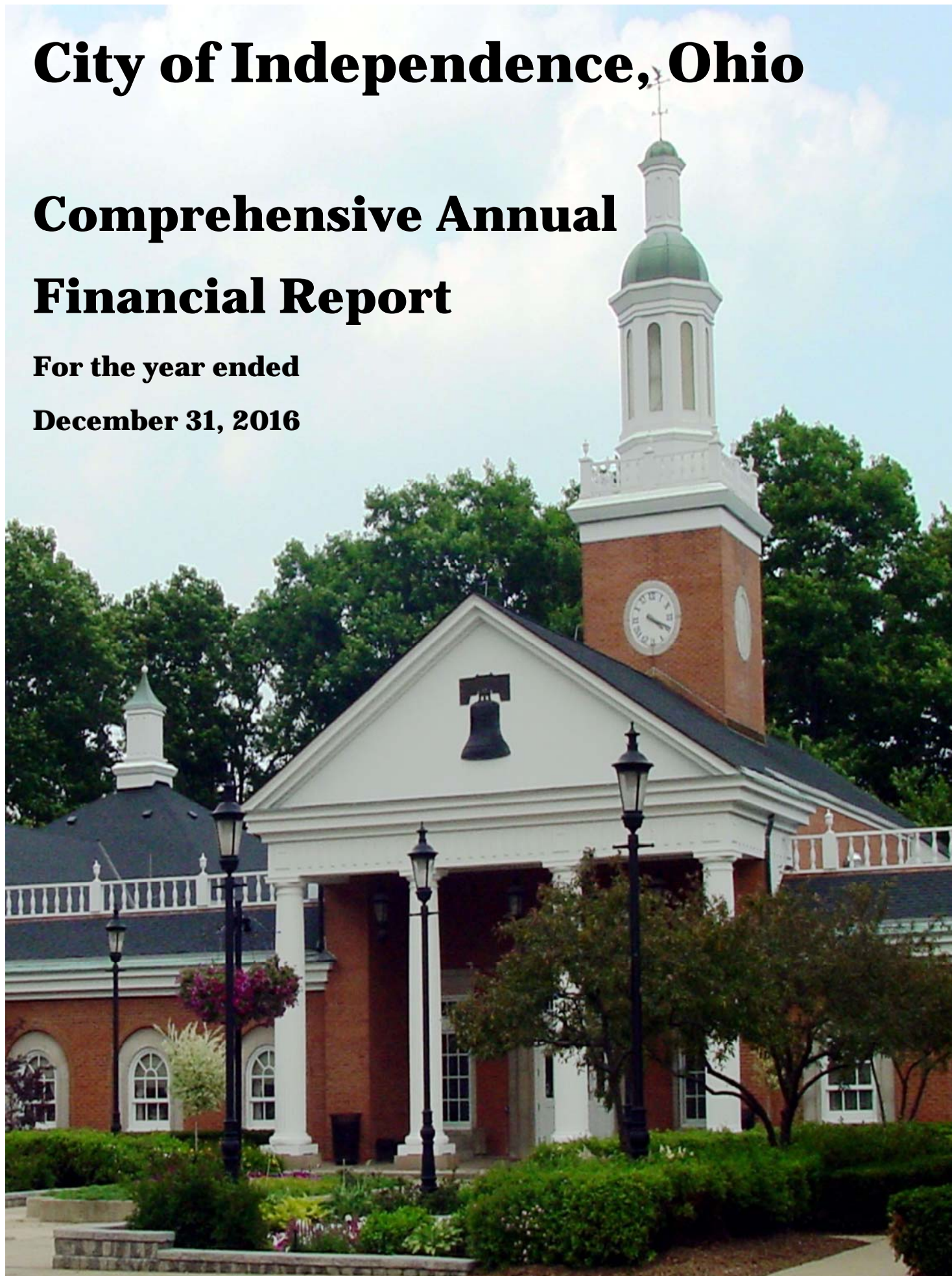


# **City of Independence, Ohio**

## **Comprehensive Annual Financial Report**

**For the year ended**

**December 31, 2016**







# Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the City of Independence, Cuyahoga County, prepared by Ciuni & Panichi, Inc., for the audit period January 1, 2016 through December 31, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost  
Auditor of State

September 18, 2017

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**CITY OF INDEPENDENCE, OHIO**

**COMPREHENSIVE**

**ANNUAL FINANCIAL REPORT**

**For the Year Ended December 31, 2016**

John M. Veres, CPA, CPFA  
Finance Director

Prepared by the City Finance Department

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# **Introductory Section**



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**City of Independence, Ohio**  
*Comprehensive Annual Financial Report*  
*For the Year Ended December 31, 2016*  
*Table of Contents*

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**I. Introductory Section**

Table of Contents.....	i
Letter of Transmittal.....	v
Organizational Chart.....	x
List of Principal Officials.....	xi
GFOA Certificate of Achievement.....	xii

**II. Financial Section**

Independent Auditor’s Report.....	1
Management’s Discussion and Analysis.....	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position.....	16
Statement of Activities.....	17
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	18
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities.....	19
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	21
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual: General Fund.....	22
Statement of Fund Net Position – Internal Service Fund.....	23
Statement of Revenues, Expenses and Changes in Fund Net Position – Internal Service Fund.....	24
Statement of Cash Flows – Internal Service Fund.....	25
Statement of Fiduciary Assets and Liabilities – Agency Fund.....	26
Notes to the Basic Financial Statements.....	27

Required Supplementary Information:

Schedule of the City’s Proportionate Share of the Net Pension Liability –  
Ohio Public Employees Retirement System – Traditional Plan – Last Three Years ..... 66

Schedule of the City’s Proportionate Share of the Net Pension Liability –  
Ohio Police and Fire Pension Fund – Last Three Years ..... 67

Schedule of the City’s Contribution –  
Ohio Public Employees Retirement System – Traditional Plan – Last Four Years ..... 68

Schedule of the City’s Contributions –  
Ohio Police and Fire Pension Fund – Last Ten Years ..... 70

Combining and Individual Fund Statements and Schedules:

Combining Statements – Nonmajor Governmental Funds:

Fund Descriptions..... 72

Combining Balance Sheet – Nonmajor Governmental Funds..... 74

Combining Statement of Revenues, Expenditures and Changes in  
Fund Balances – Nonmajor Governmental Funds..... 75

Combining Balance Sheet – Nonmajor Special Revenue Funds ..... 76

Combining Statement of Revenues, Expenditures and Changes in  
Fund Balances – Nonmajor Special Revenue Funds ..... 80

Combining Balance Sheet – Nonmajor Capital Projects Funds ..... 84

Combining Statement of Revenues, Expenditures and Changes in  
Fund Balances – Nonmajor Capital Projects Funds ..... 86

Fund Statement – Fiduciary Fund:

Fund Description ..... 88

Statement of Changes in Assets and Liabilities – Agency Fund ..... 89

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

Major Funds:

General Fund ..... 91

Quadrant Tax Increment Financing Fund..... 97

Capital Improvements Fund ..... 98

Street Resurfacing Fund ..... 99

Nonmajor Funds:

State Highway Fund ..... 100

Motor Vehicle License Tax Fund..... 101

Street Construction, Maintenance and Repair Fund ..... 102

Enforcement and Education Fund ..... 103

Drug Offense Fund ..... 104

Law Enforcement Fund ..... 105

Federal Forfeiture Fund ..... 106

High Intensity Drug Trafficking Area Fund..... 107

Mayor’s Court Computer Fund .....	108
FEMA Grant Fund.....	109
Handicap Parking Fund .....	110
Friends for Life Fund.....	111
Twenty-Five and Alive Fund.....	112
Home Days Fund .....	113
I Can Fund .....	114
Tree Fund.....	115
Cemetery Fund .....	116
Recreation Fund.....	117
Police Pension Fund .....	118
Compensated Absences Fund .....	119
Rainy Day Fund.....	120
Economic Development Fund .....	121
Bond Retirement Fund.....	122
Drain Water Fund .....	123
Rockside Woods Fund.....	124
Issue II Fund .....	125
Public Safety Equipment Fund .....	126
Route 21 and Pleasant Valley Fund.....	127
Insurance Fund .....	128

### III. Statistical Section

Contents .....	S1
Net Position by Component – Last Ten Years .....	S2
Changes in Net Position – Last Ten Years .....	S4
Fund Balances, Governmental Funds – Last Ten Years .....	S6
Changes in Fund Balances, Governmental Funds – Last Ten Years .....	S8
Assessed Valuation and Estimated Actual Values of Taxable Property – Last Ten Years .....	S10
Property Tax Rates – Direct and Overlapping Governments – Last Ten Years .....	S12
Property Tax Levies and Collections – Last Ten Years .....	S14
Principal Real Property Taxpayers – 2016 and 2007 .....	S16
Income Tax Revenue Base and Collections – Last Ten Years.....	S17
Income Tax Filers by Income Level – Tax Years 2016 and 2008 .....	S18
Ratio of General Obligation Bonded Debt to Estimated Actual Values of Taxable Property and Bonded Debt Per Capita – Last Ten Years .....	S19
Ratio of Outstanding Debt to Total Personal Income and Debt Per Capita – Last Ten Years .....	S20
Legal Debt Margin – Last Ten Years.....	S22
Computation of Direct and Overlapping Debt Attributable to Governmental Activities.....	S24

Demographic and Economic Statistics – Last Ten Years .....	S25
Principal Employers – 2016 and 2008 .....	S26
Full-Time Equivalent City Government Employees by Function/Program – Last Ten Years .....	S28
Capital Assets Statistics by Function/Program – Last Ten Years .....	S30
Operating Indicators by Function/Program – Last Ten Years.....	S32



# City of Independence, Ohio

"THE HEART OF CUYAHOGA COUNTY"

6800 BRECKSVILLE ROAD

INDEPENDENCE, OHIO 44131

(216) 524-4131

Lypg"49."4239

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

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

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

Ciuni & Panichi, Inc., a Certified Public Accounting firm, has issued an unmodified ("clean") opinion of the City of Independence's financial statements for the year ended December 31, 2016. The Independent Auditor's Report is located at the front of the financial section of this report.

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

## ***Profile of the City***

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

The current population is estimated to be 7,114 (2016 Census estimate) indicating a comfortable average of approximately 731 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 2015 residential rate paid in 2016 is \$61.41 per one thousand dollars of assessed valuation. The 2015 rate for Cleveland, for example, is \$92.16.

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 23 full-time and 6 part-time firefighters. There are 32 full-time and 2 part-time police officers on the staff of the Police Department.

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

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

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

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

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

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

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

### ***Local Economy***

From the beginning, the City of Independence has become the most strategically located industrial, commercial and residential area in the County. It is a developing Cleveland suburb and continues to expand, primarily due to the junction of major interstates (I-77 and I-480). Employees can conveniently get to Independence by either car or bus. Bus service is provided by the Greater Cleveland Regional Transit Authority.

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

There are also many fine restaurants (over 35 of them to choose from), motels and hotels (14 of them with 2,100 available rooms) located within the City – Comfort Inn, Courtyard by Marriott, America’s Best Value Inn, Doubletree, Embassy Suites, Hampton Inn and Suites, Holiday Inn, Hyatt Place, LaQuinta, Red Roof Inn, Residence Inn by Marriott, and the Crowne Plaza – all with convenient access to the Interstates. A 121 room SpringHill Suites by Marriott and a 103 room Home2 Suites by Hilton opened in 2016.

Some of the prestigious businesses of over 700 businesses that have chosen to locate in the City of Independence are the Cleveland Clinic Foundation; Kichler Lighting; Cleveland Cavaliers NBA Basketball Team; “Cleveland Clinic Courts” practice facility; Travelers Insurance; Farmers Insurance; CBIZ; ADP; Airgas; SIRVA; iHeartMedia; Independence Excavating; Novar Controls-Honeywell International, Inc.; CSA International; Wegman, Hessler, and Vanderburg; Hylant Group; Dayton Heidelberg Distributing; Fedeli Group, Inc.; Kent State University College of Podiatric Medicine; All Erection Crane Rental Co.; and UTC Aerospace Systems.

Even though the City’s resident population is relatively small (7,114 as of the 2016 Census estimate), the daytime population approaches 21,000 during the work week; and when the vendor, customer, client, patient, and flow-through activity during the daytime are included, the commercial population can reach 35,000-40,000.

### ***Major Initiatives***

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

One of the EDSP action items was land banking vacant property in the Rockside Road corridor. Acting on this recommendation, the City purchased 33 acres of vacant commercial property adjacent to Rockside Road in May 2014. In 2016, the City signed a Memorandum of Understanding with a national developer that is planning a mixed-use project for the site.

Another result of the EDSP was recommendations for the City’s downtown area. Over ten years ago the City purchased the old middle school and surrounding land. The site sits right in the middle of downtown, and has the potential to be a catalyst for area-wide redevelopment. At the end of 2016, City leadership determined that the old middle school was a detriment to redeveloping downtown Independence, so the decision was made to demolish the structure. The demolition is expected to be complete by June 2017.

