856	58,712,220	100,636
Restricted:			
Capital Projects	5,682,081	5,045,601	636,480
State Highway	160,172	128,179	31,993
Street Construction, Maintenance and Repair	370,883	229,877	141,006
Other Purposes	729,207	479,632	249,575
Unrestricted	9,641,596	7,570,792	2,070,804
Total Net Assets	\$75,396,795	\$72,166,301	\$3,230,494

As one can see from the increase in overall net assets, the City was able to reduce expenses to coincide with the decrease in revenues due to the current economic downturn while continuing to provide essential services and enhance the quality of community life. Further details of the changes in net assets between 2008 and 2009 can be observed in Table 2.

City of Independence, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2009
Unaudited

Table 2
Changes in Net Assets

	2009	2008	Change
Revenues			
Program Revenues			
Charges for Services and Sales	\$1,396,805	\$1,408,058	(\$11,253)
Operating Grants and Contributions	471,385	509,418	(38,033)
Capital Grants and Contributions	161,639	32,489	129,150
<i>Total Program Revenues</i>	<u>2,029,829</u>	<u>1,949,965</u>	<u>79,864</u>
General Revenues			
Taxes	2,678,627	2,673,492	5,135
Municipal Income Taxes	23,982,611	22,488,246	1,494,365
Grant and Entitlements, Not Restricted to Specific Programs	789,889	1,548,168	(758,279)
Payments in Lieu of Taxes	669,941	1,880,535	(1,210,594)
Interest	143,810	368,767	(224,957)
Miscellaneous	455,977	723,407	(267,430)
<i>Total General Revenues</i>	<u>28,720,855</u>	<u>29,682,615</u>	<u>(961,760)</u>
<i>Total Revenues</i>	<u>30,750,684</u>	<u>31,632,580</u>	<u>(881,896)</u>
Program Expenses			
General Government	7,220,679	6,550,823	669,856
Security of Persons and Property	8,391,597	8,812,839	(421,242)
Public Health and Welfare	86,508	146,451	(59,943)
Leisure Time Activities	3,236,299	3,350,070	(113,771)
Community Environment	2,193,992	2,514,940	(320,948)
Basic Utility Services	735,732	705,039	30,693
Transportation	4,375,394	4,669,006	(293,612)
Interest and Fiscal Charges	1,279,989	1,418,440	(138,451)
<i>Total Expenses</i>	<u>27,520,190</u>	<u>28,167,608</u>	<u>(647,418)</u>
<i>Increase in Net Assets</i>	3,230,494	3,464,972	(234,478)
<i>Net Assets Beginning of Year</i>	<u>72,166,301</u>	<u>68,701,329</u>	<u>3,464,972</u>
<i>Net Assets End of Year</i>	<u><u>\$75,396,795</u></u>	<u><u>\$72,166,301</u></u>	<u><u>\$3,230,494</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.

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

City of Independence, Ohio
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periods, while at the same time maintaining fairly level collections during economic downturns. The City's income tax base remains diversified in that the City is not reliant upon one taxpayer. This helps in giving the City stability in its budgeting process, knowing that the City's revenue stream will not be adversely affected by the loss of a major employer. One of Northeast Ohio's largest commercial real estate firms, Grubb and Ellis Co., just completed its year-end Northeast Ohio commercial property survey. Grubb and Ellis is estimating that the total amount of vacant office space in Northeast Ohio increased from 7.19 million square feet on January 1, 2009, to 8.09 million square feet by year-end 2009. In the southern suburban office market, of which Rockside Road and Independence are a part, the estimated office vacancy rate increased approximately 6.4 percent from 18.7 percent at the start of 2009 to 19.9 percent at the end of 2009. In other words, almost 200 square feet of every 1,000 square feet of office space in the southern suburban market is currently vacant.

As can be seen, the City was able to reduce expenditures to coincide with the decrease in revenues due to the current economic downturn while continuing to provide essential services and enhance the quality of community life.

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	
	2009	2008	2009	2008
General Government	\$7,220,679	\$6,550,823	\$6,764,333	\$6,322,158
Security of Persons and Property	8,391,597	8,812,839	7,937,254	8,374,409
Public Health and Welfare	86,508	146,451	50,893	65,932
Leisure Time Activities	3,236,299	3,350,070	2,768,586	2,852,231
Community Environment	2,193,992	2,514,940	2,093,849	2,403,975
Basic Utility Services	735,732	705,039	709,192	680,562
Transportation	4,375,394	4,669,006	3,886,265	4,099,936
Interest and Fiscal Charges	1,279,989	1,418,440	1,279,989	1,418,440
Total Expenses	<u>\$27,520,190</u>	<u>\$28,167,608</u>	<u>\$25,490,361</u>	<u>\$26,217,643</u>

The City's Funds

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

City of Independence, Ohio
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As of the end of the 2009, the City's governmental funds reported a positive combined ending fund balance. Unreserved fund balance is available for appropriation at the government's discretion within certain legal constraints and purpose restrictions. The remainder of the fund balance is reserved to indicate that it is not available for new spending.

As reflected in the increase in the general fund balance, the City was able to provide the services that the City residents expect while controlling the costs of providing those services. The City continues to put a premium on City services without reducing the City's workforce. But, in order to keep this premium on jobs, the City has cut back on overtime and asked employees to do more with less while not compromising services. With these cost cutting measures and the 7 percent reduction in healthcare costs, the City was able to provide approximately 3.5 percent in wage increases for all the bargaining units. The City's dedicated public servants strive to keep the City of Independence among the finest in Northeast Ohio.

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

The capital improvements capital projects fund had a decrease in fund balance due to a decrease in transfers received.

Other governmental funds had a slight decrease in fund balance as the City continues to utilize grant monies to provide various services for the residents.

General Fund Budgeting Highlights

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund. The legal level of budgetary control for the City is at the department and object level for the General fund. Any budgetary modifications at this level may only be made by ordinance of City Council. City policy permits fund transfers within control levels with the approval of the Director of Finance. During the course of 2009, the City amended its general fund budget several times. In addition to day-to-day budget monitoring, the Director of Finance closely examines the budget with the preparation of the monthly financial statements and quarterly budget analysis reports.

Actual revenues received were slightly lower than certification primarily due to the City receiving less in hotel/motel taxes and intergovernmental revenues than estimated. Actual expenditures were less than appropriations due mainly to the diligence of management to keep costs low. City Council has taken a proactive stance on budgeting by requiring that permanent appropriations be submitted and approved prior to the start of the year. This enables the administration better plan for the upcoming year.

Capital Assets and Debt Administration

Capital Assets

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

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For the Year Ended December 31, 2009
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The City continues to work through their five year capital asset replacement plan. In 2009, the City purchased service vehicles as well as equipment for City's various departments. The City also made roadway improvements. See Note 9 in the financial statements for more information regarding the City's capital assets. Table 4 compares capital assets as of December 31, 2009 to balances at December 31, 2008.

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

	2009	2008
Land	\$16,609,831	\$16,471,861
Construction in Progress	107,263	51,132
Buildings and Improvements	29,788,036	30,320,521
Machinery and Equipment	1,164,613	1,164,959
Furniture and Fixtures	231,098	311,047
Vehicles	2,281,232	2,501,409
Infrastructure	40,589,477	41,809,477
<i>Total</i>	\$90,771,550	\$92,630,406

Debt

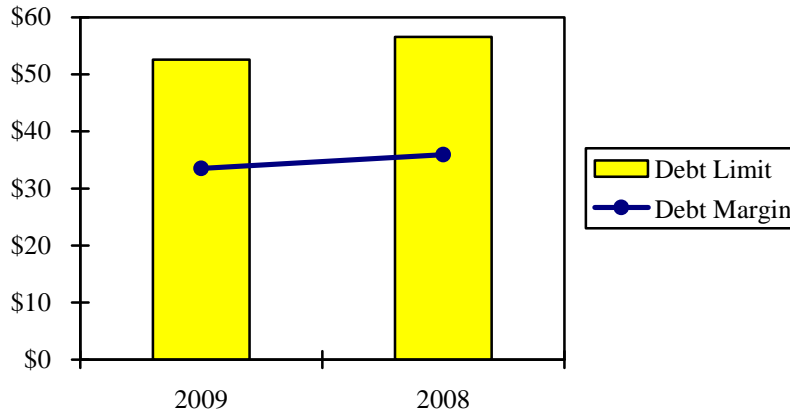
Table 5 summarizes outstanding long-term debt at December 31, 2009 compared to December 31, 2008.

Table 5
Outstanding Long-Term Debt at Year End

	2009	2008
Special Assessment Bonds	\$554,074	\$585,926
Various Improvement Notes	5,901,889	7,100,000
OPWC Loans	30,452	37,219
Police and Fire Pension Liability	63,660	67,291
OPERS Liability	114,704	184,375
General Obligation Bonds	25,439,723	26,840,541
<i>Total</i>	\$32,104,502	\$34,815,352

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 ½ percent of total assessed valuation. The City's overall legal debt margin decreased to \$33,516,164. This is the additional amount of debt the City could issue. The debt margin decreased \$2,409,785 from 2008 to 2009 due to decreasing property valuations offset by the City paying down current debt.

City of Independence, Ohio
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The City continues to monitor its outstanding debt and is committed to reducing its overall debt on an annual basis. Information relative to debt is identified in Note 16 to the basic financial statements.

Current Financial Related Activities

The City has continued to maintain the highest standards of services to our residents while diligently planning expenses, to stay within the City's revenues. During 2009, City Council has decided to closely monitor revenue and expenditures to preserve the integrity of the general fund's unencumbered cash balance. As with all cities in the State of Ohio, State funding issues are constantly monitored to determine the impact on the City. The City's management team remains mindful of keeping an eye out for ways to become more efficient and better stewards of our taxpayers' money. Major entities in Northeast Ohio still regard the City of Independence as one of the top places to relocate or expand their businesses. All of the City's financial abilities will be needed to meet the challenges of the future.

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

Contacting the City's Finance Department

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

Basic Financial Statements

City of Independence, Ohio

Statement of Net Assets

December 31, 2009

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$11,341,286
Cash and Cash Equivalents In Segregated Accounts	15,991
Materials and Supplies Inventory	190,935
Accounts Receivable	41,628
Hotel/Motel Taxes Receivable	53,802
Intergovernmental Receivable	767,341
Prepaid Items	63,136
Municipal Income Taxes Receivable	4,969,269
Property Taxes Receivable	2,308,266
Special Assessments Receivable	534,018
Payments in Lieu of Taxes Receivable	1,852,642
Deferred Charges	334,730
Nondepreciable Capital Assets	16,717,094
Depreciable Capital Assets, Net	<u>74,054,456</u>
<i>Total Assets</i>	<u>113,244,594</u>
Liabilities	
Accounts Payable	176,628
Accrued Wages	185,237
Contracts Payable	168,230
Intergovernmental Payable	664,895
Accrued Interest Payable	195,923
Notes Payable	1,200,000
Deferred Revenue	2,343,740
Retainage Payable	14,939
Long-Term Liabilities:	
Due Within One Year	1,759,414
Due In More Than One Year	<u>31,138,793</u>
<i>Total Liabilities</i>	<u>37,847,799</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	58,812,856
Restricted for:	
Capital Projects	5,682,081
State Highway	160,172
Street Construction, Maintenance and Repair	370,883
Other Purposes	729,207
Unrestricted	<u>9,641,596</u>
<i>Total Net Assets</i>	<u><u>\$75,396,795</u></u>

See accompanying notes to the basic financial statements

City of Independence, Ohio
Statement of Activities
For the Year Ended December 31, 2009

	Expenses	Program Revenues			Net (Expense)
		Charges for Services and Sales	Operating Grants	Capital Grants and Assessments	Revenue and Changes in Net Assets
Governmental Activities:					
General Government	\$7,220,679	\$306,346	\$0	\$150,000	(\$6,764,333)
Security of Persons and Property	8,391,597	427,036	27,307	0	(7,937,254)
Public Health and Welfare	86,508	35,615	0	0	(50,893)
Leisure Time Activities	3,236,299	467,713	0	0	(2,768,586)
Community Environment	2,193,992	100,143	0	0	(2,093,849)
Basic Utility Services	735,732	26,540	0	0	(709,192)
Transportation	4,375,394	33,412	444,078	11,639	(3,886,265)
Interest and Fiscal Charges	1,279,989	0	0	0	(1,279,989)
<i>Totals</i>	<u>\$27,520,190</u>	<u>\$1,396,805</u>	<u>\$471,385</u>	<u>\$161,639</u>	<u>(25,490,361)</u>
General Revenues					
Property Taxes Levied for:					
					1,167,611
					368,719
					184,358
					23,982,611
					939,861
					18,078
					789,889
					143,810
					669,941
					455,977
					<u>28,720,855</u>
					3,230,494
					<u>72,166,301</u>
					<u>\$75,396,795</u>

See accompanying notes to the basic financial statements

City of Independence, Ohio

Balance Sheet

Governmental Funds

December 31, 2009

	General	Quadrant Tax Increment Financing	Capital Improvements	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$3,492,031	\$673,104	\$1,590,490	\$2,639,368	\$8,394,993
Cash and Cash Equivalents					
In Segregated Accounts	15,991	0	0	0	15,991
Materials and Supplies Inventory	190,935	0	0	0	190,935
Accounts Receivable	37,493	0	0	4,135	41,628
Hotel/Motel Taxes Receivable	53,802	0	0	0	53,802
Interfund Receivable	6,246,500	0	1,875,000	0	8,121,500
Intergovernmental Receivable	351,593	25,000	0	390,748	767,341
Prepaid Items	55,509	0	0	0	55,509
Special Assessments Receivable	0	0	0	534,018	534,018
Payments in Lieu of Taxes Receivable	0	1,852,642	0	0	1,852,642
Property Taxes Receivable	1,566,322	0	0	741,944	2,308,266
Municipal Income Taxes Receivable	4,969,269	0	0	0	4,969,269
<i>Total Assets</i>	<u>\$16,979,445</u>	<u>\$2,550,746</u>	<u>\$3,465,490</u>	<u>\$4,310,213</u>	<u>\$27,305,894</u>
Liabilities					
Accounts Payable	\$124,339	\$4,800	\$35,675	\$11,814	\$176,628
Accrued Wages	166,971	0	0	18,266	185,237
Contracts Payable	26,090	0	11,306	125,809	163,205
Intergovernmental Payable	491,329	0	0	173,566	664,895
Retainage Payable	0	0	0	14,939	14,939
Accrued Interest Payable	0	0	4,356	13,069	17,425
Notes Payable	0	0	300,000	900,000	1,200,000
Interfund Payable	0	8,096,500	0	25,000	8,121,500
Deferred Revenue	3,392,717	1,877,642	0	1,481,240	6,751,599
<i>Total Liabilities</i>	<u>4,201,446</u>	<u>9,978,942</u>	<u>351,337</u>	<u>2,763,703</u>	<u>17,295,428</u>
Fund Balances					
Reserved for Encumbrances	854,014	461,173	1,479,816	486,976	3,281,979
Reserved for Long-Term Advances	6,116,500	0	1,875,000	0	7,991,500
Unreserved, Undesignated (Deficit), Reported in:					
General Fund	5,807,485	0	0	0	5,807,485
Special Revenue Funds	0	0	0	969,861	969,861
Debt Service Funds (Deficit)	0	(7,889,369)	0	242,030	(7,647,339)
Capital Projects Funds (Deficit)	0	0	(240,663)	(152,357)	(393,020)
<i>Total Fund Balances (Deficit)</i>	<u>12,777,999</u>	<u>(7,428,196)</u>	<u>3,114,153</u>	<u>1,546,510</u>	<u>10,010,466</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$16,979,445</u>	<u>\$2,550,746</u>	<u>\$3,465,490</u>	<u>\$4,310,213</u>	<u>\$27,305,894</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, 2009*

Total Governmental Funds Balances \$10,010,466

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 90,771,550

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

Property Taxes	1,145,874
Municipal Income Taxes	1,565,869
Intergovernmental	490,804
Payments in Lieu of Taxes	671,294
Special Assessments	534,018

Total 4,407,859

Bond Issuance costs are considered deferred charges and will be amortized over the life of the bonds on the statement of net assets. 334,730

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported due. (178,498)

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. 2,948,895

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

General Obligation Bonds	(25,439,723)
Special Assessment Bonds	(554,074)
OPWC Loan Payable	(30,452)
Police and Fire Pension Liability	(63,660)
Notes Payable	(5,901,889)
OPERS Liability	(114,704)
Claims Payable	(35,141)
Compensated Absences	(758,564)

Total (32,898,207)

Net Assets of Governmental Activities \$75,396,795

See accompanying notes to the basic financial statements

City of Independence, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2009

	General	Quadrant Tax Increment Financing	Capital Improvements	Other Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	\$843,892	\$0	\$0	\$399,739	\$1,243,631
Municipal Income Taxes	22,559,069	0	0	0	22,559,069
Hotel/Motel Taxes	939,861	0	0	0	939,861
Amusement Taxes	18,078	0	0	0	18,078
Intergovernmental	790,746	0	0	672,937	1,463,683
Investment Income	63,002	0	929	11,392	75,323
Fees, Licenses and Permits	297,943	0	0	341,994	639,937
Fines and Forfeitures	347,233	0	0	115,697	462,930
Charges for Services	15,150	0	0	35,615	50,765
Rentals	243,173	0	0	0	243,173
Special Assessments	0	0	0	89,812	89,812
Payment in Lieu of Taxes	0	1,272,801	0	0	1,272,801
Miscellaneous	347,920	0	15,595	82,950	446,465
<i>Total Revenues</i>	<u>26,466,067</u>	<u>1,272,801</u>	<u>16,524</u>	<u>1,750,136</u>	<u>29,505,528</u>
Expenditures					
Current:					
General Government	5,700,767	0	0	84,836	5,785,603
Security of Persons and Property	7,502,322	0	0	598,219	8,100,541
Public Health and Welfare	0	0	0	86,508	86,508
Leisure Time Activities	2,687,283	0	0	500,446	3,187,729
Community Environment	2,136,723	0	0	0	2,136,723
Basic Utility Services	565,095	0	0	0	565,095
Transportation	716,486	0	0	1,674,313	2,390,799
Capital Outlay	0	233,895	717,134	954,563	1,905,592
Debt Service:					
Principal Retirement	0	400,000	645,000	345,398	1,390,398
Principal Retirement - Current Refunding	0	0	300,000	900,000	1,200,000
Interest and Fiscal Charges	0	570,926	665,643	93,939	1,330,508
<i>Total Expenditures</i>	<u>19,308,676</u>	<u>1,204,821</u>	<u>2,327,777</u>	<u>5,238,222</u>	<u>28,079,496</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>7,157,391</u>	<u>67,980</u>	<u>(2,311,253)</u>	<u>(3,488,086)</u>	<u>1,426,032</u>
Other Financing Sources (Uses)					
Sale of Capital Assets	20,125	0	0	0	20,125
Current Refunding	0	0	(5,600,000)	(300,000)	(5,900,000)
Refunding Notes Issued	0	0	5,600,000	300,000	5,900,000
Premium on Refunding Notes	0	0	4,711	958	5,669
Transfers In	0	0	2,150,000	3,426,485	5,576,485
Transfers Out	(5,576,485)	0	0	0	(5,576,485)
<i>Total Other Financing Sources (Uses)</i>	<u>(5,556,360)</u>	<u>0</u>	<u>2,154,711</u>	<u>3,427,443</u>	<u>25,794</u>
<i>Net Change in Fund Balances</i>	<u>1,601,031</u>	<u>67,980</u>	<u>(156,542)</u>	<u>(60,643)</u>	<u>1,451,826</u>
<i>Fund Balances, (Deficit) Beginning of Year - Restated (See Note 3)</i>	<u>11,176,968</u>	<u>(7,496,176)</u>	<u>3,270,695</u>	<u>1,607,153</u>	<u>8,558,640</u>
<i>Fund Balances, (Deficit) End of Year</i>	<u>\$12,777,999</u>	<u>(\$7,428,196)</u>	<u>\$3,114,153</u>	<u>\$1,546,510</u>	<u>\$10,010,466</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, 2009*

Net Change in Fund Balances - Total Governmental Funds \$1,451,826

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 depreciation exceeded capital outlay in the current period:

Capital Outlay	1,199,268	
Depreciation	(3,033,461)	
Total		(1,834,193)

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. (24,663)

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

Property Taxes	477,057	
Municipal Income Taxes	1,423,542	
Intergovernmental	(52,409)	
Payments in Lieu of Taxes	(602,860)	
Special Assessments	(78,173)	
Total		1,167,157

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	17,830	
Amortization of Bond Issuance Costs	(23,761)	
Amortization of Accounting Loss	(5,334)	
Amortization of Bond Premium	58,004	
Amortization on Note Premium	3,780	
Total		50,519

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

Compensated Absences	(75,000)	
Claims Payable	41,178	
OPERS Liability	69,671	
Totals		35,849

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. 8,490,398

Other financing sources, such as refunding notes, in the governmental funds increase long-term liabilities in the statement of net assets. (5,905,669)

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. (200,730)

Change in Net Assets of Governmental Activities \$3,230,494

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, 2009

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	\$700,112	\$700,112	\$843,892	\$143,780
Municipal Income Taxes	22,900,000	22,900,000	22,956,389	56,389
Hotel/Motel Taxes	377,110	1,073,499	941,589	(131,910)
Amusement Taxes	7,240	20,611	18,078	(2,533)
Intergovernmental	498,656	807,854	749,286	(58,568)
Investment Income	25,441	72,421	63,522	(8,899)
Fees, Licenses and Permits	120,676	343,521	301,310	(42,211)
Fines and Forfeitures	144,150	410,343	345,527	(64,816)
Charges for Services	6,068	17,272	15,150	(2,122)
Rentals	97,392	277,240	243,173	(34,067)
Miscellaneous	138,486	408,458	348,921	(59,537)
<i>Total Revenues</i>	<u>25,015,331</u>	<u>27,031,331</u>	<u>26,826,837</u>	<u>(204,494)</u>
Expenditures				
Current:				
General Government	6,088,996	6,183,796	6,043,464	140,332
Security of Persons and Property	7,739,471	7,884,971	7,802,911	82,060
Public Health and Welfare	1,120	1,120	0	1,120
Leisure Time Activities	2,780,509	2,878,809	2,815,048	63,761
Community Environment	2,512,563	2,572,863	2,446,720	126,143
Basic Utility Services	734,100	715,600	658,715	56,885
Transportation	772,128	796,528	759,158	37,370
<i>Total Expenditures</i>	<u>20,628,887</u>	<u>21,033,687</u>	<u>20,526,016</u>	<u>507,671</u>
<i>Excess of Revenues Over Expenditures</i>	<u>4,386,444</u>	<u>5,997,644</u>	<u>6,300,821</u>	<u>303,177</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	0	0	20,125	20,125
Advances In	220,500	220,500	220,500	0
Advances Out	(415,500)	(623,000)	(623,000)	0
Transfers Out	(5,029,000)	(5,576,485)	(5,576,485)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(5,224,000)</u>	<u>(5,978,985)</u>	<u>(5,958,860)</u>	<u>20,125</u>
<i>Net Change in Fund Balance</i>	(837,556)	18,659	341,961	323,302
<i>Fund Balance, Beginning of Year (Restated - See Note 3)</i>	1,280,670	1,280,670	1,280,670	0
Prior Year Encumbrances Appropriated	878,887	878,887	878,887	0
<i>Fund Balance, End of Year</i>	<u>\$1,322,001</u>	<u>\$2,178,216</u>	<u>\$2,501,518</u>	<u>\$323,302</u>

See accompanying notes to the basic financial statements

City of Independence, Ohio

Statement of Fund Net Assets

Internal Service Fund

December 31, 2009

	<u>Insurance</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$2,946,293
Prepaid Items	<u>7,627</u>
<i>Total Assets</i>	2,953,920
Liabilities	
Contracts Payable	<u>5,025</u>
Net Assets	
Unrestricted	<u><u>\$2,948,895</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, 2009*

	Insurance
Operating Revenues	
Miscellaneous	\$9,512
Operating Expenses	
Contractual Services	7,055
Claims	271,674
<i>Total Operating Expenses</i>	278,729
<i>Operating Loss</i>	(269,217)
Non-Operating Revenues	
Investment Income	68,487
<i>Change in Net Assets</i>	(200,730)
<i>Net Assets, Beginning of Year</i>	3,149,625
<i>Net Assets, End of Year</i>	\$2,948,895

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, 2009

	Insurance
<i>Increase (Decrease) in Cash and Cash Equivalents</i>	
Cash Flows from Operating Activities	
Other Cash Receipts	\$9,512
Cash Payments for Services	(7,115)
Cash Payments for Claims	(271,674)
<i>Net Cash Used in Operating Activities</i>	(269,277)
Cash Flows from Investing Activities	
Interest on Investments	68,487
<i>Net Decrease in Cash and Cash Equivalents</i>	(200,790)
<i>Cash and Cash Equivalents Beginning of Year</i>	3,147,083
<i>Cash and Cash Equivalents End of Year</i>	\$2,946,293
Reconciliation of Operating Loss to Net Cash Used in Operating Activities	
<i>Operating Loss</i>	(\$269,217)
Adjustments:	
Increase in Prepaid Items	(5,085)
Increase in Contracts Payable	5,025
<i>Net Cash Used In Operating Activities</i>	(\$269,277)

See accompanying notes to the basic financial statements

City of Independence, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Fund
December 31, 2009

Assets	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$140,021</u></u>
 Liabilities	
Deposits Held and Due to Others	<u><u>\$140,021</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, 2009

Note 1 - Reporting Entity

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

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

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

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

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

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

Note 2 - Summary of Significant Accounting Policies

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

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, 2009

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

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

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

Fund Accounting

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

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

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

Quadrant Tax Increment Financing Fund The quadrant tax increment financing debt service 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, 2009

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

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

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

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

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

Measurement Focus

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

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

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

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

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, 2009, but which were levied to finance year 2010 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, 2009

Budgetary Process

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

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

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

Cash and Cash Equivalents

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

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

During 2009, investments were limited to STAR Ohio, federal national mortgage association bonds, freddie mac bonds, fannie mae bonds, federal home loan bank bonds and federal farm credit bank bonds.

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

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 2009.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2009 amounted to \$63,002, which includes \$31,587 assigned from other City funds.

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

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

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2009, 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.

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.

Capital Assets

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

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

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

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

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

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Interfund Balances

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

Compensated Absences

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

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

Accrued Liabilities and Long-Term Obligations

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

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

Fund Balance 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.

Net Assets

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

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

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

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.

Bond Issuance Costs

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

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.

Bond Premiums

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

Interfund Activity

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

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

Extraordinary and Special Items

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

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Estimates

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

Note 3 – Change in Accounting Principles and Restatement of Prior Year Balances

Change in Accounting Principles

For fiscal year 2009, the City has implemented Governmental Accounting Standard Board (GASB) Statement No. 52, “Land and Other Real Estate Held as Investments by Endowments”, Statement No. 53, “Accounting and Financial Reporting for Derivative Instruments”, Statement No. 55, “The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments,” Statement No. 56, “Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards”, Statement No. 57, “OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans”, and Statement No. 58, “Accounting and Financial Reporting for Chapter 9 Bankruptcies”.

GASB Statement No. 52 establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. Governments are also required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value. The implementation of this statement did not result in any change in the City’s financial statements.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. It requires governments to measure derivative instruments, with the exception of synthetic guaranteed investment contracts that are fully benefit-responsive, at fair value in their economic resources measurement focus financial statements. The implementation of this statement did not result in any change in the City’s financial statements.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB authoritative literature. The GAAP hierarchy consists of the sources of accounting principles used in the preparation of financial statements of state and local governmental entities that are presented in conformity with GAAP, and the framework for selecting those principles. The implementation of this statement did not result in any change in the City’s financial statements.

GASB Statement No. 56 incorporates accounting and financial reporting guidance previously only contained in the American Institute of Certified Public Accountants’ and auditing literature into the GASB’s accounting and financial reporting literature for state and local governments. The statement’s guidance addresses related party transactions, going concern considerations, and subsequent events from the AICPA literature. The implementation of this statement did not result in any change in the City’s financial statements.

GASB Statement No. 57 addresses issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans (that is, agent employers). The requirements in this Statement will allow more agent employers to use the alternative measurement method to produce actuarially based information for purposes of financial reporting and clarify that OPEB measures reported by agent multiple-

City of Independence, Ohio
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For the Year Ended December 31, 2009

employer OPEB plans and their participating employers should be determined at the same minimum frequency and as of a common date to improve the consistency of reporting with regard to funded status and funding progress information. The implementation of this statement did not result in any change in the City's financial statements.

GASB Statement No. 58 provides accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. The requirements in this Statement will provide more consistent recognition, measurement, display, and disclosure guidance for governments that file for Chapter 9 bankruptcy. The implementation of this statement did not result in any change in the City's financial statements.

Restatement of Prior Year Balances

During 2009, it was determined that the mayor's court computer activities and balances were reclassified from the general fund to a separate special revenue fund. The fund reclassification had the following effect on fund balances as they were previously reported.

	General	Quadrant Tax Increment Financing	Capital Improvements	Other Governmental Funds	Total Governmental Funds
Fund Balances (Deficit), December 31, 2008	\$11,280,318	(\$7,496,176)	\$3,270,695	\$1,503,803	\$8,558,640
Fund Reclassification	(103,350)	0	0	103,350	0
Adjusted Fund Balances (Deficit), December 31, 2008	<u>\$11,176,968</u>	<u>(\$7,496,176)</u>	<u>\$3,270,695</u>	<u>\$1,607,153</u>	<u>\$8,558,640</u>

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.

City of Independence, Ohio
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- e) Investments are reported at cost (budget basis) rather than at fair value (GAAP basis).
- f) Advances In and Advances Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

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

Net Change in Fund Balance	
	General
GAAP Basis	\$1,601,031
Net Adjustment for Revenue Accruals	360,250
Beginning Fair Value Adjustment for Investments	353
Advances In	220,500
Advances Out	(623,000)
Net Adjustment for Expenditure Accruals	198,294
Beginning Unrecorded Cash	(424,954)
Ending Unrecorded Cash	151
Encumbrances	(990,664)
Budget Basis	\$341,961

Note 5 – Fund Deficits

Fund deficits in the quadrant tax increment financing bond retirement fund and the rockside woods capital projects fund of \$7,428,196 and \$21,060, respectively, are due to adjustments for accrued liabilities. The fund deficit in the drain water capital projects fund of \$554,685 resulted from the issuance of short-term bond anticipation notes which are used to finance the project until bonds are issued. Once the notes are retired or bonds are issued, the deficit will be eliminated. The general fund is liable for any deficit in these funds and provides transfers when cash is required, rather than when accruals occur.

Note 6 - 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.

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Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, 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 (STAR Ohio); 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.

City of Independence, Ohio
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For the Year Ended December 31, 2009

Deposits

Custodial Credit Risk Custodial credit risk for deposits is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in possession of an outside party. At year end, \$6,290,627 of the City's bank balance of \$9,145,321 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, 2009, the City had the following investments:

	<u>Fair Value</u>	<u>Average Maturity</u>
STAR Ohio	\$27,823	61.2 days
Federal National Mortgage Association Bonds	100,910	372 days
Freddie Mac Bonds	924,116	889 days
Fannie Mae Bonds	910,940	580 days
Federal Home Loan Bank Bonds	862,910	535 days
Federal Farm Credit Bank Bonds	100,031	742 days
Total	<u>\$2,926,730</u>	

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

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

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

City of Independence, Ohio
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For the Year Ended December 31, 2009

Concentration of Credit Risk The City places no limit on the amount it may invest in any one issuer. The following is the City's allocation as of December 31, 2009:

<u>Investment Issuer</u>	<u>Percentage of Investments</u>
Freddie Mac Bonds	31.58 %
Fannie Mae Bonds	31.12
Federal Home Loan Bank Bonds	29.48

Note 7 – Receivables

Receivables at December 31, 2009, consisted primarily of payments in lieu of taxes, property taxes, municipal income taxes, accounts (billings for user charged services), special assessments, hotel/motel taxes and intergovernmental receivables arising from grants, entitlements and shared revenues.

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

Special assessments expected to be collected in more than one year amount to \$500,000. At December 31, 2009, there was \$62,298 in delinquent special assessments.

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 2009 for real and public utility property taxes represents collections of the 2008 taxes. Property tax payments received during 2009 for tangible personal property (other than public utility property) is for 2009 taxes.

2009 real property taxes are levied after October 1, 2009 on the assessed value as of January 1, 2009, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2009 real property taxes are collected in and intended to finance 2010.

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. 2009 public utility property taxes became a lien December 31, 2008, are levied after October 1, 2009, and are collected in 2010 with real property taxes.

Tangible personal property tax revenue received during 2009 (other than public utility property tax) represents the collection of 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in 2009 were levied after October 1, 2008, on the value as of December 31, 2008. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

The full tax rate for all City operations for the year ended December 31, 2009 was \$2.80 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2009 property tax receipts were based are as follows:

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

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, 2009 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 2009 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.

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 2009, the proceeds were allocated entirely to the general fund.

Intergovernmental Receivable

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

	Amount
Local Government	\$228,149
Gasoline Excise Tax	156,960
Flood Grant from County	150,000
Estate Tax	67,768
Auto Registration	53,167
Homestead and Rollback	51,249
Competitive Municipal Grant Program	25,000
Personal Property Reimbursement	15,553
Permissive Tax	11,692
Public Utility Reimbursement	5,811
Liquor Fees	1,657
Drug Fines	200
Law Enforcement Fines	135
Total Intergovernmental Receivables	\$767,341

City of Independence, Ohio
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Payments in Lieu of Taxes

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

Note 8 - Risk Management

Property and Liability

The City is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2009, the City contracted with St. Paul Travelers Insurance Agency for various types of insurance as follows:

Type	Coverage	Deductible
Inland Marine		
Contractor's Equipment	\$3,476,300	\$2,500
Property	47,370,858	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, 2009. Changes in the fund's claims liability amount for 2008 and 2009 were:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2008	\$0	\$175,765	\$175,765	\$0
2009	0	271,674	271,674	0

Workers' Compensation

The City participates in the State Workers' Compensation retrospective rating and payment system. This plan involves the payment of a minimum premium for administrative services and stop-loss coverage plus the actual claims cost for injured employees in 2009. The maintenance of these benefits is accounted for in the general fund. Incurred but not reported claims of \$35,141 have been accrued as a liability at December 31, 2009, based on an estimate by the City's third party administrator.