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

The City initiated a major infrastructure project at the Interstate 77 and Rockside Road Interchange in 2016. The \$2,500,000 project will expand the capacity of the Interstate 77 southbound ramp to two lanes. This ramp expansion will allow for an additional lane to be constructed on Rockside Road dedicated to Interstate 77 southbound, while also allowing for dual left turns from westbound Rockside Road. This project will improve traffic flow and reduce congestion in the Rockside Road corridor upon its completion in May 2017.

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 16 areas designated as TIF Financing districts and has received \$12,093,359 of payments in lieu of taxes since the inception of the TIF Financing program.

### ***Long-term Planning***

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

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

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

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

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

A key recommendation from the Area Plans was for the City to consider creating zoning that would enable limited mixed-use development in the Rockside Road Corridor and Downtown. Following this recommendation, City Council approved the creation of Planned Unit Development (PUD) Districts for both of these commercial districts in 2015. Efforts continued in 2016 to identify opportunities to provide more zoning flexibility in other commercial districts in order to meet the evolving demands of the real estate market.

### ***Relevant Financial Policies***

The City has been able to maintain a plan to minimize its debt by borrowing only for capital/infrastructure improvements which proceeds are used for economic development related projects.



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

The City borrowed \$8,800,000 for Phase I of the project in 2003 and \$5,800,000 in 2005 for Phase II of the project. In 2014 the City advance refunded the 2005 Quadrant TIF bond series and saved the City \$405,576. In 2016 the City collected \$1,438,276 in TIF revenue, which represented 99 percent of the 2016 debt service for its TIF borrowings.

The City's total debt reached \$39,902,500 at December 31, 2005. A concentrated effort was made from that point forward to continue to reduce the City's total debt annually. By December 31, 2016, the City's total debt was reduced to \$26,315,573.

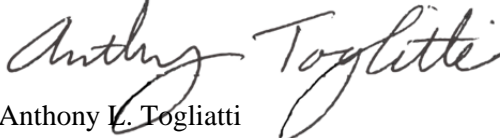
### ***Awards and Acknowledgements***

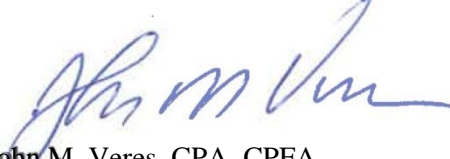
The Government Finance Officers Association of the United States and Canada (GFOA) has awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Independence for its Comprehensive Annual Financial Report for seven consecutive years including the fiscal year ended December 31, 2015. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized comprehensive annual financial report that satisfied both generally accepted accounting principles (GAAP) and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

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

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

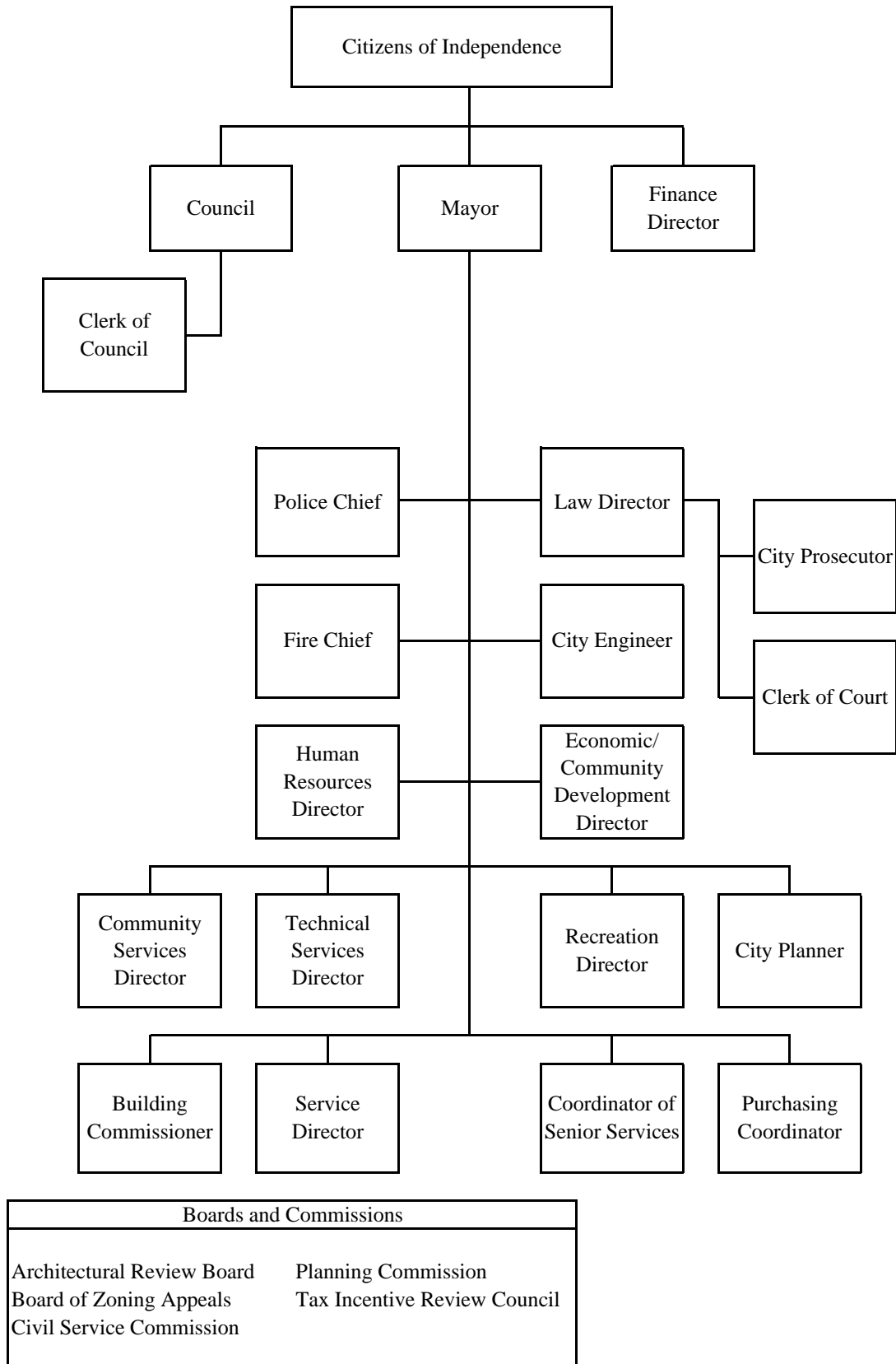
Respectfully submitted,

  
Anthony V. Togliatti  
Mayor

  
John M. Veres, CPA, CPFA  
Director of Finance

# City of Independence

## Organizational Chart



**City of Independence, Ohio**

*List of Principal Officials*

*December 31, 2016*

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***Elected Officials***

Mayor..... Anthony L. Togliatti  
Finance Director..... John M. Veres, CPA, CPFA  
Vice Mayor .....David Grendel  
Council Member ..... Carl Asseff  
Council Member ..... Kathleen Kapusta  
Council Member ..... Thomas Narduzzi  
Council Member ..... James Trakas  
Council Member ..... Bob Wagner  
Council Member ..... Patricia Wisnieski

***Appointed Officials***

Clerk of Council.....Debra J. Beal  
Law Director ..... Gregory O'Brien  
City Prosecutor..... Charles Cichocki

***Administration***

Human Resources Director ..... Lisa Zamiska  
Community Services Director..... Natalie Buc  
Police Chief..... Michael Kilbane  
City Engineer ..... Don Ramm  
City Planner ..... Jeffrey S. Markley  
Service Director ..... Leon Karas  
Recreation Director..... Tom Walchanowicz  
Fire Chief ..... Steve Rega  
Building Official ..... Michael Gero  
Technical Services Director..... David Snyderburn  
Economic Development Director..... Jeremy Rowan  
Purchasing Coordinator ..... Gus Katsas  
Clerk of Court ..... Angela T. Zidanic



Government Finance Officers Association

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

Presented to

**City of Independence  
Ohio**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2015**

Executive Director/CEO

# **Financial Section**



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## Independent Auditor's Report

Members of the City Council  
City of Independence, Ohio

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Independence, Ohio (the "City"), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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

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

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

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 to 14 and the schedules of the City's proportionate share of the net pension liability and schedules of the City's contributions on pages 66 through 71 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

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

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

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



Members of the City Council  
City of Independence, Ohio

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2017, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Ciuni + Panichi, Inc.*

Cleveland, Ohio  
June 27, 2017

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**City of Independence, Ohio**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2016  
*Unaudited*

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The discussion and analysis of the City of Independence's (the City) financial performance provides an overall review of the City's financial activities for the year ended December 31, 2016. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers are encouraged to consider the information presented here in conjunction with the transmittal letter, the basic financial statements, and the accompanying notes to those financial statements to enhance their understanding of the City's financial performance.

**Financial Highlights**

Key financial highlights are as follows:

- ❖ The City remains vigilant and department heads and employees work together to find ways to create more efficiency to ensure that the City's mission *"To provide essential services and to enhance the quality of community life in the most economic and efficient manner possible"* is carried out and implemented each and every day.
- ❖ The City has established several tax incremental financing (TIF) districts within the City under which the City has granted property tax exemptions and agreed to construct certain public infrastructure improvements. A taxpayer whose operations are located within the TIF districts continues to make payments to the jurisdiction in an amount equal to the real property tax liability that otherwise would have been due had the property not been exempted; however, the portion of the property tax on the incremental increase in value that would have gone to the County comes to the City to help pay for those public infrastructure improvements. Since the inception of these districts, the City has received more than \$12.0 million in payments in lieu of taxes (PILOT) revenue on a cash basis.
- ❖ 2016 saw the completion of many road projects totaling nearly \$1,700,000. These projects were paid for with cash on hand. The City has many other continuing road projects that will be completed in future years. The City is always looking to improve and repair its roads for the safety of its citizens.
- ❖ On April 14, 2016, the City repaid \$250,000 of the \$2,600,000 bond anticipation note issued for the Selig Drive/Route 21 Intersection widening project, along with \$100,000 towards the \$800,000 bond anticipation note for Chestnut Woods III at the Hillside/Route 21 intersection.
- ❖ The City complies with GASB 68 and GASB 71, which establish standards for measuring and recognizing pension liabilities, deferred outflows/inflows of resources and expense/expenditure. The implementation of these GASB statements resulted in a significant change to the financial statements presentation of the City.

**Using this Annual Financial Report**

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

The statement of net position and statement of activities provides information about the activities of the City as a whole, presenting both an aggregate view of the City's finances and a longer-term view of those assets. Major fund financial statements provide the next level of detail. For governmental funds, these statements

**City of Independence, Ohio**  
Management's Discussion and Analysis  
*For the Year Ended December 31, 2016*  
*Unaudited*

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

**Reporting the City of Independence as a Whole**

*Statement of Net Position and the Statement of Activities*

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

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

**Reporting on the Most Significant Funds of the City of Independence**

*Fund Financial Statements*

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

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

**City of Independence, Ohio**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2016  
Unaudited

**The City of Independence as a Whole**

*Statement of Net Position*

As noted earlier, the statement of net position looks at the City as a whole and can prove to be a useful indicator of the City's financial position. Table 1 provides a summary of the City's net position for 2016 and 2015.

**Table 1**  
**Net Position**

	2016	2015	Change
<b>Assets</b>			
Current and Other Assets	\$41,170,565	\$30,574,890	\$10,595,675
Capital Assets, Net	106,251,783	102,332,607	3,919,176
Total Assets	<u>147,422,348</u>	<u>132,907,497</u>	<u>14,514,851</u>
<b>Deferred Outflows of Resources</b>			
Deferred Charge on Refunding	435,313	473,389	(38,076)
Pension	7,265,221	2,683,107	4,582,114
Total Deferred Outflows of Resources	<u>7,700,534</u>	<u>3,156,496</u>	<u>4,544,038</u>
<b>Liabilities</b>			
Current and Other Liabilities	9,179,466	2,697,179	(6,482,287)
Long-Term Liabilities			
Due Within One Year	2,095,196	1,922,719	(172,477)
Due in More than One Year			
Net Pension Liability	24,322,478	18,356,277	(5,966,201)
Other Amounts	25,594,997	25,736,309	141,312
Total Liabilities	<u>61,192,137</u>	<u>48,712,484</u>	<u>(12,479,653)</u>
<b>Deferred Inflows of Resources</b>			
Property Taxes	776,395	745,077	(31,318)
Payments in Lieu of Taxes	1,438,277	1,487,079	48,802
Pension	235,615	123,381	(112,234)
<b>Total Deferred Inflows of Resources</b>	<u>2,450,287</u>	<u>2,355,537</u>	<u>(94,750)</u>
<b>Net Position</b>			
Net Investment in Capital Assets	75,112,616	75,013,690	98,926
Restricted:			
Capital Projects	7,059,950	8,807,685	(1,747,735)
State Highway	141,225	149,136	(7,911)
Street Construction, Maintenance and Repair	690,663	539,077	151,586
Police Pension	626,477	532,177	94,300
Other Purposes	354,824	248,778	106,046
Unrestricted (Deficit)	7,494,703	(294,571)	7,789,274
Total Net Position	<u>\$91,480,458</u>	<u>\$84,995,972</u>	<u>\$6,484,486</u>

**City of Independence, Ohio**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2016  
*Unaudited*

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The net pension liability (NPL) is the largest single liability reported by the City at December 31, 2016 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—An Amendment of GASB Statement 27." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

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

GASB 68 requires the net pension liability to equal the City's proportionate share of each plan's collective:

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

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

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

**City of Independence, Ohio**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2016  
Unaudited

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

As of December 31, 2016, the City's overall net position increased by \$6,484,486 from 2015. Total assets increased by \$14.5 million, as revenues continued to exceed expenses resulting in an increase to cash. Capital assets also increased by just under \$4 million as additions exceeded depreciation. The significant increase in total deferred outflows of resources in 2016 was due to an increase in the difference between projected and actual earnings on investments related to the City's net pension liability. The net pension liability increase represents the City's proportionate share of the pension plan's unfunded benefits. As indicated above, changes in pension benefits, contributions rates and return on investments affect the balance of the net pension liability. Liabilities increased mainly due to the increase in the net pension liability as well as the issuance of additional bond anticipation notes partially offset by the pay down of general obligation bonds in 2016. Further details of the changes in net position between 2016 and 2015 can be observed in Table 2.