City of Independence, Ohio
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The claims liability of \$35,141, reported at December 31, 2009 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 2008 and 2009 are as follows:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Change in Workers' Compensation Estimate	Balance at End of Year
2008	\$253,482	\$24,957	\$72,269	(\$129,851)	\$76,319
2009	76,319	2,015	74,572	31,379	35,141

Note 9 - Capital Assets

Capital asset activity for the year ended December 31, 2009, was as follows:

	Balance 12/31/08	Additions	Reductions	Balance 12/31/09
Governmental Activities:				
Capital Assets, Not Being Depreciated				
Land	\$16,471,861	\$137,970	\$0	\$16,609,831
Construction in progress	51,132	70,984	(14,853)	107,263
<i>Total Capital Assets, Not Being Depreciated</i>	<u>16,522,993</u>	<u>208,954</u>	<u>(14,853)</u>	<u>16,717,094</u>
Capital Assets, Being Depreciated				
Buildings and Improvements	38,967,636	269,141	0	39,236,777
Machinery and Equipment	3,792,240	237,806	(18,715)	4,011,331
Furniture and Fixtures	1,734,299	0	0	1,734,299
Vehicles	6,302,180	215,754	(219,417)	6,298,517
Infrastructure				
Roads	41,532,639	282,466	0	41,815,105
Water Lines	5,432,820	0	0	5,432,820
Sanitary Sewers	2,670,596	0	0	2,670,596
Storm Sewers	9,432,196	0	0	9,432,196
<i>Total Capital Assets, Being Depreciated</i>	<u>109,864,606</u>	<u>1,005,167</u>	<u>(238,132)</u>	<u>110,631,641</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(8,647,115)	(801,626)	0	(9,448,741)
Machinery and Equipment	(2,627,281)	(232,285)	12,848	(2,846,718)
Furniture and Fixtures	(1,423,252)	(79,949)	0	(1,503,201)
Vehicles	(3,800,771)	(417,135)	200,621	(4,017,285)
Infrastructure				
Roads	(13,012,317)	(1,223,667)	0	(14,235,984)
Water Lines	(935,777)	(54,328)	0	(990,105)
Sanitary Sewers	(563,275)	(35,608)	0	(598,883)
Storm Sewers	(2,747,405)	(188,863)	0	(2,936,268)
<i>Total Accumulated Depreciation</i>	<u>(33,757,193)</u>	<u>(3,033,461) *</u>	<u>213,469</u>	<u>(36,577,185)</u>
Total Capital Assets, Being Depreciated, Net	<u>76,107,413</u>	<u>(2,028,294)</u>	<u>(24,663)</u>	<u>74,054,456</u>
Governmental Activities Capital Assets, Net	<u>\$92,630,406</u>	<u>(\$1,819,340)</u>	<u>(\$39,516)</u>	<u>\$90,771,550</u>

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

General Government	\$1,205,745
Security of Persons and Property	259,715
Leisure Time Activities	53,693
Community Environment	56,471
Basic Utility Services	12,032
Transportation	<u>1,445,805</u>
Total	<u><u>\$3,033,461</u></u>

Note 10 - Contingencies

Grants

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

Litigation

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

Note 11 – 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 12 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Plan Description – The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at

City of Independence, Ohio
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20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

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

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2009, members in state and local classifications contributed 10.0 percent of covered payroll while public safety and law enforcement members contributed 10.1 percent.

The City's 2009 contribution rate was 14.0 percent. For the period January 1 through March 31, a portion of the City's contribution equal to 7.0 percent of covered payroll was allocated to fund the post-employment health care plan; for the period April 1 through December 31, 2009 this amount was decreased to 5.5 percent. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the City of 14.0 percent.

The City's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2009, 2008, and 2007 were \$573,939, \$496,492 and \$570,788, respectively; 91.27 percent has been contributed for 2009 and 100 percent for 2008 and 2007. Contributions to the Member-Directed Plan for 2009 were \$29,677 made by the City and \$21,198 made by plan members.

Ohio Police and Fire Pension Fund

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a 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 – Plan members are required to contribute 10.0 percent of their annual covered salary, while employers are required to contribute 19.5 percent for police officers and 24.0 percent for firefighters. The City's contributions to OP&F for police and firefighters were \$351,117 and \$303,689 for the year ended December 31, 2009, \$355,338 and \$311,060 for the year ended December 31, 2008, and \$339,966 and \$301,069 for the year ended December 31, 2007. 70.38 percent for police and 71.06 percent for firefighters has been contributed for 2009. The full amount has been contributed for 2008 and 2007.

City of Independence, Ohio
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Social Security System

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

Note 13 - Postemployment Benefits

Ohio Public Employees Retirement System

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

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 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 administrated 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 OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2009, state and local employers contributed at a rate of 14.0 percent of covered payroll. Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The amount of employer contributions which were allocated to fund post-employment health care was 7.0 percent from January 1 through March 31, 2009, and 5.5 percent from April 1 through December 31, 2009.

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

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2009, 2008, and 2007 were \$415,002, \$496,492 and \$375,968 respectively; 91.27 percent has been contributed for 2009 and 100 percent for 2008 and 2007.

City of Independence, Ohio
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The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

Ohio Police and Firemen Pension Fund

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

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

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

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

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2009, the employer contribution allocated to the health care plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

The City's contributions to OP&F which were allocated to fund post-employment health care benefits for police and firefighters were \$185,886 and \$118,835 for the year ended December 31, 2009, \$188,120 and \$121,719 for the year ended December 31, 2008, and \$179,982 and \$117,810 for the year ended December 31, 2007. 70.38 percent has been contributed for police and 71.06 percent has been contributed for firefighters for 2009. The full amount has been contributed for 2008 and 2007.

Note 14 – Note Debt

During 2009, the City paid \$600,000 of the outstanding \$7,700,000 in bond anticipation notes and reissued \$7,100,000. The \$7,100,000 liability outstanding at December 31, 2009 will be split with \$5,900,000 presented as a long-term liability and \$1,200,000 presented as a fund liability in the financial statements.

Types / Issues	Balance 12/31/08	Additions	Deletions	Balance 12/31/09
2008 - 2.10% General Purpose Bond Anticipation Notes	\$600,000	\$0	\$600,000	\$0
2009 - 2.125% General Purpose Bond Anticipation Notes	0	1,200,000	0	1,200,000
Total Governmental Funds	\$600,000	\$1,200,000	\$600,000	\$1,200,000

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 April 28, 2010. 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 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 15 – Interfund Transactions

Interfund Balances

Interfund Payable	Interfund Receivable		Totals
	General	Capital Improvements	
Quadrant Tax Increment Financing	\$6,221,500	\$1,875,000	\$8,096,500
Other Governmental Funds	25,000	0	25,000
Total	\$6,246,500	\$1,875,000	\$8,121,500

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

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Interfund Transfers

The general fund transferred \$2,150,000 to the capital improvement capital projects fund and \$3,426,485 to other governmental funds to move unrestricted balances to support programs and projects accounted for in other funds.

Note 16 - Long-Term Obligations

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

Debt Issue	Interest Rate	Original Issue Amount	Date of Maturity
General Obligation Bonds			
2003 Civic Center Refunding	2.00-3.00 %	\$2,520,000	December 1, 2011
2003 Shared Facilities Serial	2.00-5.00	15,000,000	December 1, 2022
2003 Northwest Quadrant TIF Serial	2.00-5.00	7,125,000	December 1, 2028
2003 Southwest Quadrant TIF Serial	2.00-5.00	1,675,000	December 1, 2028
2005 Northest Quadrant TIF Serial	2.00-5.00	5,800,000	December 1, 2030
Special Assessments			
2003 Oaktree Serial	2.00-5.00	700,000	December 1, 2022
Ohio Public Works Commission Loan			
1994 Quarry Road Bridge Project	0.00	335,095	December 1, 2014
Long-Term Notes Payable			
2009 General Purpose	2.125	7,100,000	April 30, 2010
Police and Fire Pension			
	2.12	129,053	November 1, 2022

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

	Balance 12/31/08	Additions	Reductions	Balance 12/31/09	Amounts Due in One Year
Governmental Activities					
General Obligation Bonds					
2003 Civic Center Refunding					
Refunding Bonds	\$940,000	\$0	(\$305,000)	\$635,000	\$315,000
Unamortized Premium	5,459	0	(1,820)	3,639	0
Unamortized Accounting Loss	(16,001)	0	5,334	(10,667)	0
Total 2003 Civic Center Refunding	929,458	0	(301,486)	627,972	315,000
2003 Shared Facilities Serial					
Serial Bonds	11,975,000	0	(645,000)	11,330,000	670,000
Unamortized Premium	552,796	0	(39,486)	513,310	0
Total 2003 Shared Facilities Serial	\$12,527,796	\$0	(\$684,486)	\$11,843,310	\$670,000

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

	Balance 12/31/08	Additions	Reductions	Balance 12/31/09	Amounts Due in One Year
Governmental Activities (continued)					
<i>General Obligation Bonds (continued)</i>					
2003 Northwest Quadrant TIF					
Serial Bonds	\$6,180,000	\$0	(\$200,000)	\$5,980,000	\$210,000
Unamortized Premium	148,746	0	(7,437)	141,309	0
Total 2003 Northwest Quadrant TIF	<u>6,328,746</u>	<u>0</u>	<u>(207,437)</u>	<u>6,121,309</u>	<u>210,000</u>
2003 Southwest Quadrant TIF					
Serial Bonds	1,450,000	0	(45,000)	1,405,000	50,000
Unamortized Premium	34,648	0	(1,732)	32,916	0
Total 2003 Southwest Quadrant TIF	<u>1,484,648</u>	<u>0</u>	<u>(46,732)</u>	<u>1,437,916</u>	<u>50,000</u>
2005 Northeast Quadrant TIF					
Serial Bonds	5,445,000	0	(155,000)	5,290,000	160,000
Unamortized Premium	124,893	0	(5,677)	119,216	0
Total 2005 Northeast Quadrant TIF	<u>5,569,893</u>	<u>0</u>	<u>(160,677)</u>	<u>5,409,216</u>	<u>160,000</u>
<i>Total General Obligation Bonds</i>	<u>26,840,541</u>	<u>0</u>	<u>(1,400,818)</u>	<u>25,439,723</u>	<u>1,405,000</u>
<i>Special Assessment Bonds</i>					
2003 Oaktree					
Serial Bonds	560,000	0	(30,000)	530,000	30,000
Unamortized Premium	25,926	0	(1,852)	24,074	0
<i>Total Special Assessment Bonds</i>	<u>585,926</u>	<u>0</u>	<u>(31,852)</u>	<u>554,074</u>	<u>30,000</u>
<i>Other Long-term Obligations</i>					
1994 OPWC Loan - Quarry Road Bridge	37,219	0	(6,767)	30,452	6,767
Notes Payable	7,100,000	5,900,000	(7,100,000)	5,900,000	0
Premium on Notes	0	5,669	(3,780)	1,889	0
Police and Fire Pension	67,291	0	(3,631)	63,660	3,786
Claim Payable	76,319	33,394	(74,572)	35,141	32,432
OPERS Liability	184,375	0	(69,671)	114,704	114,704
Compensated Absences	683,564	241,725	(166,725)	758,564	166,725
<i>Total Other Long-term Obligations</i>	<u>8,148,768</u>	<u>6,180,788</u>	<u>(7,425,146)</u>	<u>6,904,410</u>	<u>324,414</u>
<i>Total General Long-term Obligations</i>	<u>\$35,575,235</u>	<u>\$6,180,788</u>	<u>(\$8,857,816)</u>	<u>\$32,898,207</u>	<u>\$1,759,414</u>

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

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

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 claims liability will be paid from the general fund.

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

The police pension loan will be paid from the police pension special revenue fund.

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

The City's overall legal debt margin was \$33,516,164 at December 31, 2009. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2009 are as follows:

	General Obligation Bonds		Special Assessment Bonds		OPWC Loan
	Principal	Interest	Principal	Interest	Principal
2010	\$1,405,000	\$1,075,586	\$30,000	\$23,900	\$6,767
2011	1,440,000	1,044,950	30,000	23,075	6,767
2012	1,150,000	787,050	35,000	22,175	6,767
2013	1,210,000	944,351	35,000	20,725	6,767
2014	1,265,000	886,550	35,000	18,675	3,384
2015-2019	7,280,000	3,488,101	210,000	65,388	0
2020-2024	6,740,000	1,673,713	155,000	13,725	0
2025-2029	3,770,000	529,287	0	0	0
2030	380,000	16,150	0	0	0
Total	\$24,640,000	\$10,445,738	\$530,000	\$187,663	\$30,452

	Police and Fire Pension Loan		
	Principal	Interest	OPERS
2010	\$3,786	\$2,666	\$114,704
2011	3,951	2,503	0
2012	4,119	2,333	0
2013	4,296	2,157	0
2014	4,481	1,972	0
2015-2019	25,462	6,802	0
2020-2022	17,565	1,305	0
Total	\$63,660	\$19,738	\$114,704

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Note 17 – Jointly Governed Organizations

Southwest Council of Governments

The Southwest Council of Governments helps foster cooperation between municipalities in areas affecting health, safety, welfare, education, economic conditions and regional development. The board is comprised of one member from each of the nineteen participating entities. The board exercises total control over the operation of the Council including budgeting, appropriating, contracting and designating management. Budgets are adopted by the Board. Each City's degree of control is limited to its representation on the board. In 2009, the City contributed \$13,000 which represents 5.2 percent of total contributions.

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

Northeast Ohio Public Energy Council (NOPEC)

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

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives on the governing board from each county then elect one person to serve on the nine-member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. The City did not contribute to NOPEC during 2009. Financial information can be obtained by contacting Joseph Migliorini, Board Chairman, 31320 Solon Road, Suite 20, Solon, Ohio 44139 or at the website www.nopecinfo.org.

Note 18 – Shared Facilities Joint Operating Agreement

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

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

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

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

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

Note 19 – Subsequent Event

On April 27, 2010, the City reissued the various purpose bond anticipation notes in the amount of \$7,700,000 at a rate of 1.875 percent. This amount includes the reissuance of \$5,900,000 of existing notes and \$1,800,000 of new note liability. The notes mature on April 26, 2011.

Combining and Individual Fund Statements and Schedules

Combining Statements – Non-major Governmental Funds

Non-major Special Revenue Funds

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

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

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

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

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

Indigent Drivers Fund – This fund accounts for the additional fees levied by the Independence Municipal Court under State law. Such funds are to be used in the rehabilitation of DUI indigent citizens.

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.

Mayor’s Court Computer Fund – This fund accounts for court fines used to maintain and support the mayor’s court computer system.

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

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

Court Program Fees Fund – This fund accounts for revenues received from the \$5 computer equipment add-on fee.

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.

(continued)

Combining Statements – Non-major Governmental Funds (continued)

Non-major Special Revenue Funds (continued)

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

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

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

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

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

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

Non-major Debt Service Fund

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

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

Non-major Capital Projects Funds

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

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

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

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

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

City of Independence, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2009

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,252,372	\$242,030	\$1,144,966	\$2,639,368
Accounts Receivable	4,135	0	0	4,135
Intergovernmental Receivable	229,766	10,982	150,000	390,748
Special Assessments Receivable	0	0	534,018	534,018
Property Taxes Receivable	247,314	494,630	0	741,944
<i>Total Assets</i>	<u>\$1,733,587</u>	<u>\$747,642</u>	<u>\$1,828,984</u>	<u>\$4,310,213</u>
Liabilities				
Accounts Payable	\$11,814	\$0	\$0	\$11,814
Accrued Wages	18,266	0	0	18,266
Contracts Payable	43,172	0	82,637	125,809
Intergovernmental Payable	172,410	0	1,156	173,566
Retainage Payable	0	0	14,939	14,939
Accrued Interest Payable	0	0	13,069	13,069
Notes Payable	0	0	900,000	900,000
Interfund Payable	0	0	25,000	25,000
Deferred Revenue	441,610	505,612	534,018	1,481,240
<i>Total Liabilities</i>	<u>687,272</u>	<u>505,612</u>	<u>1,570,819</u>	<u>2,763,703</u>
Fund Balances				
Reserved for Encumbrances	76,454	0	410,522	486,976
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	969,861	0	0	969,861
Debt Service Fund	0	242,030	0	242,030
Capital Projects Funds (Deficit)	0	0	(152,357)	(152,357)
<i>Total Fund Balances</i>	<u>1,046,315</u>	<u>242,030</u>	<u>258,165</u>	<u>1,546,510</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$1,733,587</u>	<u>\$747,642</u>	<u>\$1,828,984</u>	<u>\$4,310,213</u>

City of Independence, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2009

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Property Taxes	\$133,246	\$266,493	\$0	\$399,739
Intergovernmental	500,974	21,963	150,000	672,937
Investment Income	0	0	11,392	11,392
Fees, Licenses and Permits	341,994	0	0	341,994
Fines and Forfeitures	115,697	0	0	115,697
Charges for Services	35,615	0	0	35,615
Special Assessments	0	0	89,812	89,812
Miscellaneous	82,950	0	0	82,950
<i>Total Revenues</i>	<u>1,210,476</u>	<u>288,456</u>	<u>251,204</u>	<u>1,750,136</u>
Expenditures				
Current:				
General Government	84,836		0	84,836
Security of Persons and Property	598,219	0	0	598,219
Public Health and Welfare	86,508	0	0	86,508
Leisure Time Activities	500,446	0	0	500,446
Transportation	1,674,313	0	0	1,674,313
Capital Outlay	0	0	954,563	954,563
Debt Service:				
Principal Retirement	3,631	305,000	36,767	345,398
Principal Retirement - Current Refunding	0	0	900,000	900,000
Interest and Fiscal Charges	2,822	25,735	65,382	93,939
<i>Total Expenditures</i>	<u>2,950,775</u>	<u>330,735</u>	<u>1,956,712</u>	<u>5,238,222</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(1,740,299)</u>	<u>(42,279)</u>	<u>(1,705,508)</u>	<u>(3,488,086)</u>
Other Financing Sources (Uses)				
Current Refunding	0	0	(300,000)	(300,000)
Refunding Notes Issued	0	0	300,000	300,000
Premium on Refunding Notes	0	0	958	958
Transfers In	2,026,485	0	1,400,000	3,426,485
<i>Total Other Financing Sources (Uses)</i>	<u>2,026,485</u>	<u>0</u>	<u>1,400,958</u>	<u>3,427,443</u>
<i>Net Change in Fund Balances</i>	286,186	(42,279)	(304,550)	(60,643)
<i>Fund Balances, Beginning of Year - Restated (See Note 3)</i>	<u>760,129</u>	<u>284,309</u>	<u>562,715</u>	<u>1,607,153</u>
<i>Fund Balances, End of Year</i>	<u><u>\$1,046,315</u></u>	<u><u>\$242,030</u></u>	<u><u>\$258,165</u></u>	<u><u>\$1,546,510</u></u>

City of Independence, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2009

	State Highway	Motor Vehicle License Tax	Street Construction, Maintenance and Repair	Enforcement and Education	Indigent Drivers
Assets					
Equity in Pooled Cash and					
Cash Equivalents	\$144,412	\$142,842	\$286,096	\$4,350	\$3,837
Accounts Receivable	0	0	0	100	560
Intergovernmental Receivable	15,760	11,692	194,367	135	0
Property Taxes Receivable	0	0	0	0	0
<i>Total Assets</i>	<u>\$160,172</u>	<u>\$154,534</u>	<u>\$480,463</u>	<u>\$4,585</u>	<u>\$4,397</u>
Liabilities					
Accounts Payable	\$0	\$0	\$2,817	\$0	\$0
Accrued Wages	0	0	15,461	0	0
Contracts Payable	0	0	43,172	0	0
Intergovernmental Payable	0	0	10,682	0	0
Deferred Revenue	13,255	9,966	163,463	0	0
<i>Total Liabilities</i>	<u>13,255</u>	<u>9,966</u>	<u>235,595</u>	<u>0</u>	<u>0</u>
Fund Balances					
Reserved for Encumbrances	0	0	35,828	0	0
Unreserved, Undesignated	146,917	144,568	209,040	4,585	4,397
<i>Total Fund Balances</i>	<u>146,917</u>	<u>144,568</u>	<u>244,868</u>	<u>4,585</u>	<u>4,397</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$160,172</u>	<u>\$154,534</u>	<u>\$480,463</u>	<u>\$4,585</u>	<u>\$4,397</u>

<u>Drug Offense</u>	<u>Law Enforcement</u>	<u>Federal Forfeiture</u>	<u>Mayor's Court Computer</u>	<u>FEMA Grant</u>	<u>Handicap Parking</u>	<u>Court Program Fees</u>
\$27,219	\$6,161	\$104,555	\$94,313	\$555	\$13,962	\$11,720
0	0	0	1,155	0	425	1,895
200	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>\$27,419</u>	<u>\$6,161</u>	<u>\$104,555</u>	<u>\$95,468</u>	<u>\$555</u>	<u>\$14,387</u>	<u>\$13,615</u>
\$0	\$0	\$0	\$4,980	\$0	\$0	\$0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>4,980</u>	<u>0</u>	<u>0</u>	<u>0</u>
0	0	6,000	268	0	0	0
<u>27,419</u>	<u>6,161</u>	<u>98,555</u>	<u>90,220</u>	<u>555</u>	<u>14,387</u>	<u>13,615</u>
<u>27,419</u>	<u>6,161</u>	<u>104,555</u>	<u>90,488</u>	<u>555</u>	<u>14,387</u>	<u>13,615</u>
<u>\$27,419</u>	<u>\$6,161</u>	<u>\$104,555</u>	<u>\$95,468</u>	<u>\$555</u>	<u>\$14,387</u>	<u>\$13,615</u>

(continued)

City of Independence, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2009

	Friends for Life	Twenty- Five and Alive	Home Days	I Can	Tree
Assets					
Equity in Pooled Cash and					
Cash Equivalents	\$2,085	\$8,701	\$10,301	\$4,469	\$12,133
Accounts Receivable	0	0	0	0	0
Intergovernmental Receivable	0	0	0	0	0
Property Taxes Receivable	0	0	0	0	0
<i>Total Assets</i>	<u>\$2,085</u>	<u>\$8,701</u>	<u>\$10,301</u>	<u>\$4,469</u>	<u>\$12,133</u>
Liabilities					
Accounts Payable	\$0	\$0	\$0	\$0	\$0
Accrued Wages	0	0	0	0	0
Contracts Payable	0	0	0	0	0
Intergovernmental Payable	0	0	0	0	0
Deferred Revenue	0	0	0	0	0
<i>Total Liabilities</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances					
Reserved for Encumbrances	0	777	0	1,278	10,756
Unreserved, Undesignated	2,085	7,924	10,301	3,191	1,377
<i>Total Fund Balances</i>	<u>2,085</u>	<u>8,701</u>	<u>10,301</u>	<u>4,469</u>	<u>12,133</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$2,085</u>	<u>\$8,701</u>	<u>\$10,301</u>	<u>\$4,469</u>	<u>\$12,133</u>

<u>Cemetery</u>	<u>Recreation</u>	<u>Police Pension</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$58,851	\$78,522	\$237,288	\$1,252,372
0	0	0	4,135
0	0	7,612	229,766
0	0	247,314	247,314
<u>\$58,851</u>	<u>\$78,522</u>	<u>\$492,214</u>	<u>\$1,733,587</u>
\$0	\$4,017	\$0	\$11,814
1,029	1,776	0	18,266
0	0	0	43,172
758	1,936	159,034	172,410
0	0	254,926	441,610
<u>1,787</u>	<u>7,729</u>	<u>413,960</u>	<u>687,272</u>
868	20,679	0	76,454
56,196	50,114	78,254	969,861
<u>57,064</u>	<u>70,793</u>	<u>78,254</u>	<u>1,046,315</u>
<u>\$58,851</u>	<u>\$78,522</u>	<u>\$492,214</u>	<u>\$1,733,587</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, 2009

	State Highway	Motor Vehicle License Tax	Street Construction, Maintenance and Repair	Enforcement and Education	Indigent Drivers
Revenues					
Property Taxes	\$0	\$0	\$0	\$0	\$0
Intergovernmental	34,067	21,695	420,168	0	0
Fees, Licenses and Permits	0	0	0	0	0
Fines and Forfeitures	0	0	0	2,779	4,397
Charges for Services	0	0	0	0	0
Miscellaneous	0	0	14,032	0	0
<i>Total Revenues</i>	<u>34,067</u>	<u>21,695</u>	<u>434,200</u>	<u>2,779</u>	<u>4,397</u>
Expenditures					
Current:					
General Government	0	0	0	0	0
Security of Persons and Property	0	0	0	500	0
Public Health and Welfare	0	0	0	0	0
Leisure Time Activities	0	0	0	0	0
Transportation	0	0	1,674,313	0	0
Debt Service:					
Principal Retirement	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0
<i>Total Expenditures</i>	<u>0</u>	<u>0</u>	<u>1,674,313</u>	<u>500</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	34,067	21,695	(1,240,113)	2,279	4,397
Other Financing Sources					
Transfers In	0	0	1,400,000	0	0
<i>Net Change in Fund Balances</i>	34,067	21,695	159,887	2,279	4,397
<i>Fund Balances, Beginning of Year - Restated (See Note 3)</i>	<u>112,850</u>	<u>122,873</u>	<u>84,981</u>	<u>2,306</u>	<u>0</u>
<i>Fund Balances, End of Year</i>	<u>\$146,917</u>	<u>\$144,568</u>	<u>\$244,868</u>	<u>\$4,585</u>	<u>\$4,397</u>

Drug Offense	Law Enforcement	Federal Forfeiture	Mayor's Court Computer	FEMA Grant	Handicap Parking	Court Program Fees
\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
3,578	5,514	57,908	14,391	0	13,215	13,915
0	0	0	0	0	0	0
0	15,297	0	0	0	0	0
<u>3,578</u>	<u>20,811</u>	<u>57,908</u>	<u>14,391</u>	<u>0</u>	<u>13,215</u>	<u>13,915</u>
0	0	0	27,253	0	828	300
0	44,960	13,283	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>0</u>	<u>44,960</u>	<u>13,283</u>	<u>27,253</u>	<u>0</u>	<u>828</u>	<u>300</u>
3,578	(24,149)	44,625	(12,862)	0	12,387	13,615
0	22,485	0	0	0	0	0
<u>3,578</u>	<u>(1,664)</u>	<u>44,625</u>	<u>(12,862)</u>	<u>0</u>	<u>12,387</u>	<u>13,615</u>
23,841	7,825	59,930	103,350	555	2,000	0
<u>\$27,419</u>	<u>\$6,161</u>	<u>\$104,555</u>	<u>\$90,488</u>	<u>\$555</u>	<u>\$14,387</u>	<u>\$13,615</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, 2009

	Friends for Life	Twenty- Five and Alive	Home Days	I Can	Tree
Revenues					
Property Taxes	\$0	\$0	\$0	\$0	\$0
Intergovernmental	0	0	0	0	0
Fees, Licenses and Permits	0	0	0	0	0
Fines and Forfeitures	0	0	0	0	0
Charges for Services	0	0	0	0	0
Miscellaneous	0	3,566	42,017	2,921	0
<i>Total Revenues</i>	<u>0</u>	<u>3,566</u>	<u>42,017</u>	<u>2,921</u>	<u>0</u>
Expenditures					
Current:					
General Government	0	4,691	48,466	2,822	476
Security of Persons and Property	0	0	0	0	0
Public Health and Welfare	0	0	0	0	0
Leisure Time Activities	0	0	0	0	0
Transportation	0	0	0	0	0
Debt Service:					
Principal Retirement	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0
<i>Total Expenditures</i>	<u>0</u>	<u>4,691</u>	<u>48,466</u>	<u>2,822</u>	<u>476</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	0	(1,125)	(6,449)	99	(476)
Other Financing Sources					
Transfers In	0	2,000	0	2,000	0
<i>Net Change in Fund Balances</i>	0	875	(6,449)	2,099	(476)
<i>Fund Balances, Beginning of Year - Restated (See Note 3)</i>	<u>2,085</u>	<u>7,826</u>	<u>16,750</u>	<u>2,370</u>	<u>12,609</u>
<i>Fund Balances, End of Year</i>	<u><u>\$2,085</u></u>	<u><u>\$8,701</u></u>	<u><u>\$10,301</u></u>	<u><u>\$4,469</u></u>	<u><u>\$12,133</u></u>

Cemetery	Recreation	Police Pension	Total Nonmajor Special Revenue Funds
\$0	\$0	\$133,246	\$133,246
0	0	25,044	500,974
0	341,994	0	341,994
0	0	0	115,697
35,615	0	0	35,615
0	5,117	0	82,950
<u>35,615</u>	<u>347,111</u>	<u>158,290</u>	<u>1,210,476</u>
0	0	0	84,836
0	0	539,476	598,219
86,508	0	0	86,508
0	500,446	0	500,446
0	0	0	1,674,313
0	0	3,631	3,631
0	0	2,822	2,822
<u>86,508</u>	<u>500,446</u>	<u>545,929</u>	<u>2,950,775</u>
(50,893)	(153,335)	(387,639)	(1,740,299)
<u>0</u>	<u>150,000</u>	<u>450,000</u>	<u>2,026,485</u>
(50,893)	(3,335)	62,361	286,186
<u>107,957</u>	<u>74,128</u>	<u>15,893</u>	<u>760,129</u>
<u>\$57,064</u>	<u>\$70,793</u>	<u>\$78,254</u>	<u>\$1,046,315</u>

City of Independence, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2009

	Street Resurfacing	Drain Water	Rockside Woods	Issue II	Total Nonmajor Capital Projects Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$916,112	\$210,873	\$3,940	\$14,041	\$1,144,966
Intergovernmental Receivable	0	150,000	0	0	150,000
Special Assessments Receivable	0	0	0	534,018	534,018
<i>Total Assets</i>	<u>\$916,112</u>	<u>\$360,873</u>	<u>\$3,940</u>	<u>\$548,059</u>	<u>\$1,828,984</u>
Liabilities					
Contracts Payable	\$82,637	\$0	\$0	\$0	\$82,637
Intergovernmental Payable	1,156	0	0	0	1,156
Retainage Payable	12,450	2,489	0	0	14,939
Accrued Interest Payable	0	13,069	0	0	13,069
Notes Payable	0	900,000	0	0	900,000
Interfund Payable	0	0	25,000	0	25,000
Deferred Revenue	0	0	0	534,018	534,018
<i>Total Liabilities</i>	<u>96,243</u>	<u>915,558</u>	<u>25,000</u>	<u>534,018</u>	<u>1,570,819</u>
Fund Balances					
Reserved for Encumbrances	263,022	147,500	0	0	410,522
Unreserved, Undesignated (Deficit)	556,847	(702,185)	(21,060)	14,041	(152,357)
<i>Total Fund Balances (Deficit)</i>	<u>819,869</u>	<u>(554,685)</u>	<u>(21,060)</u>	<u>14,041</u>	<u>258,165</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$916,112</u>	<u>\$360,873</u>	<u>\$3,940</u>	<u>\$548,059</u>	<u>\$1,828,984</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, 2009

	Street Resurfacing	Drain Water	Rockside Woods	Issue II	Total Nonmajor Capital Projects Funds
Revenues					
Intergovernmental	\$0	\$150,000	\$0	\$0	\$150,000
Investment Income	11,392	0	0	0	11,392
Special Assessments	0	0	11,639	78,173	89,812
<i>Total Revenues</i>	<u>11,392</u>	<u>150,000</u>	<u>11,639</u>	<u>78,173</u>	<u>251,204</u>
Expenditures					
Capital Outlay	796,038	157,335	209	981	954,563
Debt Service:					
Principal Retirement	6,767	0	0	30,000	36,767
Principal Retirement - Current Refunding	0	900,000	0	0	900,000
Interest and Fiscal Charges	1,388	38,894	0	25,100	65,382
<i>Total Expenditures</i>	<u>804,193</u>	<u>1,096,229</u>	<u>209</u>	<u>56,081</u>	<u>1,956,712</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(792,801)</u>	<u>(946,229)</u>	<u>11,430</u>	<u>22,092</u>	<u>(1,705,508)</u>
Other Financing Sources (Uses)					
Current Refunding	0	(300,000)	0	0	(300,000)
Refunding Notes Issued	0	300,000	0	0	300,000
Premium on Refunding Notes	0	958	0	0	958
Transfers In	1,000,000	400,000	0	0	1,400,000
<i>Total Other Financing Sources (Uses)</i>	<u>1,000,000</u>	<u>400,958</u>	<u>0</u>	<u>0</u>	<u>1,400,958</u>
<i>Net Change in Fund Balances</i>	207,199	(545,271)	11,430	22,092	(304,550)
<i>Fund Balances, (Deficit)</i>					
<i>Beginning of Year</i>	<u>612,670</u>	<u>(9,414)</u>	<u>(32,490)</u>	<u>(8,051)</u>	<u>562,715</u>
<i>Fund Balances, (Deficit) End of Year</i>	<u>\$819,869</u>	<u>(\$554,685)</u>	<u>(\$21,060)</u>	<u>\$14,041</u>	<u>\$258,165</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, 2009