**Table 2**  
**Changes in Net Position**

	2016	2015	Change
<b>Revenues</b>			
Program Revenues			
Charges for Services and Sales	\$2,097,281	\$1,946,084	\$151,197
Operating Grants and Contributions	658,459	524,252	134,207
Capital Grants and Assessments	122,246	1,189,630	(1,067,384)
<i>Total Program Revenues</i>	<u>2,877,986</u>	<u>3,659,966</u>	<u>(781,980)</u>
General Revenues			
Property Taxes	924,069	949,564	(25,495)
Municipal Income Taxes	30,809,785	28,691,285	2,118,500
Hotel/Motel Taxes	1,438,252	1,356,711	81,541
Amusement Taxes	55,777	0	55,777
Grant and Entitlements, Not			
Restricted to Specific Programs	192,221	270,740	(78,519)
Investment Income	68,227	60,762	7,465
Payments in Lieu of Taxes	1,577,104	1,635,817	(58,713)
Miscellaneous	475,752	703,280	(227,528)
<i>Total General Revenues</i>	<u>35,541,187</u>	<u>33,668,159</u>	<u>1,873,028</u>
<i>Total Revenues</i>	<u>\$38,419,173</u>	<u>\$37,328,125</u>	<u>\$1,091,048</u>

**City of Independence, Ohio**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2016  
Unaudited

**Table 2**  
**Changes in Net Position (continued)**

	2016	2015	Change
<b>Program Expenses</b>			
General Government	\$9,239,305	\$9,037,847	(\$201,458)
Security of Persons and Property	10,377,823	8,961,555	(1,416,268)
Public Health and Welfare	58,324	48,133	(10,191)
Leisure Time Activities	3,798,602	3,684,540	(114,062)
Community Environment	3,542,366	3,543,729	1,363
Basic Utility Services	477,590	490,196	12,606
Transportation	3,832,243	4,669,027	836,784
Interest and Fiscal Charges	608,434	632,480	24,046
<i>Total Expenses</i>	<u>31,934,687</u>	<u>31,067,507</u>	<u>(867,180)</u>
<i>Increase in Net Position</i>	6,484,486	6,260,618	223,868
<i>Net Position Beginning of Year</i>	<u>84,995,972</u>	<u>78,735,354</u>	<u>6,260,618</u>
<i>Net Position End of Year</i>	<u><u>\$91,480,458</u></u>	<u><u>\$84,995,972</u></u>	<u><u>\$6,484,486</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 periods, while at the same time maintaining fairly level collections during economic downturns. The City's income tax base remains diversified in that the City is not reliant upon one taxpayer. This helps in giving the City stability in its budgeting process, knowing that the City's revenue stream will not be adversely affected by the loss of a major employer.

The City carefully invests its cash and cash equivalents in a variety of investment types with the primary focus being safety of principal, but with an attention to investment opportunities to increase yield. The City pays close attention to daily interest rates and long-term financial trends. 2016's interest revenue was \$68,227.

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



**City of Independence, Ohio**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2016  
Unaudited

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

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

**Table 3**  
**Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2016	2015	2016	2015
General Government	\$9,239,305	\$9,037,847	\$8,848,561	\$8,641,128
Security of Persons and Property	10,377,823	8,961,555	9,566,051	8,344,254
Public Health and Welfare	58,324	48,133	31,790	30,783
Leisure Time Activities	3,798,602	3,684,540	3,102,290	3,080,754
Community Environment	3,542,366	3,543,729	3,305,795	3,307,250
Basic Utility Services	477,590	490,196	448,273	461,036
Transportation	3,832,243	4,669,027	3,145,507	2,909,856
Interest and Fiscal Charges	608,434	632,480	608,434	632,480
<b>Total Expenses</b>	<b>\$31,934,687</b>	<b>\$31,067,507</b>	<b>\$29,056,701</b>	<b>\$27,407,541</b>

**The City's Funds**

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

As of the end of 2016, the City's governmental funds reported a positive combined ending fund balance. Unassigned fund balance is available for appropriation at the City's discretion within certain legal constraints and purpose restrictions. The remainder of the fund balance is either nonspendable, restricted, committed or assigned to indicate that it is not available for future spending.

The increase in the general fund balance is primarily a result of an increase in income taxes. The increase in income tax revenues is a direct result of the incentives the City offers to businesses to relocate, stay and expand within the City. Expenditures remained relatively consistent with the prior year. The City continues to put a premium on City services without reducing the City's workforce. In order to keep this premium on jobs, the City has cut back on overtime and asked employees to do more with less while not compromising services. The City's dedicated public servants strive to keep the City of Independence among the finest in Northeast Ohio.

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

**City of Independence, Ohio**  
Management's Discussion and Analysis  
*For the Year Ended December 31, 2016*  
*Unaudited*

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The capital improvements capital projects fund had an increase in fund balance due to transfers from the general fund and other revenues outpacing the amount spent on capital improvements and debt repayment.

The street resurfacing capital projects fund had an increase in fund balance due to the transfers from the general fund outpacing the increase in the amount spent on infrastructure improvements.

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

### **General Fund Budgeting Highlights**

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund. The legal level of budgetary control for the City is at the department and object level for the general fund. Any budgetary modifications at this level may only be made by ordinance of City Council. City policy permits fund transfers within control levels with the approval of the Director of Finance. During the course of 2016, the City amended its general fund budget several times. In addition to day-to-day budget monitoring, the Director of Finance closely examines the budget with the preparation of the monthly financial statements and quarterly budget analysis reports.

Actual revenues received were higher than certification, due to lower estimates in several categories, mainly income taxes and intergovernmental revenue. Actual expenditures were less than appropriations due mainly to the diligence of management to keep costs low. City Council has taken a proactive stance on budgeting by requiring that permanent appropriations be submitted and approved prior to the start of the year. This enables the administration to better plan for the upcoming year.

### **Capital Assets and Debt Administration**

#### ***Capital Assets***

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

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

In 2016, the City purchased equipment and vehicles for the City's various departments and also made improvements to Beverly Drive, Grandview Drive, Rockside Place, as well as widening Pleasant Valley East. The City made improvements to the Riverview Road and Oaktree Boulevard storm sewers. See Note 10 to the basic financial statements for more information regarding the City's capital assets. Table 4 compares capital assets as of December 31, 2016, to balances at December 31, 2015.

**City of Independence, Ohio**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2016  
Unaudited

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

	2016	2015
Land	\$20,420,173	\$20,355,513
Construction in Progress	5,392,619	1,661,196
Buildings and Improvements	25,512,953	26,112,353
Machinery and Equipment	1,746,704	1,465,279
Furniture and Fixtures	120,363	127,700
Vehicles	3,234,518	2,670,174
Infrastructure	49,824,453	49,940,392
<i>Total</i>	\$106,251,783	\$102,332,607

***Long-Term Obligations***

Table 5 summarizes outstanding long-term obligations at December 31, 2016, compared to December 31, 2015.

**Table 5**  
**Outstanding Long Term Obligations at December 31,**

	2016	2015
General Obligation Bonds	\$16,972,574	\$18,620,960
OPWC Loans	4,234,432	4,349,786
Various Improvement Notes	5,717,998	3,950,000
Net Pension Liability	24,322,478	18,356,277
OWDA Loan	0	11,177
Compensated Absences	765,189	727,105
<i>Total</i>	\$52,012,671	\$46,015,305

The City's overall legal debt limit is \$47,654,426. The amount of debt subject to the debt limit was \$24,640,000, leaving an overall debt margin of \$23,014,426. The legal debt margin is determined by multiplying the total assessed value of taxable real property in the City by 10.50 percent minus non-exempted debt outstanding.

The City continues to monitor its outstanding long-term obligations and is committed to reducing its overall long-term obligations on an annual basis. Information relative to long-term obligations is identified in Note 16 to the basic financial statements.

**City of Independence, Ohio**  
Management's Discussion and Analysis  
*For the Year Ended December 31, 2016*  
*Unaudited*

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**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 2016, City Council closely monitored revenues and expenditures to preserve the integrity of the general fund's unencumbered cash balance. As with all cities in the State of Ohio, State funding issues are constantly monitored to determine the impact on the City. The City's management team remains mindful of keeping an eye out for ways to become more efficient and better stewards of our taxpayers' money. Major entities in Northeast Ohio still regard the City of Independence as one of the top places to relocate or expand their businesses. All of the City's financial abilities will be needed to meet the challenges of the future.

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

**Contacting the City's Finance Department**

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

## **Basic Financial Statements**

**City of Independence, Ohio**  
*Statement of Net Position*  
December 31, 2016

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$29,812,112
Cash and Cash Equivalents in Segregated Accounts	53,326
Accounts Receivable	100,951
Hotel/Motel Taxes Receivable	77,517
Amusement Taxes Receivable	7,735
Intergovernmental Receivable	501,178
Prepaid Items	70,142
Municipal Income Taxes Receivable	6,515,785
Property Taxes Receivable	1,283,087
Special Assessments Receivable	333,054
Payments in Lieu of Taxes Receivable	2,415,678
Nondepreciable Capital Assets	25,812,792
Depreciable Capital Assets, Net	80,438,991
<i>Total Assets</i>	147,422,348
<b>Deferred Outflows of Resources</b>	
Deferred Charge on Refunding	435,313
Pension	7,265,221
<i>Total Deferred Outflows of Resources</i>	7,700,534
<b>Liabilities</b>	
Accounts Payable	372,747
Accrued Wages	488,483
Contracts Payable	716,653
Intergovernmental Payable	331,935
Matured Compensated Absences Payable	9,160
Accrued Interest Payable	142,968
Retainage Payable	217,470
Notes Payable	6,900,050
Long-Term Liabilities:	
Due Within One Year	2,095,196
Due in More Than One Year	
Net Pension Liability (See Note 11)	24,322,478
Other Amounts Due in More than One Year	25,594,997
<i>Total Liabilities</i>	61,192,137
<b>Deferred Inflows of Resources</b>	
Property Taxes	776,395
Payments in Lieu of Taxes	1,438,277
Pension	235,615
<i>Total Deferred Inflows of Resources</i>	2,450,287
<b>Net Position</b>	
Net Investment in Capital Assets	75,112,616
Restricted for:	
Capital Projects	7,059,950
State Highway	141,225
Street Construction, Maintenance and Repair	690,663
Police Pension	626,477
Other Purposes	354,824
Unrestricted	7,494,703
<i>Total Net Position</i>	\$91,480,458

See accompanying notes to the basic financial statements

**City of Independence, Ohio**  
*Statement of Activities*  
For the Year Ended December 31, 2016

	Expenses	Program Revenues			Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Assessments	Revenue and Changes in Net Position
<b>Governmental Activities:</b>					
General Government	\$9,239,305	\$390,744	\$0	\$0	(\$8,848,561)
Security of Persons and Property	10,377,823	666,445	145,327	0	(9,566,051)
Public Health and Welfare	58,324	26,534	0	0	(31,790)
Leisure Time Activities	3,798,602	696,312	0	0	(3,102,290)
Community Environment	3,542,366	236,571	0	0	(3,305,795)
Basic Utility Services	477,590	29,317	0	0	(448,273)
Transportation	3,832,243	51,358	513,132	122,246	(3,145,507)
Interest and Fiscal Charges	608,434	0	0	0	(608,434)
<i>Totals</i>	<u>\$31,934,687</u>	<u>\$2,097,281</u>	<u>\$658,459</u>	<u>\$122,246</u>	<u>(29,056,701)</u>
<b>General Revenues</b>					
Property Taxes Levied for:					
					798,355
					125,714
					30,809,785
					1,438,252
					55,777
					192,221
					68,228
					1,577,104
					475,751
					<u>35,541,187</u>
					6,484,486
					<u>84,995,972</u>
					<u>\$91,480,458</u>

See accompanying notes to the basic financial statements

**City of Independence, Ohio**

*Balance Sheet*

*Governmental Funds*

*December 31, 2016*

	General	Quadrant Tax Increment Financing	Capital Improvements	Street Resurfacing	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$9,167,153	\$8,445,040	\$3,676,360	\$4,043,038	\$3,431,850	\$28,763,441
Cash and Cash Equivalents						
In Segregated Accounts	53,326	0	0	0	0	53,326
Accounts Receivable	83,888	15,653	0	0	1,410	100,951
Hotel/Motel Taxes Receivable	77,517	0	0	0	0	77,517
Amusement Taxes Receivable	7,735	0	0	0	0	7,735
Interfund Receivable	16,819,500	0	1,105,000	0	0	17,924,500
Intergovernmental Receivable	97,711	33,266	0	0	370,201	501,178
Prepaid Items	59,424	0	1,715	0	1,376	62,515
Special Assessments Receivable	0	0	0	0	333,054	333,054
Payments in Lieu of Taxes Receivable	0	2,415,678	0	0	0	2,415,678
Property Taxes Receivable	1,108,121	0	0	0	174,966	1,283,087
Municipal Income Taxes Receivable	6,515,785	0	0	0	0	6,515,785
Restricted Assets:						
Equity in Pooled Cash and Cash Equivalents	661	0	0	0	0	661
<i>Total Assets</i>	<u>\$33,990,821</u>	<u>\$10,909,637</u>	<u>\$4,783,075</u>	<u>\$4,043,038</u>	<u>\$4,312,857</u>	<u>\$58,039,428</u>
<b>Liabilities</b>						
Accounts Payable	\$241,254	\$0	\$27,249	\$650	\$91,940	\$361,093
Accrued Wages	436,035	0	0	0	52,448	488,483
Contracts Payable	19,033	583,489	0	102,639	9,500	714,661
Intergovernmental Payable	208,168	0	0	0	123,767	331,935
Retainage Payable	0	132,916	0	76,554	8,000	217,470
Accrued Interest Payable	0	13,741	0	0	0	13,741
Notes Payable	0	6,900,050	0	0	0	6,900,050
Interfund Payable	0	18,248,000	0	0	231,500	18,479,500
Matured Compensated Absences Payable	9,160	0	0	0	0	9,160
<i>Total Liabilities</i>	<u>913,650</u>	<u>25,878,196</u>	<u>27,249</u>	<u>179,843</u>	<u>517,155</u>	<u>27,516,093</u>
<b>Deferred Inflows of Resources</b>						
Property Taxes	670,523	0	0	0	105,872	776,395
Payments in Lieu of Taxes	0	1,438,277	0	0	0	1,438,277
Unavailable Revenue	4,762,056	977,401	0	0	603,962	6,343,419
<i>Total Deferred Inflows of Resources</i>	<u>5,432,579</u>	<u>2,415,678</u>	<u>0</u>	<u>0</u>	<u>709,834</u>	<u>8,558,091</u>
<b>Fund Balances</b>						
Nonspendable	16,648,085	0	1,715	0	1,376	16,651,176
Restricted	0	0	4,754,111	3,863,195	2,605,698	11,223,004
Committed	0	0	0	0	478,845	478,845
Assigned	2,148,860	0	0	0	0	2,148,860
Unassigned (Deficit)	8,847,647	(17,384,237)	0	0	(51)	(8,536,641)
<i>Total Fund Balances (Deficit)</i>	<u>27,644,592</u>	<u>(17,384,237)</u>	<u>4,755,826</u>	<u>3,863,195</u>	<u>3,085,868</u>	<u>21,965,244</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$33,990,821</u>	<u>\$10,909,637</u>	<u>\$4,783,075</u>	<u>\$4,043,038</u>	<u>\$4,312,857</u>	<u>\$58,039,428</u>

See accompanying notes to the basic financial statements



**City of Independence, Ohio**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Position of Governmental Activities  
 December 31, 2016*

<b>Total Governmental Funds Balances</b>	\$21,965,244
 <i>Amounts reported for governmental activities in the statement of net position are different because</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	106,251,783
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds:	
Delinquent Property Taxes	506,692
Municipal Income Taxes	4,238,702
Intergovernmental	287,570
Delinquent Payments in Lieu of Taxes	977,401
Special Assessments	333,054
Total	6,343,419
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:	
Net Pension Liability	(24,322,478)
Deferred Outflows - Pension	7,265,221
Deferred Inflows - Pension	(235,615)
Total	(17,292,872)
In the statement of net position, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(129,227)
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	1,596,991
Deferred charges on refunding related to the issuance of long-term refunding debt will be amortized over the life of the debt on the statement of net position.	435,313
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
General Obligation Bonds	(16,972,574)
OPWC Loan	(4,234,432)
Notes Payable	(5,717,998)
Compensated Absences	(765,189)
Total	(27,690,193)
<i>Net Position of Governmental Activities</i>	<b>\$91,480,458</b>

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, 2016*

	General	Quadrant Tax Increment Financing	Capital Improvements	Street Resurfacing	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Property Taxes	\$742,987	\$0	\$0	\$0	\$116,972	\$859,959
Municipal Income Taxes	30,509,404	0	0	0	0	30,509,404
Hotel/Motel Taxes	1,438,252	0	0	0	0	1,438,252
Amusement Taxes	55,777	0	0	0	0	55,777
Intergovernmental	215,716	143,891	0	0	651,275	1,010,882
Investment Income	50,400	0	0	0	2,486	52,886
Fees, Licenses and Permits	454,665	0	0	0	474,198	928,863
Fines and Forfeitures	265,470	0	0	0	93,012	358,482
Charges for Services	543,359	0	0	0	26,534	569,893
Rentals	226,718	0	13,325	0	0	240,043
Special Assessments	0	0	0	0	34,267	34,267
Payments in Lieu of Taxes	0	1,438,276	0	0	0	1,438,276
Miscellaneous	263,950	15,653	96,622	1,388	70,357	447,970
<i>Total Revenues</i>	<u>34,766,698</u>	<u>1,597,820</u>	<u>109,947</u>	<u>1,388</u>	<u>1,469,101</u>	<u>37,944,954</u>
<b>Expenditures</b>						
Current:						
General Government	5,324,431	0	0	0	88,433	5,412,864
Security of Persons and Property	8,179,158	0	0	0	697,611	8,876,769
Public Health and Welfare	0	0	0	0	56,141	56,141
Leisure Time Activities	2,931,551	0	0	0	596,430	3,527,981
Community Environment	3,330,249	0	0	0	0	3,330,249
Basic Utility Services	412,156	0	0	0	0	412,156
Transportation	722,055	0	0	0	1,815,240	2,537,295
Capital Outlay	0	5,323,176	1,883,494	1,611,943	520,051	9,338,664
Debt Service:						
Principal Retirement	0	705,805	925,007	0	65,719	1,696,531
Refunded Notes Redeemed	0	3,950,000	0	0	0	3,950,000
Interest and Fiscal Charges	0	390,098	250,332	0	12,002	652,432
Debt Issuance Costs	0	52,907	0	0	0	52,907
<i>Total Expenditures</i>	<u>20,899,600</u>	<u>10,421,986</u>	<u>3,058,833</u>	<u>1,611,943</u>	<u>3,851,627</u>	<u>39,843,989</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>13,867,098</u>	<u>(8,824,166)</u>	<u>(2,948,886)</u>	<u>(1,610,555)</u>	<u>(2,382,526)</u>	<u>(1,899,035)</u>
<b>Other Financing Sources (Uses)</b>						
General Obligation Notes Issued	0	2,100,000	0	0	0	2,100,000
Refunding Notes Issued	0	3,600,000	0	0	0	3,600,000
Premium on Notes	0	24,990	0	0	0	24,990
Premium on Refunding Notes	0	47,005	0	0	0	47,005
Transfers In	0	0	3,200,000	2,575,000	2,805,625	8,580,625
Transfers Out	(8,680,625)	0	0	0	0	(8,680,625)
<i>Total Other Financing Sources (Uses)</i>	<u>(8,680,625)</u>	<u>5,771,995</u>	<u>3,200,000</u>	<u>2,575,000</u>	<u>2,805,625</u>	<u>5,671,995</u>
<i>Net Change in Fund Balances</i>	<u>5,186,473</u>	<u>(3,052,171)</u>	<u>251,114</u>	<u>964,445</u>	<u>423,099</u>	<u>3,772,960</u>
<b>Fund Balances (Deficit)</b>						
<i>Beginning of Year</i>	<u>22,458,119</u>	<u>(14,332,066)</u>	<u>4,504,712</u>	<u>2,898,750</u>	<u>2,662,769</u>	<u>18,192,284</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$27,644,592</u>	<u>(\$17,384,237)</u>	<u>\$4,755,826</u>	<u>\$3,863,195</u>	<u>\$3,085,868</u>	<u>\$21,965,244</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, 2016*

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$3,772,960</b>
<i>Amounts reported for governmental activities in the statement of activities are different because</i>	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period:	
Capital Outlay	8,137,580
Depreciation	<u>(4,205,198)</u>
Total	3,932,382
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.	
	(13,206)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	
Delinquent Property Taxes	64,110
Municipal Income Taxes	300,381
Intergovernmental	(38,572)
Payments in Lieu of Taxes	138,828
Special Assessments	<u>(33,651)</u>
Total	431,096
In the statement of activities, interest is accrued on outstanding bonds, and bond premiums and the deferred charge on refunding are amortized over the term of the bonds, whereas in governmental funds, an expenditure is reported when bonds are issued:	
Accrued Interest	(50,309)
Amortization of Deferred Charge on Refunding	(38,076)
Amortization of Bond Premium	78,386
Amortization of Note Premium	<u>53,997</u>
Total	43,998
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
	(38,084)
Repayment of long-term obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:	
Payment on General Obligation Bonds	1,570,000
Payment on OPWC Loans	115,354
Payment on Notes	3,950,000
Payment on OWDA Loan	<u>11,177</u>
Total	5,646,531
Other financing sources in the governmental funds increase long-term liabilities in the statement of net position:	
General Obligation Notes Issued	(5,700,000)
Premium on Notes Issued	<u>(71,995)</u>
Total	(5,771,995)
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.	
	(22,875)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.	
	1,880,754
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.	
	<u>(3,377,075)</u>
<i>Change in Net Position of Governmental Activities</i>	<u><u>\$6,484,486</u></u>
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, 2016*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Property Taxes	\$755,509	\$807,038	\$742,987	(\$64,051)
Municipal Income Taxes	28,333,588	30,266,031	30,464,213	198,182
Hotel/Motel Taxes	1,345,763	1,437,548	1,446,961	9,413
Amusement Taxes	44,682	47,729	48,042	313
Intergovernmental	138,771	148,235	218,541	70,306
Investment Income	40,630	43,401	43,685	284
Fees, Licenses and Permits	422,866	451,707	454,665	2,958
Fines and Forfeitures	245,157	261,877	263,592	1,715
Charges for Services	501,484	535,687	539,195	3,508
Rentals	211,392	225,809	227,288	1,479
Miscellaneous	208,516	222,738	224,196	1,458
<i>Total Revenues</i>	<u>32,248,358</u>	<u>34,447,800</u>	<u>34,673,365</u>	<u>225,565</u>
<b>Expenditures</b>				
Current:				
General Government	6,592,123	6,547,123	5,989,533	557,590
Security of Persons and Property	8,269,939	8,396,039	8,213,999	182,040
Leisure Time Activities	3,208,577	3,205,477	2,990,994	214,483
Community Environment	3,475,465	3,497,465	3,176,368	321,097
Basic Utility Services	535,833	525,833	422,619	103,214
Transportation	875,726	830,726	769,647	61,079
<i>Total Expenditures</i>	<u>22,957,663</u>	<u>23,002,663</u>	<u>21,563,160</u>	<u>1,439,503</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>9,290,695</u>	<u>11,445,137</u>	<u>13,110,205</u>	<u>1,665,068</u>
<b>Other Financing Sources (Uses)</b>				
Advances In	1,375,000	4,105,500	3,875,000	(230,500)
Advances Out	(1,246,000)	(4,782,500)	(4,782,500)	0
Transfers Out	(9,850,500)	(9,235,625)	(9,235,625)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(9,721,500)</u>	<u>(9,912,625)</u>	<u>(10,143,125)</u>	<u>(230,500)</u>
<i>Net Change in Fund Balance</i>	(430,805)	1,532,512	2,967,080	1,434,568
<i>Fund Balance Beginning of Year</i>	2,646,538	2,646,538	2,646,538	0
Prior Year Encumbrances Appropriated	767,663	767,663	767,663	0
<i>Fund Balance End of Year</i>	<u>\$2,983,396</u>	<u>\$4,946,713</u>	<u>\$6,381,281</u>	<u>\$1,434,568</u>