	Beginning Balance <u>12/31/08</u>	<u>Additions</u>	<u>Deductions</u>	Ending Balance <u>12/31/09</u>
<i>Deposits and Fees</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	<u>\$88,641</u>	<u>\$154,348</u>	<u>\$102,968</u>	<u>\$140,021</u>
Liabilities				
Deposits Held and Due to Others	<u>\$88,641</u>	<u>\$154,348</u>	<u>\$102,968</u>	<u>\$140,021</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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$700,112	\$700,112	\$843,892	\$143,780
Municipal Income Taxes	22,900,000	22,900,000	22,956,389	56,389
Hotel/Motel Taxes	377,110	1,073,499	941,589	(131,910)
Amusement Taxes	7,240	20,611	18,078	(2,533)
Intergovernmental	498,656	807,854	749,286	(58,568)
Investment Income	25,441	72,421	63,522	(8,899)
Fees, Licenses and Permits	120,676	343,521	301,310	(42,211)
Fines and Forfeitures	144,150	410,343	345,527	(64,816)
Charges for Services	6,068	17,272	15,150	(2,122)
Rentals	97,392	277,240	243,173	(34,067)
Miscellaneous	138,486	408,458	348,921	(59,537)
<i>Total Revenues</i>	25,015,331	27,031,331	26,826,837	(204,494)
Expenditures				
Current:				
General Government:				
Legislative and Executive:				
Mayor:				
Salaries and Wages	331,100	392,100	385,415	6,685
Benefits	101,300	134,200	132,686	1,514
Other	31,283	26,283	17,723	8,560
Total Mayor	463,683	552,583	535,824	16,759
Finance Department:				
Salaries and Wages	314,700	333,700	329,782	3,918
Benefits	100,000	105,900	105,399	501
Other	16,224	16,224	14,817	1,407
Total Finance Department	430,924	455,824	449,998	5,826
Council:				
Salaries and Wages	158,500	132,500	129,651	2,849
Benefits	146,000	132,400	128,235	4,165
Other	17,847	15,847	9,278	6,569
Total Council	322,347	280,747	267,164	13,583
Law Director:				
Benefits	700	700	550	150
Other	215,500	265,500	265,287	213
Total Law Director	\$216,200	\$266,200	\$265,837	\$363

(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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Other:				
Salaries and Wages	\$101,000	\$111,000	\$108,474	\$2,526
Benefits	163,678	181,678	177,747	3,931
Insurance	433,700	433,700	371,689	62,011
Professional Fees	494,454	463,263	462,461	802
Other	1,930,945	1,878,636	1,878,636	0
Total Other	3,123,777	3,068,277	2,999,007	69,270
Court:				
Salaries and Wages	142,100	169,100	166,093	3,007
Benefits	58,200	63,300	62,872	428
Other	64,215	64,215	57,529	6,686
Total Court	264,515	296,615	286,494	10,121
Service Administration:				
Salaries and Wages	402,900	398,900	398,842	58
Benefits	149,666	153,666	152,556	1,110
Other	14,984	10,984	10,374	610
Total Service Administration	567,550	563,550	561,772	1,778
Income Tax Collection:				
Other	700,000	700,000	677,368	22,632
Total General Government	6,088,996	6,183,796	6,043,464	140,332
Security of Persons and Property:				
Police:				
Salaries and Wages	3,630,900	3,790,900	3,751,770	39,130
Benefits	887,800	850,800	846,688	4,112
Other	280,702	275,702	268,935	6,767
Total Police	4,799,402	4,917,402	4,867,393	50,009
Fire:				
Salaries and Wages	1,903,200	1,933,200	1,923,904	9,296
Benefits	822,300	822,800	810,725	12,075
Other	214,569	211,569	200,889	10,680
Total Fire	2,940,069	2,967,569	2,935,518	32,051
Total Security of Persons and Property	\$7,739,471	\$7,884,971	\$7,802,911	\$82,060

(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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Public Health and Welfare:				
Cemetary:				
Other	\$1,120	\$1,120	\$0	\$1,120
Leisure Time Activities:				
Parks and Playgrounds:				
Salaries and Wages	185,600	184,400	180,451	3,949
Benefits	52,099	56,099	46,639	9,460
Other	91,200	89,700	89,238	462
Total Parks and Playgrounds	328,899	330,199	316,328	13,871
Pools:				
Salaries and Wages	293,300	286,300	282,426	3,874
Benefits	58,500	46,500	43,272	3,228
Other	41,549	41,549	37,272	4,277
Total Pools	393,349	374,349	362,970	11,379
Golden Agers:				
Other	20,000	20,000	18,000	2,000
July 4th Celebration:				
Other	0	20,000	20,000	0
Concession Stand:				
Salaries and Wages	37,900	24,900	23,133	1,767
Other	39,327	39,327	32,406	6,921
Total Concession Stand	77,227	64,227	55,539	8,688
Field House:				
Salaries and Wages	59,500	63,000	62,122	878
Benefits	22,000	24,300	23,749	551
Other	26,021	24,521	21,579	2,942
Total Field House	\$107,521	\$111,821	\$107,450	\$4,371

(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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Administration:				
Salaries and Wages	\$555,200	\$787,200	\$785,173	\$2,027
Benefits	184,500	244,000	243,729	271
Other	5,300	5,300	4,543	757
Total Administration	745,000	1,036,500	1,033,445	3,055
Civic Center:				
Salaries and Wages	708,700	548,700	537,699	11,001
Benefits	242,119	223,319	219,572	3,747
Other	157,694	149,694	144,045	5,649
Total Civic Center	1,108,513	921,713	901,316	20,397
Total Leisure Time Activities	2,780,509	2,878,809	2,815,048	63,761
Community Environment:				
Building and Lands:				
Salaries and Wages	349,300	354,300	348,373	5,927
Benefits	101,200	105,200	104,493	707
Other	490,617	480,617	421,005	59,612
Total Building and Lands	941,117	940,117	873,871	66,246
Technical Services:				
Salaries and Wages	474,100	524,100	520,078	4,022
Benefits	162,061	181,461	179,633	1,828
Other	345,941	344,441	310,916	33,525
Total Technical Services	982,102	1,050,002	1,010,627	39,375
Building Department:				
Salaries and Wages	320,200	321,200	318,282	2,918
Benefits	126,900	122,100	119,752	2,348
Other	86,592	83,592	71,852	11,740
Total Building Department	533,692	526,892	509,886	\$17,006

(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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Planning Commission:				
Salaries and Wages	\$8,000	\$9,823	\$9,823	\$0
Benefits	7,052	7,052	6,746	306
Other	500	500	252	248
Total Planning Commission	15,552	17,375	16,821	554
Architect Board:				
Salaries and Wages	9,600	3,651	1,770	1,881
Zoning Board of Appeals:				
Salaries and Wages	8,500	12,826	12,826	0
Civil Service:				
Salaries and Wages	22,000	22,000	20,919	1,081
Total Community Environment	2,512,563	2,572,863	2,446,720	126,143
Basic Utility Services				
Rubbish:				
Salaries and Wages	72,900	90,900	86,266	4,634
Benefits	10,800	12,800	12,774	26
Other	281,932	281,932	261,783	20,149
Total Rubbish	365,632	385,632	360,823	24,809
Sewer/Water Control:				
Salaries and Wages	209,800	177,300	172,793	4,507
Benefits	74,200	72,200	70,061	2,139
Other	84,468	80,468	55,038	25,430
Total Sewer/Water Control	368,468	329,968	297,892	32,076
Total Basic Utility Services	734,100	715,600	658,715	56,885
Transportation:				
Equipment and Motor Pool				
Salaries and Wages	340,800	362,800	357,326	5,474
Benefits	100,400	107,800	107,149	651
Other	330,928	325,928	294,683	31,245
Total Transportation	772,128	796,528	759,158	37,370
Total Expenditures	20,628,887	21,033,687	20,526,016	507,671
Excess of Revenues Over Expenditures	\$4,386,444	\$5,997,644	\$6,300,821	\$303,177

(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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Other Financing Sources (Uses)				
Sale of Capital Assets	\$0	\$0	\$20,125	\$20,125
Advances In	220,500	220,500	220,500	0
Advances Out	(415,500)	(623,000)	(623,000)	0
Transfers Out	(5,029,000)	(5,576,485)	(5,576,485)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(5,224,000)</u>	<u>(5,978,985)</u>	<u>(5,958,860)</u>	<u>20,125</u>
<i>Net Change in Fund Balance</i>	(837,556)	18,659	341,961	323,302
<i>Fund Balance, Beginning of Year</i>	1,280,670	1,280,670	1,280,670	0
Prior Year Encumbrances Appropriated	878,887	878,887	878,887	0
<i>Fund Balance, End of Year</i>	<u>\$1,322,001</u>	<u>\$2,178,216</u>	<u>\$2,501,518</u>	<u>\$323,302</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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Payments in Lieu of Taxes	\$676,000	\$1,265,800	\$1,272,801	\$7,001
Expenditures				
Capital Outlay:				
Capital Outlay	44,335	763,685	701,386	62,299
Debt Service:				
Principal Retirement	400,000	400,000	400,000	0
Interest and Fiscal Charges	571,000	571,550	570,926	624
Total Debt Service	971,000	971,550	970,926	624
<i>Total Expenditures</i>	1,015,335	1,735,235	1,672,312	62,923
<i>Excess of Revenues Under Expenditures</i>	(339,335)	(469,435)	(399,511)	69,924
Other Financing Sources (Uses)				
Advances In	623,000	623,000	623,000	0
Advances Out	(285,000)	(285,000)	(285,000)	0
<i>Total Other Financing Sources (Uses)</i>	338,000	338,000	338,000	0
<i>Net Change in Fund Balance</i>	(1,335)	(131,435)	(61,511)	69,924
<i>Fund Balance, Beginning of Year</i>	206,908	206,908	206,908	0
Prior Year Encumbrances Appropriated	61,734	61,734	61,734	0
<i>Fund Balance, End of Year</i>	\$267,307	\$137,207	\$207,131	\$69,924

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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Investment Income	\$0	\$0	\$929	\$929
Miscellaneous	46,000	16,000	15,595	(405)
<i>Total Revenues</i>	<u>46,000</u>	<u>16,000</u>	<u>16,524</u>	<u>524</u>
Expenditures				
Capital Outlay:				
Capital Outlay	2,279,935	2,280,635	2,280,635	0
Debt Service:				
Principal Retirement	6,845,000	6,845,000	6,845,000	0
Interest and Fiscal Charges	674,153	674,153	665,487	8,666
<i>Total Debt Service</i>	<u>7,519,153</u>	<u>7,519,153</u>	<u>7,510,487</u>	<u>8,666</u>
<i>Total Expenditures</i>	<u>9,799,088</u>	<u>9,799,788</u>	<u>9,791,122</u>	<u>8,666</u>
<i>Excess of Revenues</i> <i>Under Expenditures</i>	<u>(9,753,088)</u>	<u>(9,783,788)</u>	<u>(9,774,598)</u>	<u>9,190</u>
Other Financing Sources				
General Obligation Notes Issued	5,900,000	5,900,000	5,900,000	0
Premium on General Obligation Notes	4,000	4,000	4,711	711
Transfers In	2,150,000	2,150,000	2,150,000	0
<i>Total Other Financing Sources</i>	<u>8,054,000</u>	<u>8,054,000</u>	<u>8,054,711</u>	<u>711</u>
<i>Net Change in Fund Balance</i>	(1,699,088)	(1,729,788)	(1,719,887)	9,901
<i>Fund Balance, Beginning of Year</i>	65,192	65,192	65,192	0
Prior Year Encumbrances Appropriated	1,718,388	1,718,388	1,718,388	0
<i>Fund Balance, End of Year</i>	<u><u>\$84,492</u></u>	<u><u>\$53,792</u></u>	<u><u>\$63,693</u></u>	<u><u>\$9,901</u></u>

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
State Highway Fund
For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$32,500	\$32,500	\$35,107	\$2,607
Expenditures				
Current:				
Transportation:				
Streets, Sidewalks, and Maintenance:				
Other	47,500	47,500	42,500	5,000
<i>Excess of Revenues Under Expenditures</i>	(15,000)	(15,000)	(7,393)	7,607
Other Financing Sources				
Advances In	75,000	75,000	75,000	0
<i>Net Change in Fund Balance</i>	60,000	60,000	67,607	7,607
<i>Fund Balance, Beginning of Year</i>	34,305	34,305	34,305	0
Prior Year Encumbrances Appropriated	42,500	42,500	42,500	0
<i>Fund Balance, End of Year</i>	<u>\$136,805</u>	<u>\$136,805</u>	<u>\$144,412</u>	<u>\$7,607</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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$25,000	\$25,000	\$22,074	(\$2,926)
Expenditures				
Current:				
Transportation:				
Streets, Sidewalks, and Maintenance:				
Other	5,000	5,000	0	5,000
<i>Excess of Revenues Over Expenditures</i>	20,000	20,000	22,074	2,074
Other Financing Sources				
Advances In	50,000	50,000	50,000	0
<i>Net Change in Fund Balance</i>	70,000	70,000	72,074	2,074
<i>Fund Balance, Beginning of Year</i>	70,768	70,768	70,768	0
<i>Fund Balance, End of Year</i>	<u>\$140,768</u>	<u>\$140,768</u>	<u>\$142,842</u>	<u>\$2,074</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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$250,000	\$400,000	\$432,982	\$32,982
Miscellaneous	0	0	14,032	14,032
<i>Total Revenues</i>	250,000	400,000	447,014	47,014
Expenditures				
Current:				
Transportation:				
Streets, Sidewalks, and Maintenance:				
Salaries and Wages	800,700	860,700	851,312	9,388
Benefits	251,100	267,300	266,917	383
Other	674,230	679,230	677,781	1,449
<i>Total Expenditures</i>	1,726,030	1,807,230	1,796,010	11,220
<i>Excess of Revenues Under Expenditures</i>	(1,476,030)	(1,407,230)	(1,348,996)	58,234
Other Financing Sources				
Transfers In	1,400,000	1,400,000	1,400,000	0
<i>Net Change in Fund Balance</i>	(76,030)	(7,230)	51,004	58,234
<i>Fund Balance, Beginning of Year</i>	57,746	57,746	57,746	0
Prior Year Encumbrances Appropriated	95,530	95,530	95,530	0
<i>Fund Balance, End of Year</i>	\$77,246	\$146,046	\$204,280	\$58,234

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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeitures	\$2,500	\$2,500	\$2,794	\$294
Expenditures				
Current:				
Security of Persons and Property:				
Police Department:				
Other	2,500	2,500	500	2,000
<i>Net Change in Fund Balance</i>	0	0	2,294	2,294
<i>Fund Balance, Beginning of Year</i>	2,056	2,056	2,056	0
<i>Fund Balance, End of Year</i>	<u>\$2,056</u>	<u>\$2,056</u>	<u>\$4,350</u>	<u>\$2,294</u>

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Indigent Drivers Fund
For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeitures	\$5,000	\$5,000	\$3,837	(\$1,163)
Expenditures				
Current:				
Security of Persons and Property:				
Police Department:				
Other	5,000	5,000	0	5,000
<i>Net Change in Fund Balance</i>	0	0	3,837	3,837
<i>Fund Balance, Beginning of Year</i>	0	0	0	0
<i>Fund Balance, End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$3,837</u>	<u>\$3,837</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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeitures	\$2,500	\$2,500	\$3,878	\$1,378
Expenditures				
Current:				
Security of Persons and Property:				
Police Department:				
Other	2,500	2,500	0	2,500
<i>Net Change in Fund Balance</i>	0	0	3,878	3,878
<i>Fund Balance, Beginning of Year</i>	23,341	23,341	23,341	0
<i>Fund Balance, End of Year</i>	<u>\$23,341</u>	<u>\$23,341</u>	<u>\$27,219</u>	<u>\$3,878</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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeitures	\$20,000	\$20,000	\$5,514	(\$14,486)
Miscellaneous	0	0	15,297	15,297
<i>Total Revenues</i>	20,000	20,000	20,811	811
Expenditures				
Current:				
Security of Persons and Property:				
Police Department:				
Other	20,000	45,500	44,960	540
<i>Excess of Revenues Under Expenditures</i>	0	(25,500)	(24,149)	1,351
Other Financing Sources				
Transfers In	0	22,485	22,485	0
<i>Net Change in Fund Balance</i>	0	(3,015)	(1,664)	1,351
<i>Fund Balance, Beginning of Year</i>	7,825	7,825	7,825	0
<i>Fund Balance, End of Year</i>	<u>\$7,825</u>	<u>\$4,810</u>	<u>\$6,161</u>	<u>\$1,351</u>

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Federal Forfeiture Fund
For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeitures	\$20,000	\$50,000	\$57,908	\$7,908
Expenditures				
Current:				
Security of Persons and Property:				
Police Department:				
Other	20,000	20,000	19,283	717
<i>Net Change in Fund Balance</i>	0	30,000	38,625	8,625
<i>Fund Balance, Beginning of Year</i>	59,930	59,930	59,930	0
<i>Fund Balance, End of Year</i>	<u>\$59,930</u>	<u>\$89,930</u>	<u>\$98,555</u>	<u>\$8,625</u>