See accompanying notes to the basic financial statements

**City of Independence, Ohio**

*Statement of Fund Net Position*

*Internal Service Fund*

*December 31, 2016*

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	<u>Insurance</u>
<b>Assets</b>	
<i>Current Assets:</i>	
Equity in Pooled Cash and Cash Equivalents	\$1,048,010
Interfund Receivable	555,000
Prepaid Items	<u>7,627</u>
<i>Total Assets</i>	<u>1,610,637</u>
<b>Liabilities</b>	
<i>Current Liabilities:</i>	
Accounts Payable	11,654
Contracts Payable	<u>1,992</u>
<i>Total Liabilities</i>	<u>13,646</u>
<b>Net Position</b>	
Unrestricted	<u><u>\$1,596,991</u></u>

See accompanying notes to the basic financial statements

**City of Independence, Ohio**  
*Statement of Revenues,  
Expenses and Changes in Fund Net Position  
Internal Service Fund  
For the Year Ended December 31, 2016*

	Insurance
<b>Operating Revenues</b>	
Other	\$27,781
<b>Operating Expenses</b>	
Contractual Services	2,230
Claims	163,768
<i>Total Operating Expenses</i>	165,998
<i>Operating Income (Loss)</i>	(138,217)
<b>Nonoperating Revenues (Expenses)</b>	
Investment Income	15,342
<i>Income (Loss) before Transfers</i>	(122,875)
Transfer In	100,000
<i>Change in Net Position</i>	(22,875)
<i>Net Position Beginning of Year</i>	1,619,866
<i>Net Position End of Year</i>	\$1,596,991

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, 2016

	Insurance
<b><i>Increase (Decrease) in Cash and Cash Equivalents</i></b>	
<b>Cash Flows from Operating Activities</b>	
Cash Received from Other Services	\$31,381
Cash Payments for Services	(56,017)
Cash Payments for Claims	(163,768)
<i>Net Cash Provided by (Used for) Operating Activities</i>	(188,404)
<b>Cash Flows from Noncapital Financing Activities</b>	
Advances In	835,000
Transfer In	100,000
<i>Net Cash Provided by (Used for) Noncapital Financing Activities</i>	935,000
<b>Cash Flows from Investing Activities</b>	
Interest on Investments	15,342
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	761,938
<i>Cash and Cash Equivalents Beginning of Year</i>	286,072
<i>Cash and Cash Equivalents End of Year</i>	\$1,048,010
 <b>Reconciliation of Operating Loss to Net Cash Used in Operating Activities</b>	
<i>Operating Income (Loss)</i>	(\$138,217)
Adjustments:	
(Increase) Decrease in Assets:	
Accounts Receivable	3,600
Prepaid Items	12
Increase (Decrease) in Liabilities:	
Accounts Payable	(43,105)
Contracts Payable	(10,074)
Intergovernmental Payable	(620)
<i>Net Cash Provided by (Used for) Operating Activities</i>	(\$188,404)

See accompanying notes to the basic financial statements

**City of Independence, Ohio**  
*Statement of Fiduciary Assets and Liabilities*  
*Agency Fund*  
*December 31, 2016*

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<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$369,819</u></u>
<b>Liabilities</b>	
Deposits Held and Due to Others	<u><u>\$369,819</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, 2016*

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**Note 1 – Reporting Entity**

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

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

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

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

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

The City participates in two jointly governed organizations, the Southwest Council of Governments and the Northeast Ohio Public Energy Council. These organizations are presented in Note 14 of the basic financial statements.

**Note 2 – Summary of Significant Accounting Policies**

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

***Basis of Presentation***

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

**City of Independence, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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

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

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

***Fund Accounting***

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

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

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

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

**City of Independence, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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

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

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

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

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

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

#### **Measurement Focus**

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

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

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

**City of Independence, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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***Basis of Accounting***

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

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

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

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

***Deferred Outflows/Inflows of Resources*** In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources include a deferred charge on refunding and pension reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension are explained in Note 11.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, payments in lieu of taxes, pension and unavailable revenue. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of December 31, 2016, but which were levied to finance 2017 operations. These amounts have been recorded as deferred inflows on both the government-wide Statement of net position and the governmental fund financial Statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes delinquent property taxes, income taxes, delinquent payments in lieu of taxes, special assessments, and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are

**City of Independence, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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identified on the Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities found on page 19. Deferred inflows of resources related to pension are reported on the government-wide statement of net pension (See Note 11)

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

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

***Pensions***

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

***Budgetary Process***

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

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

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

***Cash and Cash Equivalents***

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

**City of Independence, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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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 2016, investments were limited to US Treasury notes, federal home loan mortgage corporation bonds, federal national mortgage association bonds, federal home loan bank bonds and State Treasury Asset Reserve of Ohio (STAR Ohio). STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows the governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The City measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2016, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

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

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2016 amounted to \$50,400, which includes \$34,370 assigned from other City funds.

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

***Prepaid Items***

Payments made to vendors for services that will benefit periods beyond December 31, 2016, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which the services are consumed.

***Restricted Assets***

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

***Capital Assets***

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The City was able to estimate the historical cost for the initial reporting of infrastructure by backtrending (i.e., estimating the current replacement cost of the infrastructure to be

**City of Independence, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their acquisition values as of the date received. The City maintains a capitalization threshold of \$1,000 with the exception of land, as land was listed regardless of cost. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

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

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

***Interfund Balances***

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

***Compensated Absences***

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

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

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

On the governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the funds from which the employee who has accumulated unpaid leave is paid.

**City of Independence, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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***Accrued Liabilities and Long-Term Obligations***

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

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

***Fund Balance***

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

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

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

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

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

***Assigned*** Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by City Council. In the general fund, assigned amounts represent intended uses established by City Council or a City official



**City of Independence, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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delegated that authority by City Charter or ordinance, or by State Statute. State statute authorizes the Finance Director to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. City Council assigned fund balance for compensated absences, for economic development and to cover a gap between estimated revenues and appropriations in 2017's budget. All remaining assigned amounts in the general fund were established by City Council.

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

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

***Net Position***

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

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

***Operating Revenues and Expenses***

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

***Deferred Charge on Refunding***

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

***Bond Premiums***

On the government-wide financial statements, bond premiums are deferred and amortized over the term of the bonds using the straight-line method. The straight-line method of amortization is not materially different from the effective-interest method. Bond premiums are presented as an increase of the face amount of the general obligation bonds payable. On fund financial statements, bond premiums are receipted in the year the bonds are issued. Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to the bond escrow agent.

**City of Independence, Ohio**  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2016

**Interfund Activity**

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

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

**Estimates**

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

**Note 3 – Fund Balances**

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

Fund Balances	General	Quadrant Tax Increment Financing	Capital Improvements	Street Resurfacing	Other Governmental Funds	Total
<b><i>Nonspendable</i></b>						
Prepays	\$59,424	\$0	\$1,715	\$0	\$1,376	\$62,515
Interfund Loans	16,588,000	0	0	0	0	16,588,000
Unclaimed Funds	661	0	0	0	0	661
<b><i>Total Nonspendable</i></b>	<b>16,648,085</b>	<b>0</b>	<b>1,715</b>	<b>0</b>	<b>1,376</b>	<b>16,651,176</b>
<b><i>Restricted for</i></b>						
Road Improvements	0	0	0	0	758,325	758,325
Capital Improvements	0	0	4,754,111	3,863,195	978,294	9,595,600
Police Programs	0	0	0	0	231,035	231,035
Law Enforcement and Education	0	0	0	0	20,675	20,675
Mayor's Court Computer	0	0	0	0	14,528	14,528
Police Pension	0	0	0	0	551,909	551,909
Debt Service Payments	0	0	0	0	50,932	50,932
<b><i>Total Restricted</i></b>	<b>0</b>	<b>0</b>	<b>4,754,111</b>	<b>3,863,195</b>	<b>2,605,698</b>	<b>11,223,004</b>
<b><i>Committed to</i></b>						
Handicap Parking	0	0	0	0	26,603	26,603
Citizen-Focused Activities	0	0	0	0	65,601	65,601
City Upkeep	0	0	0	0	130,895	130,895
Recreation	0	0	0	0	255,746	255,746
<b><i>Total Committed</i></b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$478,845</b>	<b>\$478,845</b>

**City of Independence, Ohio**  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2016

Fund Balances	General	Quadrant Tax Increment Financing	Capital Improvements	Street Resurfacing	Other Governmental Funds	Total
<b>Assigned to</b>						
2017 Operations	\$393,771	\$0	\$0	\$0	\$0	\$393,771
Compensated Absences	694,330	0	0	0	0	694,330
Economic Development	125,905	0	0	0	0	125,905
<b>Purchases on Order</b>						
City Administration	529,385	0	0	0	0	529,385
Buildings and Land Maintenance	170,963	0	0	0	0	170,963
Engineering and Building Services	70,671	0	0	0	0	70,671
Fire Department	21,671	0	0	0	0	21,671
Police Department	33,661	0	0	0	0	33,661
Recreation	62,684	0	0	0	0	62,684
Economic Development	5,599	0	0	0	0	5,599
Transportation	28,800	0	0	0	0	28,800
Utility Services	11,420	0	0	0	0	11,420
<b>Total Assigned</b>	<b>2,148,860</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,148,860</b>
<b>Unassigned (Deficit)</b>	<b>8,847,647</b>	<b>(17,384,237)</b>	<b>0</b>	<b>0</b>	<b>(51)</b>	<b>(8,536,641)</b>
<b>Total Fund Balances (Deficit)</b>	<b>\$27,644,592</b>	<b>(\$17,384,237)</b>	<b>\$4,755,826</b>	<b>\$3,863,195</b>	<b>\$3,085,868</b>	<b>\$21,965,244</b>

The City has a general fund budget stabilization arrangement that does not meet the criteria to be classified as restricted or committed. Pursuant to Ohio Revised Code Section 5705.13, the City established a budget stabilization by ordinance to stabilize against cyclical changes in revenues. Additions are limited by state statute to five percent of the revenue credited in the preceding year to the general fund. These dollars will only be spent if there are significant reductions in revenue related to unexpected income tax refunds. The balance in the reserve at December 31, 2016, is \$900,000.

**Note 4 – Fund Deficits**

The fund deficit in the Quadrant Tax Increment Financing bond retirement fund of \$17,384,237 is due to advances made for various tax increment financing projects. The fund deficit in the high intensity drug trafficking area special revenue fund of \$51 is due to an accrued liability. The general fund is liable for any deficit in these funds and provides transfers when cash is required, rather than when accruals occur.

**Note 5 – Budgetary Basis of Accounting**

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

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

**City of Independence, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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

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

Net Change in Fund Balance	General
GAAP Basis	\$5,186,473
Net Adjustment for Revenue Accruals	797,685
Beginning Unrecorded Cash	1,918
Ending Unrecorded Cash	29,070
Beginning Fair Value Adjustment for Investments	(16,719)
Ending Fair Value Adjustment for Investments	9,713
Advances In	3,875,000
Advances Out	(4,782,500)
Net Adjustment for Expenditure Accruals	(576,954)
Perspective Differences:	
Compensated Absences Fund	(350,620)
Rainy Day Fund	(100,000)
Economic Development Fund	(50,905)
Encumbrances	(1,055,081)
Budget Basis	\$2,967,080

**Note 6 – Deposits and Investments**

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

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

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

**City of Independence, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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

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

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

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

**City of Independence, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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

**Deposits**

**Custodial Credit Risk** Custodial credit risk for deposits is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in possession of an outside party. At year-end \$26,974,804 of the City's bank balance of \$27,724,804 was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the City to a successful claim by the Federal Deposit Insurance Corporation.

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

**Investments**

As of December 31, 2016, the City had the following investments:

Measurement/Investment	Measurement Amount	Maturity	Standard & Poor's Rating	Percent of Total Investments
Net Asset Value Per Share				
Star Ohio	\$28,090	51.6 days	AAAm	N/A
Fair Value - Level Two Inputs				
United States Treasury Notes	2,672,650	718 days	N/A	80.86%
Federal Home Loan Mortgage Corporation Bonds	131,680	816 days	AAAm	3.98
Federal National Mortgage Association Bonds	275,352	1,160 days	AAAm	8.33
Federal Home Loan Bank Bonds	197,462	1,652 days	AAAm	5.98
Total Fair Value - Level Two Inputs	3,277,144			
Total	\$3,305,234			

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the City's recurring fair value measurements as of December 31, 2016. STAR Ohio is measured at net asset value per share. The City's remaining investments measured at fair value are valued using

**City of Independence, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs).

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

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

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

**Concentration of Credit Risk** The City places no limit on the amount it may invest in any one issuer. The following is the City's allocation as of December 31, 2016:

Investment Issuer	Percentage of Investments
Federal Home Loan Mortgage Corporation Bonds	3.98 %
Federal National Mortgage Association Bonds	8.33
Federal Home Loan Bank Bonds	5.98
US Treasury Notes	80.86
Star Ohio	0.85

## **Note 7 – Receivables**

Receivables at December 31, 2016, 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.

**City of Independence, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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Special assessments expected to be collected in more than one year amount to \$298,784. At December 31, 2016, there was \$619 in delinquent special assessments.

***Property Taxes***

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2016 for real and public utility property taxes represents collections of 2015 taxes.

2016 real property taxes are levied after October 1, 2016, on the assessed value as of January 1, 2016, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2016 real property taxes are collected in and intended to finance 2017.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2016 public utility property taxes which became a lien December 31, 2015, are levied after October 1, 2016, and are collected in 2017 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2016, was \$2.20 per \$1,000 of assessed value. The assessed values of real property, public utility tangible property, and tangible personal property upon which 2016 property tax receipts were based are as follows:

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

The County Fiscal Officer collects property taxes on behalf of all taxing districts in the county, including the City of Independence. The County Fiscal Officer periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real property taxes and public utility property taxes which were measurable as of December 31, 2016, and for which there is an enforceable legal claim. In the governmental funds, the portion of the receivable not levied to finance 2016 operations is offset to deferred inflows of resources – property taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

***Income Tax***

The City levies a municipal income tax of two percent on all wages, salaries, commissions and other compensation and net profits earned within the City as well as on incomes of residents earned outside the City. In the latter case, the City allows a credit of 100 percent of the tax paid to another municipality, not to exceed the amount owed. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the Regional Income Tax Agency (RITA) at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually. Taxes collected by RITA in one month are remitted to the City on the first and tenth business days of the following month. In 2016, the proceeds were allocated entirely to the general fund.



**City of Independence, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

***Intergovernmental Receivable***

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

	Amount
Gasoline Excise Tax	\$163,143
FEMA Grant	134,222
Local Government	63,043
Auto Registration	55,895
Homestead and Rollback	40,142
ODOT Grant	33,266
Permissive Tax	11,467
Total Intergovernmental Receivables	\$501,178

***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 2016, the City contracted with Selective Insurance Company for various types of insurance as follows:

Type	Coverage	Deductible
Inland Marine		
Contractor's Equipment	\$1,312,295	\$1,000
Property	49,210,715	10,000
Employee Dishonesty	25,000	1,000
Forgery	25,000	1,000
Computer Theft	25,000	1,000
Automobile under \$100,000	1,000,000	1,000
Automobile over \$100,000	1,000,000	2,500

**City of Independence, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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, 2016. Changes in the fund's claims liability amount for 2015 and 2016 were:

	Beginning of Year	Year Claims	Payments	End of Year
2015	\$0	\$216,185	\$216,185	\$0
2016	0	163,768	163,768	0

***Workers' Compensation***

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

**Note 9 – 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.

**City of Independence, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

**Note 10 – Capital Assets**

Capital asset activity for the year ended December 31, 2016, was as follows:

	Balance 12/31/15	Additions	Reductions	Balance 12/31/16
<b>Governmental Activities:</b>				
<b>Nondepreciable Capital Assets</b>				
Land	\$20,355,513	\$64,660	\$0	\$20,420,173
Construction in Progress	1,661,196	3,817,335	(85,912)	5,392,619
<i>Total Nondepreciable Capital Assets</i>	<u>22,016,709</u>	<u>3,881,995</u>	<u>(85,912)</u>	<u>25,812,792</u>
<b>Depreciable Capital Assets</b>				
Buildings and Improvements	40,527,501	291,145	0	40,818,646
Machinery and Equipment	5,802,470	656,964	0	6,459,434
Furniture and Fixtures	1,802,339	7,000	0	1,809,339
Vehicles	8,143,720	1,119,683	(671,706)	8,591,697
Infrastructure				
Roads	60,939,718	1,686,258	0	62,625,976
Water Lines	5,432,820	0	0	5,432,820
Sanitary Sewers	2,670,596	0	0	2,670,596
Storm Sewers	10,269,259	580,447	0	10,849,706
<i>Total Depreciable Capital Assets</i>	<u>135,588,423</u>	<u>4,341,497</u>	<u>(671,706)</u>	<u>139,258,214</u>
Buildings and Improvements	(14,415,148)	(890,545)	0	(15,305,693)
Machinery and Equipment	(4,337,191)	(375,539)	0	(4,712,730)
Furniture and Fixtures	(1,674,639)	(14,337)	0	(1,688,976)
Vehicles	(5,473,546)	(542,133)	658,500	(5,357,179)
Infrastructure				
Roads	(23,062,995)	(2,075,714)	0	(25,138,709)
Water Lines	(1,316,073)	(54,328)	0	(1,370,401)
Sanitary Sewers	(812,531)	(35,608)	0	(848,139)
Storm Sewers	(4,180,402)	(216,994)	0	(4,397,396)
<i>Total Accumulated Depreciation</i>	<u>(55,272,525)</u>	<u>(4,205,198) *</u>	<u>658,500</u>	<u>(58,819,223)</u>
Total Depreciable Capital Assets, Net	<u>80,315,898</u>	<u>136,299</u>	<u>(13,206)</u>	<u>80,438,991</u>
Governmental Activities Capital Assets, Net	<u>\$102,332,607</u>	<u>\$4,018,294</u>	<u>(\$99,118)</u>	<u>\$106,251,783</u>

\*Depreciation expense was charged to governmental activities as follows:

General Government	\$3,520,966
Security of Persons and Property	288,297
Leisure Time Activities	63,155
Community Environment	71,599
Basic Utility Services	18,314
Transportation	242,867
Total	<u>\$4,205,198</u>

**City of Independence, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 11 – Defined Benefit Pension Plan**

***Net Pension Liability***

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

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

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

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

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

***Plan Description – Ohio Public Employees Retirement System (OPERS)***

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

**City of Independence, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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

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

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

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

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

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

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

**City of Independence, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

	State and Local
<b>2016 Statutory Maximum Contribution Rates</b>	
Employer	14.0 %
Employee	10.0 %
 <b>2016 Actual Contribution Rates</b>	
Employer:	
Pension	12.0 %
Post-employment Health Care Benefits	2.0
Total Employer	14.0 %
 Employee	 10.0 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$888,860 for 2016. Of this amount, \$135,513 is reported as an intergovernmental payable.

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

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

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

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

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

**City of Independence, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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

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

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

	Police	Firefighters
<b>2016 Statutory Maximum Contribution Rates</b>		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
 <b>2016 Actual Contribution Rates</b>		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
Total Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$991,894 for 2016. Of this amount, \$164,384 is reported as an intergovernmental payable.

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

The net pension liability for OPERS was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2015, and was determined by rolling forward the total pension liability as of January 1, 2015, to December 31, 2015. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

**City of Independence, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

	<u>OPERS</u>	<u>OP&amp;F</u>	
Proportion of the Net Pension Liability:			
Current Measurement Date	0.0584940%	0.2205880%	
Prior Measurement Date	<u>0.0582290%</u>	<u>0.2187702%</u>	
Change in Proportionate Share	<u>0.0002650%</u>	<u>0.0018178%</u>	
			<u>Total</u>
Proportionate Share of the Net Pension Liability	\$10,131,898	\$14,190,580	\$24,322,478
Pension Expense	\$1,430,323	\$1,946,752	\$3,377,075

At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Net difference between projected and actual earnings on pension plan investments	\$2,978,145	\$2,309,682	\$5,287,827
Changes in proportion and differences between City contributions and proportionate share of contributions	21,089	75,551	96,640
City contributions subsequent to the measurement date	<u>888,860</u>	<u>991,894</u>	<u>1,880,754</u>
Total Deferred Outflows of Resources	<u>\$3,888,094</u>	<u>\$3,377,127</u>	<u>\$7,265,221</u>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	<u>\$195,768</u>	<u>\$39,847</u>	<u>\$235,615</u>

\$1,880,754 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
Year Ending December 31:			
2017	\$661,079	\$615,081	\$1,276,160
2018	708,699	615,081	1,323,780
2019	759,732	615,081	1,374,813
2020	673,956	482,822	1,156,778
2021	0	14,557	14,557
Thereafter	<u>0</u>	<u>2,764</u>	<u>2,764</u>
Total	<u>\$2,803,466</u>	<u>\$2,345,386</u>	<u>\$5,148,852</u>



**City of Independence, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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**Actuarial Assumptions - OPERS**

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2015, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuations are presented below.

Wage Inflation	3.75 percent
Future Salary Increases, including inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA:	
Pre-January 7, 2013 Retirees	3 percent, simple
Post-January 7, 2013 Retirees	3 percent, simple through 2018, then 2.8 percent, simple
Investment Rate of Return	8 percent
Actuarial Cost Method	Individual Entry Age

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

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

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

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 0.4 percent for 2015.

**City of Independence, Ohio**  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2016

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2015 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.31 %
Domestic Equities	20.70	5.84
Real Estate	10.00	4.25
Private Equity	10.00	9.25
International Equities	18.30	7.40
Other investments	18.00	4.59
<b>Total</b>	<b>100.00 %</b>	<b>5.27 %</b>

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

**Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following table presents the County’s proportionate share of the net pension liability calculated using the current period discount rate assumption of 8 percent, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (7 percent) or one-percentage-point higher (9 percent) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	\$16,142,589	\$10,131,898	\$5,062,071

**Changes between Measurement Date and Report Date**

In October 2016, the OPERS Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of December 31, 2016. The most significant change is a reduction in the discount rate from 8.0 percent to 7.5 percent. Although the exact amount of these changes is not known, the impact to the City’s net pension liability is expected to be significant.

**Actuarial Assumptions – OPF**

OP&F’s total pension liability as of December 31, 2015, is based on the results of an actuarial valuation date of January 1, 2015, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F’s actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and

**City of Independence, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2015, are presented below:

Valuation Date	January 1, 2015
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.25 percent
Projected Salary Increases	4.25 percent to 11 percent
Payroll Increases	3.75 percent
Inflation Assumptions	3.25 percent
Cost of Living Adjustments	2.60 percent and 3.00 percent, simple

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2015, are summarized below:

Asset Class	Target Allocation	10 Year Expected Real Rate of Return**	30 Year Expected Real Rate of Return**
Cash and Cash Equivalents	- %	0.00 %	0.00 %
Domestic Equity	16.00	6.50	7.80
Non-US Equity	16.00	6.70	8.00
Core Fixed Income *	20.00	3.50	5.35
Global Inflation Protected Securities*	20.00	3.50	4.73
High Yield	15.00	6.35	7.21
Real Estate	12.00	5.80	7.43
Private Markets	8.00	9.50	10.73
Timber	5.00	6.55	7.35
Master Limited Partnerships	8.00	9.65	10.75
Total	120.00 %		

Note: Assumptions are geometric.

\* levered 2x

\*\* Numbers are net of expected inflation

**City of Independence, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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

**Discount Rate** The total pension liability was calculated using the discount rate of 8.25 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.25 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
City's proportionate share of the net pension liability	\$18,715,475	\$14,190,580	\$10,357,550

**Note 12 - Postemployment Benefits**

***Ohio Public Employees Retirement System***

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintained two cost-sharing, multiple-employer defined benefit postemployment health care trusts, which funded multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. Members of the member-directed plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage.

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

**City of Independence, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2016, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2016. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2017 decreased to 1.0 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2016 was 4.0 percent.

In March 2016, OPERS received two favorable rulings from the IRS allowing OPERS to consolidate all health care assets into the 115 Trust. Transition to the new health care trust structure occurred during 2016. OPERS Combining Statements of Changes in Fiduciary Net Position for the year ended December 31, 2016, will reflect a partial year of activity in the 401(h) Trust and VEBA Trust prior to the termination of these trusts as of end of business day June 30, 2016, and the assets and liabilities, or net position, of these trusts being consolidated into the 115 Trust on July 1, 2016.

Substantially all of the City's contribution allocated to fund postemployment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contribution for the years ended December 31, 2016, 2015 and 2014 was \$148,143, \$145,602 and \$142,782, respectively. For 2016, 84.75 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2015 and 2014.

***Ohio Police and Fire Pension Fund***

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

**City of Independence, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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OPF provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, or is a spouse or eligible dependent child of such person. The health care coverage provided by OPF meets the definition of an Other Post Employment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 45.

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

OPF issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OPF website at [www.opf.org](http://www.opf.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2016, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

The City's contribution to OPF for the years ended December 31, 2016, 2015 and 2014 were \$1,015,778, \$969,127 and \$937,615, respectively, of which \$23,884, \$22,811 and \$22,076, respectively, was allocated to the healthcare plan. For 2016, 83.43 percent has been contributed for both police and firefighters with the balance being reported as an *intergovernmental payable*. The full amount has been contributed for 2015 and 2014.

**City of Independence, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 13 – Compensated Absences**

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

**Note 14 – Jointly Governed Organizations**

*Southwest Council of Governments*

The Southwest Council of Governments helps foster cooperation between municipalities in areas affecting health, safety, welfare, education, economic conditions and regional development. The Board is composed of one member from each of the 19 participating entities. The Board exercises total control over the operation of the Council including budgeting, appropriating, contracting and designating management. Budgets are adopted by the Board. Each City's degree of control is limited to its representation on the Board. The City did not contribute during 2016.

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

*Northeast Ohio Public Energy Council (NOPEC)*

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

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives on the governing board from each county then elect one person to serve on the nine-member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. The City did not contribute to NOPEC during 2016. Financial information can be obtained by contacting Ron McVoy, Board Chairman, 31320 Solon Road, Suite 20, Solon, Ohio 44139 or at the website [www.nopecinfo.org](http://www.nopecinfo.org).