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Mayor's Court Computer Fund
For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeitures	\$20,000	\$15,000	\$14,394	(\$606)
Expenditures				
Current:				
General Government:				
Mayor's Court Computer:				
Other	27,588	37,588	27,521	10,067
<i>Net Change in Fund Balance</i>	(7,588)	(22,588)	(13,127)	9,461
<i>Fund Balance, Beginning of Year</i>	84,604	84,604	84,604	0
Prior Year Encumbrances Appropriated	17,588	17,588	17,588	0
<i>Fund Balance, End of Year</i>	<u>\$94,604</u>	<u>\$79,604</u>	<u>\$89,065</u>	<u>\$9,461</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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Miscellaneous	\$500	\$500	\$0	(\$500)
Expenditures				
Current:				
Security of Persons and Property:				
Fire Department:				
Other	500	500	0	500
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance, Beginning of Year</i>	555	555	555	0
<i>Fund Balance, End of Year</i>	<u>\$555</u>	<u>\$555</u>	<u>\$555</u>	<u>\$0</u>

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Handicap Parking Fund
For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeitures	\$1,000	\$12,000	\$12,790	\$790
Expenditures				
Current:				
General Government:				
Other General Government:				
Other	1,000	1,000	828	172
<i>Net Change in Fund Balance</i>	0	11,000	11,962	962
<i>Fund Balance, Beginning of Year</i>	2,000	2,000	2,000	0
<i>Fund Balance, End of Year</i>	<u>\$2,000</u>	<u>\$13,000</u>	<u>\$13,962</u>	<u>\$962</u>

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Court Program Fees Fund
For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeitures	\$12,000	\$12,000	\$12,020	\$20
Expenditures				
Current:				
General Government:				
Other General Government:				
Other	7,500	7,500	300	7,200
<i>Net Change in Fund Balance</i>	4,500	4,500	11,720	7,220
<i>Fund Balance, Beginning of Year</i>	0	0	0	0
<i>Fund Balance, End of Year</i>	<u>\$4,500</u>	<u>\$4,500</u>	<u>\$11,720</u>	<u>\$7,220</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, 2009

	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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Miscellaneous	\$2,500	\$3,100	\$3,566	\$466
Expenditures				
Current:				
General Government:				
Other General Government:				
Other	5,453	6,453	5,468	985
<i>Excess of Revenues Under Expenditures</i>	(2,953)	(3,353)	(1,902)	1,451
Other Financing Sources				
Transfers In	2,000	2,000	2,000	0
<i>Net Change in Fund Balance</i>	(953)	(1,353)	98	1,451
<i>Fund Balance, Beginning of Year</i>	6,873	6,873	6,873	0
Prior Year Encumbrances Appropriated	953	953	953	0
<i>Fund Balance, End of Year</i>	<u>\$6,873</u>	<u>\$6,473</u>	<u>\$7,924</u>	<u>\$1,451</u>

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Home Days Fund
For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Miscellaneous	\$50,000	\$45,000	\$42,017	(\$2,983)
Expenditures				
Current:				
General Government:				
Other General Government:				
Other	50,000	50,000	48,466	1,534
<i>Net Change in Fund Balance</i>	0	(5,000)	(6,449)	(1,449)
<i>Fund Balance, Beginning of Year</i>	16,750	16,750	16,750	0
<i>Fund Balance, End of Year</i>	<u>\$16,750</u>	<u>\$11,750</u>	<u>\$10,301</u>	<u>(\$1,449)</u>

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
I Can Fund
For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Miscellaneous	\$500	\$2,000	\$2,921	\$921
Expenditures				
Current:				
General Government:				
Other General Government:				
Other	2,500	4,100	4,100	0
<i>Excess of Revenues Under Expenditures</i>	(2,000)	(2,100)	(1,179)	921
Other Financing Sources				
Transfers In	2,000	2,000	2,000	0
<i>Net Change in Fund Balance</i>	0	(100)	821	921
<i>Fund Balance, Beginning of Year</i>	2,370	2,370	2,370	0
<i>Fund Balance, End of Year</i>	<u>\$2,370</u>	<u>\$2,270</u>	<u>\$3,191</u>	<u>\$921</u>

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Tree Fund
For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Miscellaneous	\$1,000	\$0	\$0	\$0
Expenditures				
Current:				
General Government:				
Other General Government:				
Other	12,232	12,232	11,232	1,000
<i>Net Change in Fund Balance</i>	(11,232)	(12,232)	(11,232)	1,000
<i>Fund Balance, Beginning of Year</i>	1,377	1,377	1,377	0
Prior Year Encumbrances Appropriated	11,232	11,232	11,232	0
<i>Fund Balance, End of Year</i>	<u>\$1,377</u>	<u>\$377</u>	<u>\$1,377</u>	<u>\$1,000</u>

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Cemetery Fund
For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$25,000	\$25,000	\$35,615	\$10,615
Expenditures				
Current:				
Public Health and Welfare:				
Cemetery:				
Other	76,000	93,500	90,212	3,288
<i>Net Change in Fund Balance</i>	(51,000)	(68,500)	(54,597)	13,903
<i>Fund Balance, Beginning of Year</i>	111,580	111,580	111,580	0
Prior Year Encumbrances Appropriated	1,000	1,000	1,000	0
<i>Fund Balance, End of Year</i>	<u>\$61,580</u>	<u>\$44,080</u>	<u>\$57,983</u>	<u>\$13,903</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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fees, Licenses and Permits	\$380,000	\$352,500	\$341,994	(\$10,506)
Miscellaneous	0	0	5,117	5,117
<i>Total Revenues</i>	380,000	352,500	347,111	(5,389)
Expenditures				
Current:				
Leisure Time Activities				
Recreation:				
Other	569,998	569,998	532,553	37,445
<i>Excess of Revenues Under Expenditures</i>	(189,998)	(217,498)	(185,442)	32,056
Other Financing Sources				
Transfers In	150,000	150,000	150,000	0
<i>Net Change in Fund Balance</i>	(39,998)	(67,498)	(35,442)	32,056
<i>Fund Balance, Beginning of Year</i>	69,270	69,270	69,270	0
Prior Year Encumbrances Appropriated	19,998	19,998	19,998	0
<i>Fund Balance, End of Year</i>	<u>\$49,270</u>	<u>\$21,770</u>	<u>\$53,826</u>	<u>\$32,056</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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$60,544	\$110,544	\$133,246	\$22,702
Intergovernmental	25,044	25,044	25,044	0
<i>Total Revenues</i>	85,588	135,588	158,290	22,702
Expenditures				
Current:				
Security of Persons and Property:				
Police Department:				
Other	550,000	550,000	545,354	4,646
<i>Excess of Revenues Under Expenditures</i>	(464,412)	(414,412)	(387,064)	27,348
Other Financing Sources				
Transfers In	450,000	450,000	450,000	0
<i>Net Change in Fund Balance</i>	(14,412)	35,588	62,936	27,348
<i>Fund Balance, Beginning of Year</i>	174,352	174,352	174,352	0
<i>Fund Balance, End of Year</i>	\$159,940	\$209,940	\$237,288	\$27,348

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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$249,212	\$249,212	\$266,493	\$17,281
Intergovernmental	21,963	21,963	21,963	0
<i>Total Revenues</i>	<i>271,175</i>	<i>271,175</i>	<i>288,456</i>	<i>17,281</i>
Expenditures				
Debt Service:				
Principal Retirement	305,000	305,000	305,000	0
Interest and Fiscal Charges	30,800	30,800	25,735	5,065
<i>Total Expenditures</i>	<i>335,800</i>	<i>335,800</i>	<i>330,735</i>	<i>5,065</i>
<i>Net Change in Fund Balance</i>	<i>(64,625)</i>	<i>(64,625)</i>	<i>(42,279)</i>	<i>22,346</i>
<i>Fund Balance, Beginning of Year</i>	<i>284,309</i>	<i>284,309</i>	<i>284,309</i>	<i>0</i>
<i>Fund Balance, End of Year</i>	<i>\$219,684</i>	<i>\$219,684</i>	<i>\$242,030</i>	<i>\$22,346</i>

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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Investment Income	\$50,000	\$0	\$11,392	\$11,392
Expenditures				
Capital Outlay:				
Capital Outlay	1,865,962	1,415,962	1,080,789	335,173
Debt Service:				
Principal Retirement	206,800	206,800	206,767	33
Interest and Fiscal Charges	4,200	4,200	4,188	12
Total Debt Service	211,000	211,000	210,955	45
<i>Total Expenditures</i>	2,076,962	1,626,962	1,291,744	335,218
<i>Excess of Revenues Under Expenditures</i>	(2,026,962)	(1,626,962)	(1,280,352)	346,610
Other Financing Sources				
Transfers In	1,500,000	1,000,000	1,000,000	0
<i>Net Change in Fund Balance</i>	(526,962)	(626,962)	(280,352)	346,610
<i>Fund Balance, Beginning of Year</i>	533,686	533,686	533,686	0
Prior Year Encumbrances Appropriated	315,962	315,962	315,962	0
<i>Fund Balance, End of Year</i>	\$322,686	\$222,686	\$569,296	\$346,610

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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay:				
Capital Outlay	208,711	359,911	307,932	51,979
Debt Service:				
Principal Retirement	1,300,000	1,300,000	1,300,000	0
Interest and Fiscal Charges	27,225	27,225	27,225	0
Total Debt Service	1,327,225	1,327,225	1,327,225	0
<i>Total Expenditures</i>	1,535,936	1,687,136	1,635,157	51,979
<i>Excess of Revenues Under Expenditures</i>	(1,535,936)	(1,687,136)	(1,635,157)	51,979
Other Financing Sources				
General Obligation Notes Issued	1,250,000	1,200,000	1,200,000	0
Premium on General Obligation Notes	0	0	958	958
Transfers In	225,000	400,000	400,000	0
<i>Total Other Financing Sources</i>	1,475,000	1,600,000	1,600,958	958
<i>Net Change in Fund Balance</i>	(60,936)	(87,136)	(34,199)	52,937
<i>Fund Balance, Beginning of Year</i>	42,936	42,936	42,936	0
Prior Year Encumbrances Appropriated	54,636	54,636	54,636	0
<i>Fund Balance, End of Year</i>	\$36,636	\$10,436	\$63,373	\$52,937

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, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Special Assessments	\$15,000	\$11,000	\$11,639	\$639
Expenditures				
Capital Outlay:				
Capital Outlay	500	1,000	209	791
<i>Excess of Revenues Over Expenditures</i>	14,500	10,000	11,430	1,430
Other Financing Uses				
Advances Out	(14,500)	(30,500)	(30,500)	0
<i>Net Change in Fund Balance</i>	0	(20,500)	(19,070)	1,430
<i>Fund Balance, Beginning of Year</i>	23,010	23,010	23,010	0
<i>Fund Balance, End of Year</i>	<u>\$23,010</u>	<u>\$2,510</u>	<u>\$3,940</u>	<u>\$1,430</u>

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Issue II Fund
For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Special Assessments	\$55,100	\$70,000	\$78,173	\$8,173
Expenditures				
Capital Outlay:				
Capital Outlay	981	981	981	0
Debt Service:				
Principal Retirement	30,000	30,000	30,000	0
Interest and Fiscal Charges	25,119	25,119	25,100	19
Total Debt Service	55,119	55,119	55,100	19
<i>Total Expenditures</i>	56,100	56,100	56,081	19
<i>Excess of Revenues Over (Under) Expenditures</i>	(1,000)	13,900	22,092	8,192
Other Financing Uses				
Advances Out	0	(30,000)	(30,000)	0
<i>Net Change in Fund Balance</i>	(1,000)	(16,100)	(7,908)	8,192
<i>Fund Balance, Beginning of Year</i>	21,949	21,949	21,949	0
<i>Fund Balance, End of Year</i>	\$20,949	\$5,849	\$14,041	\$8,192

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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Investment Income	\$100,000	\$100,000	\$80,982	(\$19,018)
Miscellaneous	0	0	9,512	9,512
<i>Total Revenues</i>	100,000	100,000	90,494	(9,506)
Expenses				
Contractual Services	7,115	7,115	7,115	0
Claims	204,625	329,625	314,490	15,135
<i>Total Expenses</i>	211,740	336,740	321,605	15,135
<i>Net Change in Fund Equity</i>	(111,740)	(236,740)	(231,111)	5,629
<i>Fund Equity, Beginning of Year</i>	3,119,722	3,119,722	3,119,722	0
Prior Year Encumbrances Appropriated	11,740	11,740	11,740	0
<i>Fund Equity, End of Year</i>	\$3,019,722	\$2,894,722	\$2,900,351	\$5,629

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 Seven Years

(Accrual Basis of Accounting)

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Governmental Activities				
Invested in Capital Assets, Net of Related Debt	\$58,812,856	\$58,712,220	\$55,982,088	\$51,169,988
Restricted:				
Capital Projects	5,682,081	5,045,601	4,749,445	4,666,275
State Highway	160,172	128,179	252,401	102,812
Federal Forefeiture	0	0	0	0
Street Construction, Maintenance and Repair	370,883	229,877	349,348	319,972
Other Purposes	729,207	479,632	235,472	313,121
Unrestricted	<u>9,641,596</u>	<u>7,570,792</u>	<u>7,132,575</u>	<u>10,334,270</u>
<i>Total Governmental Activities Net Assets</i>	<u>\$75,396,795</u>	<u>\$72,166,301</u>	<u>\$68,701,329</u>	<u>\$66,906,438</u>

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

City of Independence, Ohio

Changes in Net Assets

Last Seven Years

(Accrual Basis of Accounting)

	2009	2008	2007	2006
Program Revenues				
Governmental Activities:				
Charges for Services and Sales:				
General Government	\$306,346	\$228,665	\$163,975	\$186,680
Security of Persons and Property	427,036	426,786	285,474	380,208
Public Health and Welfare	35,615	80,519	1,605	5,601
Leisure Time Activities	467,713	497,839	449,308	388,899
Community Environment	100,143	110,965	73,080	74,654
Basic Utility Services	26,540	24,477	19,201	19,305
Transportation	33,412	38,807	28,045	28,936
Operating Grants	471,385	509,418	594,026	474,954
Capital Grants and Assessments	161,639	32,489	6,871,738	425,251
<i>Total Government Activities Program Revenues</i>	<u>2,029,829</u>	<u>1,949,965</u>	<u>8,486,452</u>	<u>1,984,488</u>
Expenses				
Governmental Activities:				
General Government	7,220,679	6,550,823	6,994,963	8,191,861
Security of Persons and Property	8,391,597	8,812,839	8,396,575	7,642,209
Public Health and Welfare	86,508	146,451	51,713	150,106
Leisure Time Activities	3,236,299	3,350,070	3,178,450	2,780,531
Community Environment	2,193,992	2,514,940	2,375,832	2,020,142
Basic Utility Services	735,732	705,039	699,018	938,050
Transportation:	4,375,394	4,669,006	6,222,871	3,459,425
Intergovernmental	0	0	6,777,393	0
Interest and Fiscal Charges	1,279,989	1,418,440	1,578,292	1,618,688
<i>Total Governmental Activities Expenses</i>	<u>27,520,190</u>	<u>28,167,608</u>	<u>36,275,107</u>	<u>26,801,012</u>
Net (Expense)/Revenue				
Governmental Activities	<u>(25,490,361)</u>	<u>(26,217,643)</u>	<u>(27,788,655)</u>	<u>(24,816,524)</u>
General Revenues and Other Changes in Net Assets				
Governmental Activities				
Property and Other Local Taxes Levied For (1):				
General Purposes	1,167,611	1,016,192	1,151,317	2,024,599
Debt Service	368,719	318,699	326,369	313,916
Police Pension	184,358	170,232	203,220	160,227
Municipal Income Tax levied for General Purposes	23,982,611	22,488,246	23,387,075	21,378,552
Hotel/Motel Tax Levied for General Purposes	939,861	1,150,342	1,088,235	0
Amusement Tax Levied for General Purposes	18,078	18,027	19,796	0
Grants and Entitlements not Restricted to Specific Programs	789,889	1,548,168	796,657	859,930
Investment Income	143,810	368,767	770,803	604,679
Payments in Lieu of Taxes	669,941	1,880,535	876,043	226,583
Miscellaneous	455,977	723,407	964,031	950,187
<i>Total Governmental Activities</i>	<u>28,720,855</u>	<u>29,682,615</u>	<u>29,583,546</u>	<u>26,518,673</u>
Change in Governmental Activities Net Assets	<u>\$3,230,494</u>	<u>\$3,464,972</u>	<u>\$1,794,891</u>	<u>\$1,702,149</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
992,603	516,584	361,782
0	0	0
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)

	2009	2008	2007	2006
General Fund				
Reserved	\$6,970,514	\$6,469,398	\$5,685,909	\$2,319,792
Unreserved	5,807,485	4,810,920	5,234,359	8,859,983
Total General Fund	<u>12,777,999</u>	<u>11,280,318</u>	<u>10,920,268</u>	<u>11,179,775</u>
All Other Governmental Funds				
Reserved	4,302,965	4,004,877	6,058,850	3,077,867
Unreserved, Undesignated, Reported in:				
Special Revenue funds	969,861	573,411	364,175	457,896
Debt Service funds	(7,647,339)	(7,267,284)	(6,531,435)	364,832
Capital Projects funds	<u>(393,020)</u>	<u>(32,682)</u>	<u>(2,108,901)</u>	<u>(2,719,260)</u>
Total All Other Governmental Funds	<u>(2,767,533)</u>	<u>(2,721,678)</u>	<u>(2,217,311)</u>	<u>1,181,335</u>
Total Governmental Funds	<u><u>\$10,010,466</u></u>	<u><u>\$8,558,640</u></u>	<u><u>\$8,702,957</u></u>	<u><u>\$12,361,110</u></u>

2005	2004	2003	2002	2001	2000
\$2,155,243	\$422,535	\$355,631	\$290,755	\$351,645	\$823,080
7,156,832	7,382,659	6,924,808	6,164,224	6,867,235	8,795,411
9,312,075	7,805,194	7,280,439	6,454,979	7,218,880	9,618,491
3,851,968	9,977,491	12,013,645	1,636,665	1,359,853	1,277,783
251,256	311,525	591,485	534,274	832,949	633,321
278,323	285,846	996,507	458,503	423,804	307,386
3,913,934	1,688,663	12,233,503	(89,375)	(199,577)	4,397,157
8,295,481	12,263,525	25,835,140	2,540,067	2,417,029	6,615,647
<u>\$17,607,556</u>	<u>\$20,068,719</u>	<u>\$33,115,579</u>	<u>\$8,995,046</u>	<u>\$9,635,909</u>	<u>\$16,234,138</u>

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

	2009	2008	2007	2006	2005
Revenues					
Taxes (1)	\$24,760,639	\$25,645,624	\$25,700,104	\$23,702,165	\$22,112,467
Intergovernmental	1,463,683	2,028,911	8,039,065	1,819,536	1,656,582
Investment Income	75,323	245,344	590,439	466,309	913,835
Fees, Licenses and Permits	639,937	691,127	709,936	681,069	662,272
Fines and Forfeitures	462,930	378,855	298,541	394,785	363,501
Charges for Services	50,765	83,205	12,211	18,021	38,864
Rentals	243,173	254,871	0	1,808	0
Special Assessments	89,812	54,539	88,289	54,674	38,970
Payment in Lieu of Taxes	1,272,801	770,376	712,048	226,583	0
Miscellaneous	446,465	723,407	873,393	950,187	1,119,263
<i>Total Revenues</i>	<u>29,505,528</u>	<u>30,876,259</u>	<u>37,024,026</u>	<u>28,315,137</u>	<u>26,905,754</u>
Expenditures					
Current:					
General Government	5,785,603	5,356,297	5,534,996	5,233,963	4,048,540
Security of Persons and Property	8,100,541	8,450,592	8,024,379	7,684,493	7,773,464
Public Health and Welfare	86,508	96,797	49,480	156,935	99,105
Leisure Time Activities	3,187,729	3,313,837	3,065,576	2,843,285	3,165,517
Community Environment	2,136,723	2,472,765	2,315,832	2,098,700	2,394,982
Basic Utility Services	565,095	552,082	592,856	540,928	519,660
Transportation:					
Intergovernmental	0	0	6,777,393	0	0
Other	2,390,799	2,725,884	2,450,069	2,118,211	2,514,550
Capital Outlay	1,905,592	4,511,425	8,292,293	9,286,939	11,188,741
Debt Service:					
Principal Retirement	1,390,398	1,365,248	1,359,148	1,247,070	1,172,783
Principal Retirement - Current Refunding	1,200,000	600,000	600,000	600,000	500,000
Interest and Fiscal Charges	1,330,508	1,579,585	1,620,157	1,751,059	1,301,228
Bond Issuance Costs	0	0	0	0	157,525
<i>Total Expenditures</i>	<u>28,079,496</u>	<u>31,024,512</u>	<u>40,682,179</u>	<u>33,561,583</u>	<u>34,836,095</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,426,032</u>	<u>(148,253)</u>	<u>(3,658,153)</u>	<u>(5,246,446)</u>	<u>(7,930,341)</u>
Other Financing Sources (Uses)					
Sale of Capital Assets	20,125	3,936	0	0	0
Bond Anticipation Notes Issued	0	0	0	0	8,400,000
Current Refunding	(5,900,000)	(7,100,000)	(7,700,000)	(8,300,000)	(8,900,000)
Refunding Notes Issued	5,900,000	7,100,000	7,700,000	8,300,000	0
General Obligation Bonds Issued	0	0	0	0	5,800,000
Special Assessment Bonds Issued	0	0	0	0	0
Premium on Issuance of Debt	5,669	0	0	0	147,601
Payment to Refunded Bond Escrow Agent	0	0	0	0	0
Inception of Capital Lease	0	0	0	0	21,577
Transfers In	5,576,485	7,669,000	11,268,134	5,557,000	10,543,376
Transfers Out	(5,576,485)	(7,669,000)	(11,268,134)	(5,557,000)	(10,543,376)
<i>Total Other Financing Sources (Uses)</i>	<u>25,794</u>	<u>3,936</u>	<u>0</u>	<u>0</u>	<u>5,469,178</u>
<i>Net Change in Fund Balances</i>	<u>\$1,451,826</u>	<u>(\$144,317)</u>	<u>(\$3,658,153)</u>	<u>(\$5,246,446)</u>	<u>(\$2,461,163)</u>
Debt Service as a Percentage of Noncapital Expenditures	14.6%	13.4%	10.4%	14.3%	12.5%

(1) Includes All Taxes

2004	2003	2002	2001	2000
\$21,450,696	\$20,752,589	\$20,026,548	\$22,090,195	\$21,057,453
4,096,896	5,693,128	1,955,153	850,390	1,708,315
472,951	361,782	241,041	545,895	1,033,880
735,203	718,605	693,295	691,704	634,589
515,736	496,741	300,889	309,045	231,792
36,689	41,648	168,400	496,034	61,600
0	0	109,222	90,019	83,204
25,000	362,736	93,877	44,580	135,367
0	0	0	0	0
613,729	362,688	412,160	0	126,017
<u>27,946,900</u>	<u>28,789,917</u>	<u>24,000,585</u>	<u>25,117,862</u>	<u>25,072,217</u>
4,833,510	5,062,317	4,327,195	4,360,115	4,130,992
7,676,970	7,228,353	7,205,207	6,580,235	6,246,895
86,338	94,848	84,143	115,192	132,462
2,946,376	2,758,908	2,830,344	1,679,081	1,437,934
2,391,832	2,378,175	2,263,419	3,389,729	3,132,194
475,860	473,105	479,706	457,337	460,959
0	0	0	0	0
2,129,507	2,047,996	1,703,730	1,720,366	1,958,885
17,660,524	8,702,345	3,820,532	10,359,863	10,634,815
11,529,050	10,550,091	23,120,839	13,668,884	3,457,531
0	0	0	0	0
1,224,777	795,370	633,605	700,617	569,377
0	331,409	0	0	0
<u>50,954,744</u>	<u>40,422,917</u>	<u>46,468,720</u>	<u>43,031,419</u>	<u>32,162,044</u>
<u>(23,007,844)</u>	<u>(11,633,000)</u>	<u>(22,468,135)</u>	<u>(17,913,557)</u>	<u>(7,089,827)</u>
0	0	9,634	15,328	15,865
9,900,000	10,400,000	21,800,000	11,400,000	13,350,000
0	0	0	0	0
0	0	0	0	0
0	26,320,000	0	0	0
0	700,000	0	0	0
0	1,081,533	0	0	0
0	(2,748,000)	0	0	0
60,984	0	17,638	0	0
5,006,541	10,800,000	4,794,659	10,425,500	6,550,000
<u>(5,006,541)</u>	<u>(10,800,000)</u>	<u>(4,794,659)</u>	<u>(10,525,500)</u>	<u>(6,650,000)</u>
<u>9,960,984</u>	<u>35,753,533</u>	<u>21,827,272</u>	<u>11,315,328</u>	<u>13,265,865</u>
<u>(\$13,046,860)</u>	<u>\$24,120,533</u>	<u>(\$640,863)</u>	<u>(\$6,598,229)</u>	<u>\$6,176,038</u>
36.0%	36.2%	55.7%	44.0%	18.7%

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

Collection Year	Real Property			Tangible Personal Property	
	Assessed Value		Estimated Actual Value	Public Utility	
	Residential/ Agricultural	Commercial Industrial/PU		Assessed Value	Estimated Actual Value
2009	\$247,400,130	\$233,371,680	\$1,373,633,743	\$11,424,750	\$12,982,670
2008	246,146,200	249,354,240	1,415,715,543	11,074,010	12,584,102
2007	243,061,090	242,628,230	1,387,683,771	19,920,220	22,636,614
2006	219,661,670	244,877,290	1,327,254,171	20,241,990	23,002,261
2005	217,259,750	255,391,400	1,350,431,857	25,368,400	28,827,727
2004	212,846,750	253,773,710	1,333,201,314	22,120,190	25,136,580
2003	264,140,960	192,864,210	1,305,729,057	16,012,173	18,195,651
2002	189,810,990	240,430,230	1,229,260,629	18,026,050	20,484,148
2001	186,531,910	227,004,330	1,181,532,114	24,252,740	27,559,932
2000	167,431,580	187,195,620	1,013,220,571	24,444,450	27,777,784

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

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

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

Source: Cuyahoga County, Ohio; County Auditor

Tangible Personal Property					
General Business		Total			
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Ratio	Tax Rate
\$8,866,450	\$141,863,200	\$501,063,010	\$1,528,479,613	32.78%	\$2.80
32,265,242	258,121,936	538,839,692	1,686,421,581	31.95	2.80
31,350,145	167,200,773	536,959,685	1,577,521,158	34.04	2.80
40,970,389	163,881,556	525,751,339	1,514,137,989	34.72	2.80
42,971,606	171,886,424	540,991,156	1,551,146,008	34.88	2.80
49,910,985	199,643,940	538,651,635	1,557,981,834	34.57	2.80
42,820,707	171,282,828	515,838,050	1,495,207,536	34.50	3.20
63,851,343	255,405,372	512,118,613	1,505,150,149	34.02	3.20
57,941,478	231,765,912	495,730,458	1,440,857,958	34.41	3.30
53,400,026	213,600,104	432,471,676	1,254,598,460	34.47	3.50

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

	2009	2008	2007	2006
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	\$30.0066	\$29.2736	\$29.3470	\$28.5895
Commerical/Industrial and Public Utility Real	30.8481	29.7397	29.8339	29.9017
General Business and Public Utility Personal	32.0000	31.4000	31.5000	31.5000
Cuyahoga Valley Career Center				
Residential/Agricultural Real	2.0000	2.0000	2.0000	2.0000
Commerical/Industrial and Public Utility Real	2.0000	2.0000	2.0000	2.0000
General Business and Public Utility Personal	2.0000	2.0000	2.0000	2.0000
Cuyahoga County				
Residential/Agricultural Real	13.1789	12.6607	11.8688	11.7227
Commerical/Industrial and Public Utility Real	12.8457	12.8153	12.4535	12.5880
General Business and Public Utility Personal	13.3200	13.3200	13.4200	13.5200
Special Taxing Districts (1)				
Residential/Agricultural Real	7.0068	6.6597	5.9676	6.2900
Commerical/Industrial and Public Utility Real	6.9119	6.8911	6.2519	6.5596
General Business and Public Utility Personal	7.2800	7.2800	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

2005	2004	2003	2002	2001	2000
\$1.9000	\$1.9000	\$1.9000	\$1.9000	\$1.9000	\$1.9000
0.3000	0.3000	0.3000	0.3000	0.3000	0.3000
2.2000	2.2000	2.2000	2.2000	2.2000	2.2000
0.6000	0.6000	1.0000	1.0000	1.1000	1.3000
\$2.8000	\$2.8000	\$3.2000	\$3.2000	\$3.3000	\$3.5000

\$28.7260	\$23.1340	\$22.8398	\$22.8802	\$20.5804	\$20.5826
29.3792	23.3597	23.0598	23.1101	20.7785	20.7803
31.5000	26.0000	25.7000	25.7000	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

11.7227	10.9754	10.9899	12.4609	11.3815	11.3967
12.5762	11.9846	12.0433	12.8764	12.0023	11.9298
13.5200	13.5200	13.5200	14.6500	14.6500	14.6500

6.2900	6.2880	4.7783	2.5323	2.5354	2.5422
6.5552	6.5067	5.1811	2.5497	2.5320	2.5253
6.7800	6.7800	5.8800	2.9500	2.9500	2.9500

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

Year	Total Tax Levy	Current Tax Collections	Percent of Current Tax Collections To Tax Levy	Delinquent Tax Collections
2009	\$2,522,246	\$2,352,209	93.26%	\$235,807
2008	2,734,423	2,076,969	75.96	32,721
2007	2,561,471	2,091,154	81.64	86,313
2006	1,588,927	1,514,941	95.34	66,720
2005	1,760,464	1,601,235	90.96	36,810
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

Source: Cuyahoga County, Ohio; County Auditor

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

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

<u>Total Tax Collections (1)</u>	<u>Percent of Total Tax Collections To Tax Levy</u>	<u>Accumulated Outstanding Delinquent Taxes</u>	<u>Percentage of Delinquent Taxes to Total Tax Levy</u>
\$2,588,016	102.61%	\$1,145,874	45.43%
2,109,690	77.15	668,816	24.46
2,177,467	85.01	420,910	16.43
1,581,661	99.54	237,114	14.92
1,638,045	93.05	223,009	12.67
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

City of Independence, Ohio
Principal Real Property Taxpayers
 2009 and 2007 (1)

Taxpayer	2009	
	Real Property Assessed Valuation	Percentage of Total Assessed Valuation
Duke Realty Ohio	\$24,919,250	5.18 %
Investors Warranty of America Inc.	14,975,510	3.11
Cleveland Clinic	12,940,730	2.69
Rockside-77 Properties LTD	12,181,550	2.53
Cleveland Electric Illuminating Company	8,729,200	1.82
JDI Oak Tree Holdings LLC	7,390,290	1.54
City of Independence	7,293,690	1.52
AP/AM Independence Suites	6,661,410	1.39
Jagi Cleveland	6,524,860	1.36
Independence Research	6,151,260	1.28
Total	\$107,767,750	22.42 %
Total Real Property Assessed Valuation	\$480,771,810	

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

Source: Cuyahoga County Auditor

(1) Information prior to 2007 is not available.

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

<u>Tax Year</u>	<u>Tax Rate (1)</u>	<u>Total Tax Collected (2)</u>	<u>Taxes from Withholding</u>	<u>Percentage of Taxes from Withholding</u>	<u>Taxes From Net Profits</u>	<u>Percentage of Taxes from Net Profits</u>	<u>Taxes From Individuals</u>	<u>Percentage of Taxes from Individuals</u>
2009	2.00	\$23,982,611	\$20,306,077	84.67%	\$2,724,424	11.36%	\$952,110	3.97%
2008	2.00	22,488,246	19,307,516	85.86	2,228,793	9.91	951,937	4.23
2007	2.00	23,387,075	20,393,529	87.20	2,128,224	9.10	865,322	3.70
2006	2.00	21,378,552	18,218,802	85.22	2,261,851	10.58	897,899	4.20
2005	2.00	19,588,902	16,901,304	86.28	1,951,055	9.96	736,543	3.76
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

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

(2) 2003 through 2009 are on an accrual basis.
 1999 through 2002 are on a modified accrual basis.

City of Independence, Ohio
Income Tax Filers by Income Level
Tax Years 2008 and 2000

Tax Year 2008 (1)				
Income Range	Number of Filers	Percent of Filers	Taxable Income	Percent of Taxable Income
Over \$100,000	609	22.96 %	\$114,725,771	60.32 %
75,001-100,000	318	11.99	27,773,418	14.60
50,001-75,000	374	14.10	23,114,506	12.15
25,000-50,000	466	17.58	17,050,111	8.96
Under 25,000	885	33.37	7,523,218	3.97
Total	<u>2,652</u>	<u>100.00 %</u>	<u>\$190,187,024</u>	<u>100.00 %</u>

Tax Year 2000 (2)				
Income Range	Number of Filers	Percent of Filers	Taxable Income	Percent of Taxable Income
Over \$100,000	397	15.45 %	\$72,249,648	47.69 %
75,001-100,000	265	10.31	22,721,995	15.00
50,001-75,000	455	17.70	28,072,901	18.53
25,000-50,000	534	20.78	19,696,805	13.00
Under 25,000	919	35.76	8,749,654	5.78
Total	<u>2,570</u>	<u>100.00 %</u>	<u>\$151,491,003</u>	<u>100.00 %</u>

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

(1) As of December 31, 2009, 2009 information has not been compiled.

(2) Information prior to 2000 is not available.