**Note 15 – Shared Facilities Joint Operating Agreement**

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

**City of Independence, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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

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

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

**Note 16 – Long-Term Obligations**

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

Debt Issue	Interest Rate	Original Issue Amount	Date of Maturity
<b>General Obligation Bonds</b>			
2014 Northeast Quadrant TIF Refunding	1.00-4.00 %	4,305,000	December 1, 2030
2011 Various Purpose Refunding	3.00-4.00	16,935,000	December 1, 2028
<b>Ohio Public Works Commission Loans</b>			
2011 Pleasant Valley Intersection	0.00	225,000	January 1, 2032
2015 Pleasant Valley Widening	0.00	4,164,161	January 1, 2040
<b>Long-Term Notes Payable</b>			
2016 Selig Drive Improvements	2.00	2,100,000	April 14, 2017
2016 Pleasant Valley Quadrant Improvements	2.00	900,000	April 14, 2017
2016 Chestnut Woods III Improvements	2.00	600,000	April 14, 2017
2016 Northwest Quadrant Improvements	2.00	450,000	April 14, 2017
2016 Southwest Quadrant Improvements	2.00	1,650,000	April 14, 2017



**City of Independence, Ohio**  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2016

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

	Balance 12/31/15	Additions	Reductions	Balance 12/31/16	Amounts Due in One Year
<b>Governmental Activities</b>					
<b>General Obligation Bonds</b>					
2014 Northeast Quadrant TIF Refunding					
Serial Bonds	\$4,215,000	\$0	(\$235,000)	\$3,980,000	\$240,000
Unamortized Premium	276,597	0	(18,440)	258,157	0
Total 2014 Northeast Quadrant TIF	4,491,597	0	(253,440)	4,238,157	240,000
2011 Various Purpose Refunding					
Serial Bonds	13,425,000	0	(1,335,000)	12,090,000	1,380,000
Unamortized Premium	704,363	0	(59,946)	644,417	0
Total 2011 Various Purpose Refunding	14,129,363	0	(1,394,946)	12,734,417	1,380,000
<i>Total General Obligation Bonds</i>	18,620,960	0	(1,648,386)	16,972,574	1,620,000
<b>OPWC Loans</b>					
2011 Pleasant Valley Intersection	185,625	0	(11,250)	174,375	11,250
2015 Pleasant Valley Widening	4,164,161	0	(104,104)	4,060,057	208,208
<i>Total OPWC Loans</i>	4,349,786	0	(115,354)	4,234,432	219,458
<b>Notes Payable</b>					
<i>Selig Drive Improvements</i>	2,350,000	2,100,000	(2,350,000)	2,100,000	0
Premium on Notes	0	27,965	(20,974)	6,991	0
<i>Pleasant Valley Quadrant Improvements</i>	900,000	900,000	(900,000)	900,000	0
Premium on Notes	0	10,710	(8,033)	2,677	0
<i>Chestnut Woods III Improvements</i>	700,000	600,000	(700,000)	600,000	0
Premium on Notes	0	8,330	(6,248)	2,082	0
<i>Northwest Quadrant Improvements</i>	0	450,000	0	450,000	0
Premium on Notes	0	5,355	(4,016)	1,339	0
<i>Southwest Quadrant Improvements</i>	0	1,650,000	0	1,650,000	0
Premium on Notes	0	19,635	(14,726)	4,909	0
<i>Total Notes Payable</i>	3,950,000	5,771,995	(4,003,997)	5,717,998	0
<b>Other Long-term Obligations</b>					
Net Pension Liability					
OPERS	7,023,068	3,108,830	0	10,131,898	0
OP&F	11,333,209	2,857,371	0	14,190,580	0
Total Net Pension Liability	18,356,277	5,966,201	0	24,322,478	0
2011 OWDA Loan - Lower Brookside	11,177	0	(11,177)	0	0
Compensated Absences	727,105	264,272	(226,188)	765,189	255,738
<i>Total Other Long-term Obligations</i>	19,094,559	6,230,473	(237,365)	25,087,667	255,738
<i>Total General Long-term Obligations</i>	\$46,015,305	\$12,002,468	(\$6,005,102)	\$52,012,671	\$2,095,196

**City of Independence, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

In 2011, the City issued general obligation bonds, in the amount of \$16,935,000, to refund bonds previously issued in fiscal year 2003 for various purposes. The bonds are being retired through the capital improvements and issue II capital projects funds and the quadrant tax increment financing debt service fund. Proceeds were deposited in an irrevocable trust with an escrow agent to provide for all future debt payments on the refunded 2003 Various Purpose bonds. As of December 31, 2016, \$11,715,000 of the defeased bonds are still outstanding.

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

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

Net proceeds of \$4,503,365 (including a \$299,647 premium and after payment of \$101,282 in issuance costs) were deposited in an irrevocable trust with an escrow agent to provide for all future debt payments on the refunded 2005 Northeast Quadrant TIF bonds. As a result, \$4,220,000 of these bonds was considered defeased and the liability for the refunded bonds has been removed from the City's financial statements. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statements. As of December 31, 2016, \$4,020,000 of the defeased bonds are still outstanding.

Compensated absences will be paid from the general fund and the street construction, maintenance and repair special revenue fund. There is no repayment schedule for the net pension liability. However, employer pension contributions are made from the general fund and the street construction, maintenance and repair special revenue fund. For additional information related to the net pension liability, see Note 11.

The City's overall legal debt margin was \$23,014,426 at December 31, 2016. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2016, are as follows:

	General Obligation Bonds		OPWC Loan
	Principal	Interest	Principal
2017	\$1,620,000	\$558,925	\$219,458
2018	1,665,000	513,925	219,458
2019	1,710,000	462,575	219,458
2020	1,780,000	396,625	219,458
2021	1,830,000	345,775	219,458
2022-2026	5,040,000	873,363	1,097,290
2027-2031	2,425,000	200,462	1,097,290
2032-2036	0	0	942,562
Total	<u>\$16,070,000</u>	<u>\$3,351,650</u>	<u>\$4,234,432</u>

**City of Independence, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

**Note 17 – Notes Payable**

Changes in the City’s note activity for the year ended December 31, 2016, were as follows:

<u>Types / Issues</u>	<u>Balance 12/31/2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/2016</u>
Selig Drive Improvements	\$250,000	\$250,000	(\$250,000)	\$250,000
Chestnut Woods III Improvements	100,000	100,000	(100,000)	100,000
Southwest Quadrant Improvements	0	2,500,000	0	2,500,000
Premium on Notes	0	21,000	(1,750)	19,250
Northeast Quadrant Improvements	0	4,000,000	0	4,000,000
Premium on Notes	0	33,600	(2,800)	30,800
<b>Total Short-Term Notes</b>	<b>\$350,000</b>	<b>\$6,904,600</b>	<b>(\$354,550)</b>	<b>\$6,900,050</b>

All the notes are backed by the full faith and credit of the City of Independence and mature within one year. The maturity date for all outstanding notes is April 14, 2017. The note liability is reflected in the funds which received the proceeds. All note proceeds have been fully expended. The notes will be paid out of the quadrant tax increment financing debt service fund with payments in lieu of taxes.

By Ohio law, notes can be issued in anticipation of bond proceeds, special assessment bond proceeds and levies, or for up to 50 percent of anticipated revenue collections. There are limitations on the number of times a note can be renewed. All notes outstanding at year-end are bond anticipation notes. As the result, the \$350,000 liability outstanding at December 31, 2016, was presented as a fund liability in the financial statements.

**Note 18 – Interfund Transactions**

**Interfund Balances**

<u>Interfund Payable</u>	<u>Interfund Receivable</u>			<u>Totals</u>
	<u>General</u>	<u>Capital Improvements</u>	<u>Internal Service</u>	
Quadrant Tax Increment Financing	\$16,588,000	\$1,105,000	\$555,000	\$18,248,000
Other Governmental Funds	231,500	0	0	231,500
<b>Total</b>	<b>\$16,819,500</b>	<b>\$1,105,000</b>	<b>\$555,000</b>	<b>\$18,479,500</b>

The interfund receivables and payables are advances for grant monies and payment in lieu of tax revenue that were not repaid by year end. The City advances grant monies in the event that the award was not received when expected. The City advances money to fund the various TIF projects. The advance from the internal service fund was for emergency repairs to the Oaktree North Storm Sewer and to fund various TIF projects. All interfund balances, except the balance of \$18,248,000, are expected to be repaid within one year.

**City of Independence, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

***Interfund Transfers***

Interfund transfers for the year ended December 31, 2016, consisted of the following:

Transfer To	Transfer From General
<b>Major Funds:</b>	
Capital Improvements	\$3,200,000
Street Resurfacing	2,575,000
<b>Total Major Funds</b>	<b>5,775,000</b>
<b>Other Governmental Funds:</b>	
Street Construction, Maintenance and Repair	1,450,000
Twenty-Five and Alive	2,000
I Can	2,000
Tree	5,125
Recreation	200,000
Police Pension	550,000
Drain Water	300,000
Public Safety Equipment	285,000
Route 21 and Pleasant Valley	11,500
<b>Total Other Governmental Funds</b>	<b>2,805,625</b>
Internal Service	100,000
<b>Total</b>	<b>\$8,680,625</b>

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

**Note 19 – Significant Commitments**

***Encumbrances***

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

**City of Independence, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

*Governmental Funds:*

General	\$1,055,081
Quadrant Tax Increment Financing	6,943,366
Capital Improvements	3,222,253
Street Resurfacing	3,912,593
Other Governmental Funds	1,256,805
<i>Total Governmental Funds</i>	<u><u>\$16,390,098</u></u>
Internal Service Fund	<u><u>\$63,997</u></u>
Agency Fund	<u><u>\$8,305</u></u>

***Contractual Commitments***

As of December 31, 2016, the City had the following contract balances for various construction projects:

Project	Original Contract	Amount Paid to Date	Remaining Amount
Serio & Oval Drive	\$475,635	\$380,508	\$95,127
All-Purpose Trail	3,008,840	451,326	2,557,514
Lower Rockside Road Bridge Lighting	61,370	30,685	30,685
Rockside Road - Right Turn Lane	2,710,953	2,304,310	406,643
Rockside Woods Sanitary	4,360,658	523,279	3,837,379
Rockside Road - IMS Study	182,858	118,858	64,000
Plaza Drive & Heritage Way	88,810	8,881	79,929
Hawthorne Trace & Hillside Road Intersection	160,478	64,191	96,287
Beechwood, Hickory Nut & Maple Nut	829,244	704,857	124,387
Total	<u><u>\$11,878,846</u></u>	<u><u>\$4,586,895</u></u>	<u><u>\$7,291,951</u></u>

Remaining commitment amounts were encumbered at year end.

**Note 20 – Change in Accounting Principle**

For 2016, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 72, “Fair Value Measurement and Application,” GASB Statement No 73, “Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68,” GASB Statement No. 76, “The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments,” GASB Statement No. 77, “Tax Abatement Disclosures,” GASB Statement No. 79, “Certain External Investment Pools and Pool Participants,” and GASB Statement No. 82, “Pension Issues an Amendment of GASB Statements No. 67, No. 68 and No. 73.”

**City of Independence, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes for applying fair value to certain investments and disclosures related to all fair value measurements. These changes were incorporated in the City's 2016 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 73 establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68. The implementation of this GASB pronouncement did not result in any changes to the City's financial statements.

GASB Statement No. 76 identifies-in the context of the current governmental financial reporting environment-the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with generally accepted accounting principles (GAAP) and the framework for selecting those principles. The implementation of this GASB pronouncement did not result in any changes to the City's financial statements.

GASB Statement No. 77 requires disclosure of information about the nature and magnitude of tax abatements. The City did not have any agreements meeting the GASB 77 definition of a tax abatement.

GASB Statement No. 79 establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure for financial reporting purposes all of their investments at amortized cost. This Statement provides accounting and financial reporting guidance and also establishes additional note disclosure requirements for governments that participate in those pools. The City participates in STAR Ohio which implemented GASB Statement No. 79 for 2016. The City incorporated the corresponding GASB 79 guidance into their 2016 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 82 improves consistency in the application of pension accounting. These changes were incorporated in the City's 2016 financial statements; however, there was no effect on beginning net position/fund balance.

**Note 21 – Subsequent Event**

On April 13, 2017, the City retired \$6,050,000 in general obligation bond anticipation notes and issued \$5,700,000 in new notes. The new notes have a maturity date of December 6, 2017, and an interest rate of 2.00 percent.

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## Required Supplementary Information

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

	2016	2015	2014
City's Proportion of the Net Pension Liability	0.0584940%	0.0582290%	0.0582290%
City's Proportionate Share of the Net Pension Liability	\$10,131,898	\$7,023,068	\$6,864,440
City's Covered Payroll	\$7,280,083	\$7,139,083	\$7,003,438
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	139.17%	98.37%	98.02%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.08%	86.45%	86.36%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available. An additional column will be added each year.

\* Amounts presented for each year were determined as of the City's measurement date which is the prior year end.