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
2009	\$25,439,723	\$1,528,479,613	1.66%	\$3,579
2008	26,840,541	1,686,421,581	1.59	3,776
2007	28,216,359	1,577,521,158	1.79	3,969
2006	29,567,177	1,514,137,989	1.95	4,159
2005	30,797,995	1,551,146,008	1.99	4,332
2004	26,011,213	1,557,981,834	1.67	3,659
2003	27,136,353	1,495,207,536	1.81	3,817
2002	2,700,000	1,505,150,149	0.18	380
2001	3,000,000	1,440,857,958	0.21	422
2000	3,300,000	1,254,598,460	0.26	464

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
2009	\$25,439,723	\$554,074	\$30,452	\$5,901,889	\$0
2008	26,840,541	585,926	37,219	7,100,000	0
2007	28,216,359	617,778	43,986	7,700,000	0
2006	29,567,177	649,630	50,753	8,300,000	19,042
2005	30,797,995	681,482	57,520	8,900,000	46,144
2004	26,011,213	708,334	64,287	9,400,000	52,514
2003	27,136,353	735,186	71,054	10,400,000	5,871
2002	2,700,000	0	77,821	10,400,000	11,374
2001	3,000,000	0	84,588	11,400,000	5,124
2000	3,300,000	0	91,355	13,350,000	14,647

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

Police and Fire Pension Liability	Total	Percentage of Personal Income	Per Capita
\$63,660	\$31,989,798	11.22 %	\$4,500
67,291	34,630,977	12.15	4,871
70,772	36,648,895	12.86	5,155
74,111	38,660,713	13.57	5,438
77,312	40,560,453	14.37	5,706
80,381	36,316,729	12.94	5,109
83,323	38,431,787	13.69	5,406
86,144	13,275,339	4.79	1,867
88,849	14,578,561	5.27	2,051
91,443	16,847,445	6.22	2,370

City of Independence, Ohio

Legal Debt Margin

Last Ten Years

	2009	2008	2007	2006
Total Assessed Property Value	<u>\$501,063,010</u>	<u>\$538,839,692</u>	<u>\$536,959,685</u>	<u>\$525,751,339</u>
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	<u>52,611,616</u>	<u>56,578,168</u>	<u>56,380,767</u>	<u>55,203,891</u>
Debt Outstanding:				
General Obligation Bonds	\$24,640,000	\$25,990,000	\$27,315,000	\$28,615,000
Special Assessment Bonds	530,000	560,000	590,000	620,000
OPWC Loans	30,452	37,219	43,986	50,753
Notes	<u>7,100,000</u>	<u>7,700,000</u>	<u>8,300,000</u>	<u>8,900,000</u>
Total Gross Indebtedness	32,300,452	34,287,219	36,248,986	38,185,753
Less:				
General Obligation Bonds	(12,675,000)	(13,075,000)	(13,470,000)	(13,860,000)
Special Assessment Bonds	<u>(530,000)</u>	<u>(560,000)</u>	<u>(590,000)</u>	<u>(620,000)</u>
Total Net Debt Applicable to Debt Limit	<u>19,095,452</u>	<u>20,652,219</u>	<u>22,188,986</u>	<u>23,705,753</u>
Legal Debt Margin Within 10 ½ % Limitations	<u>\$33,516,164</u>	<u>\$35,925,949</u>	<u>\$34,191,781</u>	<u>\$31,498,138</u>
Legal Debt Margin as a Percentage of the Debt Limit	63.70%	63.50%	60.64%	57.06%
Unvoted Debt Limitation (5 ½ % of Assessed Valuation)	<u>\$27,558,466</u>	<u>\$29,636,183</u>	<u>\$29,532,783</u>	<u>\$28,916,324</u>
Gross Indebtedness	32,300,452	34,287,219	36,248,986	38,185,753
Less:				
General Obligation Bonds	(12,675,000)	(13,075,000)	(13,470,000)	(13,860,000)
Special Assessment Bonds	<u>(530,000)</u>	<u>(560,000)</u>	<u>(590,000)</u>	<u>(620,000)</u>
Net Debt Within 5 ½ % Limitations	<u>19,095,452</u>	<u>20,652,219</u>	<u>22,188,986</u>	<u>23,705,753</u>
Unvoted Legal Debt Margin Within 5 ½ % Limitations	<u>\$8,463,014</u>	<u>\$8,983,964</u>	<u>\$7,343,797</u>	<u>\$5,210,571</u>
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	30.71%	30.31%	24.87%	18.02%

Source: City Financial Records

2005	2004	2003	2002	2001	2000
<u>\$540,991,156</u>	<u>\$538,651,635</u>	<u>\$515,838,050</u>	<u>\$512,118,613</u>	<u>\$495,730,458</u>	<u>\$432,471,676</u>
56,804,071	56,558,422	54,162,995	53,772,454	52,051,698	45,409,526
\$29,795,000	\$25,105,000	\$26,185,000	\$2,700,000	\$3,000,000	\$3,300,000
650,000	675,000	700,000	0	0	0
57,520	64,287	71,054	77,821	84,588	91,355
9,400,000	9,900,000	10,400,000	10,400,000	11,400,000	13,350,000
39,902,520	35,744,287	37,356,054	13,177,821	14,484,588	16,741,355
(14,145,000)	(8,575,000)	(23,800,000)	0	0	0
(650,000)	(675,000)	(700,000)	0	0	0
25,107,520	26,494,287	12,856,054	13,177,821	14,484,588	16,741,355
<u>\$31,696,551</u>	<u>\$30,064,135</u>	<u>\$41,306,941</u>	<u>\$40,594,633</u>	<u>\$37,567,110</u>	<u>\$28,668,171</u>
55.80%	53.16%	76.26%	75.49%	72.17%	63.13%
<u>\$29,754,514</u>	<u>\$29,625,840</u>	<u>\$28,371,093</u>	<u>\$28,166,524</u>	<u>\$27,265,175</u>	<u>\$23,785,942</u>
39,902,520	35,744,287	37,356,054	13,177,821	14,484,588	16,741,355
(14,145,000)	(8,575,000)	(23,800,000)	0	0	0
(650,000)	(675,000)	(700,000)	0	0	0
25,107,520	26,494,287	12,856,054	13,177,821	14,484,588	16,741,355
<u>\$4,646,994</u>	<u>\$3,131,553</u>	<u>\$15,515,039</u>	<u>\$14,988,703</u>	<u>\$12,780,587</u>	<u>\$7,044,587</u>
15.62%	10.57%	54.69%	53.21%	46.88%	29.62%

City of Independence, Ohio
*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
December 31, 2009*

	Debt Attributable to Governmental Activities	Percentage Applicable to City (1)	Amount of Direct and Overlapping Debt
Direct Debt:			
City of Independence			
General Obligation Bonds	\$25,439,723	100.00 %	\$25,439,723
Special Assessment Bonds	554,074	100.00	554,074
OPWC Loans	30,452	100.00	30,452
Notes Payable	5,901,889	100.00	5,901,889
<i>Total Direct Debt</i>	<u>31,926,138</u>		<u>31,926,138</u>
Overlapping Debt:			
Payable from Property Taxes			
Cuyahoga County Bonds	157,633,000	1.66	2,616,708
Regional Transit Authority Bonds	163,025,000	1.66	2,706,215
Independence Local School District Bonds	15,553,886	100.00	15,553,886
Payable from Other Sources:			
Cuyahoga County Capital Leases	19,154,000	1.66	317,956
Cuyahoga County Loans	5,985,000	1.66	99,351
Regional Transit Authority Capital Leases	22,308,138	1.66	370,315
Regional Transit Authority Loan	3,040,281	1.66	50,469
<i>Total Overlapping Debt</i>	<u>386,699,305</u>		<u>21,714,900</u>
<i>Total Direct and Overlapping Debt</i>	<u>\$418,625,443</u>		<u>\$53,641,038</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 2009 collection year.

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

Year	Population (1)	Total Personal Income (2)	Personal Income Per Capita (2)	Median Family Income (1)	Unemployment Rate (3)		City Square Miles (4)
					Cuyahoga County	State of Ohio	
2009	7,109	\$285,000,000	\$40,090	\$65,059	9.0%	10.7%	9.73
2008	7,109	285,000,000	40,090	65,059	6.8	6.5	9.73
2007	7,109	285,000,000	40,090	65,059	6.3	5.6	9.73
2006	7,109	285,000,000	40,090	65,059	6.1	5.6	9.73
2005	7,109	282,239,200	39,702	65,059	5.9	5.9	9.73
2004	7,109	280,698,500	39,485	65,059	6.6	5.9	9.73
2003	7,109	280,812,100	39,501	65,059	6.2	6.1	9.73
2002	7,109	277,184,000	38,991	65,059	6.6	5.7	9.73
2001	7,109	276,601,800	38,909	65,059	4.6	4.2	9.73
2000	7,109	270,959,600	38,115	65,059	4.5	4.1	9.73

(1) U.S. Census Bureau 2000

(2) City estimates

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

(4) City Records

City of Independence, Ohio

Principal Employers

2009 and 2007 (1)

2009			
Employer	Nature of Activity	Employees	Percentage of Total City Employment
Cleveland Clinic Foundation	Health Care	1,953	11.18%
L D Kichler Co	Lighting Products	400	2.29
Farmers Underwriters Association	Insurance	277	1.58
ADP Incorporated	Payroll Processing	249	1.43
City of Independence	Municipality	223	1.28
Cellco Partnership	Communication	196	1.12
Ferro Corporation & Subsidiary	Manufacturing	174	1.00
Novastar	Mortgage Company	147	0.84
Oracle USA	Sales and Servicing	133	0.76
Cavaliers Holdings LLC	Professional Basketball Team	66	0.38
Total		3,818	21.86%
Total Employment within the City		17,462	

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

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

(1) Information prior to 2007 is not available

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

Function/Program	2009	2008	2007	2006
General Government				
Council	5.00	5.50	5.50	5.50
Mayor	2.50	2.50	2.50	2.50
Finance	4.00	4.00	3.50	3.50
Purchasing	1.00	1.00	1.50	1.50
Mayor's Court	3.00	3.00	3.50	3.50
Technology	1.00	1.00	1.00	1.00
Engineering	3.00	1.50	0.50	0.50
Administrative Support	4.00	4.00	3.50	3.50
Security of Persons and Property				
Police	51.00	53.50	56.50	54.00
Fire	28.00	27.00	28.00	28.00
Leisure Time Activities				
Community Center	42.50	47.00	43.00	40.50
Senior/Community Services	23.50	22.00	22.50	21.00
Community Environment				
Building Inspection	3.00	5.00	6.00	6.00
Transportation				
Service	51.00	47.00	50.00	50.00
Totals:	<u>222.50</u>	<u>224.00</u>	<u>227.50</u>	<u>221.00</u>

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

(1) Information prior to 2001 is not available

2005	2004	2003	2002	2001
5.50	5.50	5.00	5.00	4.50
2.50	3.00	3.00	3.00	3.50
3.50	4.50	5.00	3.00	4.50
1.50	1.50	1.50	1.50	1.50
3.50	3.00	3.00	4.50	4.50
1.00	1.00	1.00	1.00	1.00
0.50	0.50	0.50	0.50	0.50
3.50	3.50	3.50	3.50	3.50
53.00	57.00	53.50	54.50	54.50
27.50	27.50	29.00	26.50	28.00
35.00	34.50	35.00	32.00	35.00
20.50	17.50	17.50	19.50	19.00
6.00	5.50	5.50	7.00	7.00
51.00	49.00	52.50	48.50	53.00
214.50	213.50	215.50	210.00	220.00

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

Function/Program	2009	2008	2007	2006
General Government				
Square Footage of Building (1)	35,200	35,200	35,200	35,200
Building Department Vehicles	3	3	3	3
Other Department Vehicles	0	0	0	0
Police				
Stations	1	1	1	1
Square Footage of Building (1)	35,200	35,200	35,200	35,200
Vehicles	44	45	44	44
Fire				
Stations	1	1	1	1
Square Footage of Building	19,350	19,350	19,350	19,350
Vehicles	12	12	12	12
Service Department				
Streets (miles)	52	52	52	52
Vehicles	60	62	59	59
Recreation				
Recreation Centers	2	2	2	2
New Recreation Center Square Footage (2)	82,000	82,000	82,000	82,000
Old Recreation Facility Square Footage	7,570	7,570	7,570	7,570
Number of Parks	1	1	1	1
Number of Baseball Diamonds	6	6	6	6
Number of Playgrounds	2	2	2	2
Number of Tennis Courts	5	5	5	5
Number of Full Sized Soccer Fields	3	3	3	3
Vehicles	4	4	3	3
Community Services				
Community Services Center Square Footage (2)	82,000	82,000	82,000	82,000
Vehicles	9	9	6	6

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

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

Sources: City Records

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

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

Function/Program	2009	2008	2007
General Government			
Law Expenditures (in thousands)	\$248	\$217	\$282
Engineering Expenditures (in thousands)	\$52	\$212	\$287
Finance Expenditures (in thousands)	\$445	\$425	\$405
Mayor's Office Expenditures (in thousands)	\$530	\$460	\$454
Council Expenditures (in thousands)	\$263	\$312	\$306
Security of Persons and Property			
Police Expenditures (in thousands)	\$4,839	\$4,782	\$4,618
Total Arrests	4,811	4,326	3,453
Part One Offenses	197	248	248
OVI Arrests	102	108	103
Prisoners	572	681	813
Motor Vehicle Accidents	490	572	558
Calls for Service	30,022	31,104	26,491
Incidents per Citizen	4.2900	4.3753	3.7264
Cost per Citizen	\$691.33	\$672.67	\$649.60
Fire Expenditures (in thousands)	\$2,978	\$2,916	\$2,800
Emergency Responses	1,607	1,637	1,530
Fire Safety Inspections	502	575	590
Fire Protection Systems Inspected	187	239	258
Building Fire Protection Plans Reviewed	22	11	10
Percentage of Business Inspected	87%	94%	100%
Number of Community Programs	12	13	13
Emergency Reponses per Citizen	0.2300	0.2303	0.2152
Cost per Citizen	\$409.00	\$410.18	\$393.87
Fire Safety Education - Business	29	46	48
Street Lights Expenditures (in thousands)	\$190	\$190	\$183

2006	2005	2004	2003	2002
\$274	\$264	\$184	\$193	\$302
\$294	\$227	\$364	\$295	\$397
\$397	\$386	\$394	\$406	\$431
\$431	\$414	\$412	\$429	\$441
\$287	\$285	\$281	\$267	\$261
\$4,411	\$4,583	\$4,381	\$4,378	\$3,930
4,377	4,895	4,605	4,374	3,680
275	287	335	310	252
94	112	146	116	143
780	897	851	692	623
544	634	646	555	607
29,001	32,889	36,811	38,024	31,678
4.0795	4.6264	5.1781	5.3487	4.4560
\$620.48	\$644.68	\$616.26	\$615.84	\$552.82
\$2,702	\$2,592	\$2,458	\$2,386	\$2,385
1,482	1,433	1,258	1,104	1,099
604	576	619	612	584
251	242	268	232	254
18	16	14	21	12
100%	100%	100%	92%	90%
12	11	10	10	8
0.2085	0.2016	0.1770	0.1553	0.1546
\$380.08	\$364.61	\$345.76	\$335.63	\$335.49
44	48	59	42	39
\$203	\$193	\$178	\$168	\$214

(continued)

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

Function/Program	2009	2008	2007
Leisure Time Activities			
Recreational Expenditures (in thousands)	\$1,874	\$1,584	\$1,585
Civic Center Expenditures (in thousands)	859	1,076	1,098
Totals	\$2,733	\$2,660	\$2,683
Cost per Citizen	\$0.38	\$0.37	\$0.38
Civic Center Square Feet	82,000	82,000	82,000
Square Feet per Citizen	12.00	11.53	11.53
Total Recreational Revenue (in thousands)	\$645	\$99	\$93
Civic Center Members	2,445	3,798	2,563
Total Participations	2,454	83,636	93,227
Participations of Members Over Age 60	678	18,790	18,869
Community Environment			
Building Department Expenditures (in thousands)	\$487	\$497	\$510
Cost per Citizen	\$0.07	\$0.07	\$0.07
Building Permits - Residential	58	68	91
Dollar Value of Permits (in thousands)	\$31	\$20	\$33
Building Permits - Commercial	45	91	62
Dollar Value of Permits (in thousands)	\$38	\$33	\$71
Transportation			
Service Department Expenditures (in thousands)	\$947	\$3,975	\$2,970
Street Construction Maintenance and Repair Expenditures (in thousands)	\$2,652	\$1,835	\$1,490
Snow and Ice Removal Expenditures (in thousands)	\$362	\$376	\$289
Leaves, grass, chipped material (in cubic yards)	11,000	10,000	14,428

(1) Information prior to 2002 is not available

2006	2005	2004	2003	2002
\$1,553	\$1,580	\$1,398	\$1,358	\$1,383
944	1,099	1,070	1,024	1,047
\$2,497	\$2,679	\$2,468	\$2,382	\$2,430
\$0.35	\$0.38	\$0.35	\$0.34	\$0.34
82,000	82,000	82,000	82,000	82,000
11.53	11.53	11.53	11.53	11.53
\$95	\$101	\$106	\$117	\$123
2,586	2,881	2,616	2,683	2,777
94,673	100,238	93,675	91,379	101,090
19,790	19,626	19,856	19,452	18,790
\$489	\$455	\$455	\$424	\$453
\$0.07	\$0.06	\$0.06	\$0.06	\$0.06
97	92	84	106	97
\$45	\$48	\$45	\$54	\$33
72	62	81	49	54
\$171	\$86	\$127	\$67	\$111
\$2,732	\$3,015	\$2,834	\$2,907	\$3,128
\$1,374	\$1,517	\$1,180	\$1,244	\$871
\$148	\$357	\$267	\$333	\$133
12,744	13,520	10,216	7,932	3,240

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Mary Taylor, CPA
Auditor of State

CITY OF INDEPENDENCE

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 2, 2010**