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

	2016	2015	2014
City's Proportion of the Net Pension Liability	0.2205880%	0.2187702%	0.2187702%
City's Proportionate Share of the Net Pension Liability	\$14,190,580	\$11,333,209	\$10,654,795
City's Covered Payroll	\$4,561,994	\$4,415,260	\$4,301,102
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	311.06%	256.68%	247.72%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.77%	71.71%	73.00%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available. An additional column will be added each year.

\* Amounts presented for each year were determined as of the City's measurement date which is the prior year end.

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$888,860	\$873,610	\$856,690	\$910,447
Contributions in Relation to the Contractually Required Contribution	<u>(888,860)</u>	<u>(873,610)</u>	<u>(856,690)</u>	<u>(910,447)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$7,407,167	\$7,280,083	\$7,139,083	\$7,003,438
Contributions as a Percentage of Covered Payroll	12.00%	12.00%	12.00%	13.00%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available.  
An additional column will be added each year.

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$991,894	\$946,316	\$915,539	\$756,233
Contributions in Relation to the Contractually Required Contribution	<u>(991,894)</u>	<u>(946,316)</u>	<u>(915,539)</u>	<u>(756,233)</u>
Contribution Deficiency (Excess)	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
City Covered Payroll	\$4,776,754	\$4,561,994	\$4,415,260	\$4,301,102
Contributions as a Percentage of Covered Payroll	20.77%	20.74%	20.74%	17.58%

2012	2011	2010	2009	2008	2007
\$619,797	\$631,679	\$658,058	\$654,806	\$666,398	\$641,035
(619,797)	(631,679)	(658,058)	(654,806)	(666,398)	(641,035)
\$0	\$0	\$0	\$0	\$0	\$0
\$4,293,869	\$4,359,499	\$4,536,830	\$4,514,375	\$4,590,211	\$4,411,728
14.43%	14.49%	14.50%	14.50%	14.52%	14.53%

## **Combining and Individual Fund Statements and Schedules**

### **Combining Statements – Nonmajor Governmental Funds**

#### *Nonmajor Special Revenue Funds*

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

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

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

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

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

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

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

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

***High Intensity Drug Trafficking Area (HIDTA) Fund*** – To account for and report forfeitures restricted for High Intensity Drug Trafficking Area task force law enforcement purposes.

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

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

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

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

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

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

(continued)

### ***Nonmajor Special Revenue Funds (continued)***

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

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

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

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

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

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

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

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

### ***Nonmajor Debt Service Fund***

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

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

### ***Nonmajor Capital Projects Funds***

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

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

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

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

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

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

**City of Independence, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Governmental Funds*  
*December 31, 2016*

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$2,382,219	\$50,932	\$998,699	\$3,431,850
Accounts Receivable	1,410	0	0	1,410
Intergovernmental Receivable	370,201	0	0	370,201
Prepaid Items	734	0	642	1,376
Special Assessments Receivable	0	0	333,054	333,054
Property Taxes Receivable	174,966	0	0	174,966
<i>Total Assets</i>	<u>\$2,929,530</u>	<u>\$50,932</u>	<u>\$1,332,395</u>	<u>\$4,312,857</u>
<b>Liabilities</b>				
Accounts Payable	\$89,035	\$0	\$2,905	\$91,940
Accrued Wages	52,448	0	0	52,448
Contracts Payable	0	0	9,500	9,500
Intergovernmental Payable	123,767	0	0	123,767
Retainage Payable	0	0	8,000	8,000
Interfund Payable	231,500	0	0	231,500
<i>Total Liabilities</i>	<u>496,750</u>	<u>0</u>	<u>20,405</u>	<u>517,155</u>
<b>Deferred Inflows of Resources</b>				
Property Taxes	105,872	0	0	105,872
Unavailable Revenue	270,908	0	333,054	603,962
<i>Total Deferred Inflows of Resources</i>	<u>376,780</u>	<u>0</u>	<u>333,054</u>	<u>709,834</u>
<b>Fund Balances</b>				
Nonspendable	734	0	642	1,376
Restricted	1,576,472	50,932	978,294	2,605,698
Committed	478,845	0	0	478,845
Unassigned (Deficit)	(51)	0	0	(51)
<i>Total Fund Balances</i>	<u>2,056,000</u>	<u>50,932</u>	<u>978,936</u>	<u>3,085,868</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$2,929,530</u>	<u>\$50,932</u>	<u>\$1,332,395</u>	<u>\$4,312,857</u>



**City of Independence, Ohio**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Governmental Funds*  
*For the Year Ended December 31, 2016*

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues</b>				
Property Taxes	\$116,972	\$0	\$0	\$116,972
Intergovernmental	651,275	0	0	651,275
Investment Income	2,486	0	0	2,486
Fees, Licenses and Permits	474,198	0	0	474,198
Fines and Forfeitures	93,012	0	0	93,012
Charges for Services	26,534	0	0	26,534
Special Assessments	0	0	34,267	34,267
Miscellaneous	70,357	0	0	70,357
<i>Total Revenues</i>	<u>1,434,834</u>	<u>0</u>	<u>34,267</u>	<u>1,469,101</u>
<b>Expenditures</b>				
Current:				
General Government	88,433	0	0	88,433
Security of Persons and Property	697,611	0	0	697,611
Public Health and Welfare	56,141	0	0	56,141
Leisure Time Activities	596,430	0	0	596,430
Transportation	1,815,240	0	0	1,815,240
Capital Outlay	0	0	520,051	520,051
Debt Service:				
Principal Retirement	0	0	65,719	65,719
Interest and Fiscal Charges	0	0	12,002	12,002
<i>Total Expenditures</i>	<u>3,253,855</u>	<u>0</u>	<u>597,772</u>	<u>3,851,627</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(1,819,021)	0	(563,505)	(2,382,526)
<b>Other Financing Sources (Uses)</b>				
Transfers In	2,209,125	0	596,500	2,805,625
<i>Net Change in Fund Balances</i>	390,104	0	32,995	423,099
<i>Fund Balances Beginning of Year</i>	<u>1,665,896</u>	<u>50,932</u>	<u>945,941</u>	<u>2,662,769</u>
<i>Fund Balances End of Year</i>	<u><u>\$2,056,000</u></u>	<u><u>\$50,932</u></u>	<u><u>\$978,936</u></u>	<u><u>\$3,085,868</u></u>

**City of Independence, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds*  
*December 31, 2016*

	State Highway	Motor Vehicle License Tax	Street Construction, Maintenance and Repair	Enforcement and Education	Drug Offense
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$169,711	\$93,268	\$593,531	\$13,433	\$43,292
Accounts Receivable	0	0	0	75	200
Intergovernmental Receivable	16,428	11,467	202,610	0	0
Prepaid Items	0	0	0	0	0
Property Taxes Receivable	0	0	0	0	0
<i>Total Assets</i>	<u>\$186,139</u>	<u>\$104,735</u>	<u>\$796,141</u>	<u>\$13,508</u>	<u>\$43,492</u>
<b>Liabilities</b>					
Accounts Payable	\$44,914	\$17,544	\$7,256	\$0	\$0
Accrued Wages	0	0	41,168	0	0
Intergovernmental Payable	0	0	21,468	0	0
Interfund Payable	0	0	0	0	0
<i>Total Liabilities</i>	<u>44,914</u>	<u>17,544</u>	<u>69,892</u>	<u>0</u>	<u>0</u>
<b>Deferred Inflows of Resources</b>					
Property Taxes	0	0	0	0	0
Unavailable Revenue	14,006	9,600	172,734	0	0
<i>Total Deferred Inflows of Resources</i>	<u>14,006</u>	<u>9,600</u>	<u>172,734</u>	<u>0</u>	<u>0</u>
<b>Fund Balances</b>					
Nonspendable	0	0	0	0	0
Restricted	127,219	77,591	553,515	13,508	43,492
Committed	0	0	0	0	0
Unassigned (Deficit)	0	0	0	0	0
<i>Total Fund Balances (Deficit)</i>	<u>127,219</u>	<u>77,591</u>	<u>553,515</u>	<u>13,508</u>	<u>43,492</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$186,139</u>	<u>\$104,735</u>	<u>\$796,141</u>	<u>\$13,508</u>	<u>\$43,492</u>

Law Enforcement	Federal Forfeiture	HIDTA	Mayor's Court Computer	FEMA Grant	Handicap Parking
\$7,167	\$50,362	\$949	\$19,162	\$233,459	\$26,603
0	0	0	1,135	0	0
0	0	0	0	134,222	0
0	367	0	367	0	0
0	0	0	0	0	0
<u>\$7,167</u>	<u>\$50,729</u>	<u>\$949</u>	<u>\$20,664</u>	<u>\$367,681</u>	<u>\$26,603</u>
\$0	\$0	\$0	\$5,769	\$0	\$0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	1,000	0	230,500	0
0	0	1,000	5,769	230,500	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	367	0	367	0	0
7,167	50,362	0	14,528	137,181	0
0	0	0	0	0	26,603
0	0	(51)	0	0	0
<u>7,167</u>	<u>50,729</u>	<u>(51)</u>	<u>14,895</u>	<u>137,181</u>	<u>26,603</u>
<u>\$7,167</u>	<u>\$50,729</u>	<u>\$949</u>	<u>\$20,664</u>	<u>\$367,681</u>	<u>\$26,603</u>

(continued)

**City of Independence, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds (continued)*  
*December 31, 2016*

	Friends for Life	Twenty- Five and Alive	Home Days	I Can	Tree
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$2,085	\$15,948	\$29,334	\$18,636	\$33,202
Accounts Receivable	0	0	0	0	0
Intergovernmental Receivable	0	0	0	0	0
Prepaid Items	0	0	0	0	0
Property Taxes Receivable	0	0	0	0	0
<i>Total Assets</i>	<u>\$2,085</u>	<u>\$15,948</u>	<u>\$29,334</u>	<u>\$18,636</u>	<u>\$33,202</u>
<b>Liabilities</b>					
Accounts Payable	\$0	\$0	\$0	\$402	\$0
Accrued Wages	0	0	0	0	0
Intergovernmental Payable	0	0	0	0	0
Interfund Payable	0	0	0	0	0
<i>Total Liabilities</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>402</u>	<u>0</u>
<b>Deferred Inflows of Resources</b>					
Property Taxes	0	0	0	0	0
Unavailable Revenue	0	0	0	0	0
<i>Total Deferred Inflows of Resources</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balances</b>					
Nonspendable	0	0	0	0	0
Restricted	0	0	0	0	0
Committed	2,085	15,948	29,334	18,234	33,202
Unassigned (Deficit)	0	0	0	0	0
<i>Total Fund Balances (Deficit)</i>	<u>2,085</u>	<u>15,948</u>	<u>29,334</u>	<u>18,234</u>	<u>33,202</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$2,085</u>	<u>\$15,948</u>	<u>\$29,334</u>	<u>\$18,636</u>	<u>\$33,202</u>

Cemetery	Recreation	Police Pension	Total Nonmajor Special Revenue Funds
\$99,592	\$283,251	\$649,234	\$2,382,219
0	0	0	1,410
0	0	5,474	370,201
0	0	0	734
0	0	174,966	174,966
<u>\$99,592</u>	<u>\$283,251</u>	<u>\$829,674</u>	<u>\$2,929,530</u>
\$176	\$12,974	\$0	\$89,035
1,157	10,123	0	52,448
566	4,408	97,325	123,767
0	0	0	231,500
<u>1,899</u>	<u>27,505</u>	<u>97,325</u>	<u>496,750</u>
0	0	105,872	105,872
0	0	74,568	270,908
0	0	180,440	376,780
0	0	0	734
0	0	551,909	1,576,472
97,693	255,746	0	478,845
0	0	0	(51)
<u>97,693</u>	<u>255,746</u>	<u>551,909</u>	<u>2,056,000</u>
<u>\$99,592</u>	<u>\$283,251</u>	<u>\$829,674</u>	<u>\$2,929,530</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, 2016*

	State Highway	Motor Vehicle License Tax	Street Construction, Maintenance and Repair	Enforcement and Education
<b>Revenues</b>				
Property Taxes	\$0	\$0	\$0	\$0
Intergovernmental	36,153	24,052	445,901	0
Investment Income	289	156	2,041	0
Fees, Licenses and Permits	0	0	0	0
Fines and Forfeitures	0	0	0	2,034
Charges for Services	0	0	0	0
Miscellaneous	0	0	0	0
<i>Total Revenues</i>	<u>36,442</u>	<u>24,208</u>	<u>447,942</u>	<u>2,034</u>
<b>Expenditures</b>				
Current:				
General Government	0	0	0	0
Security of Persons and Property	0	0	0	500
Public Health and Welfare	0	0	0	0
Leisure Time Activities	0	0	0	0
Transportation	44,914	17,544	1,752,782	0
<i>Total Expenditures</i>	<u>44,914</u>	<u>17,544</u>	<u>1,752,782</u>	<u>500</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(8,472)	6,664	(1,304,840)	1,534
<b>Other Financing Sources (Uses)</b>				
Transfers In	0	0	1,450,000	0
<i>Net Change in Fund Balances</i>	(8,472)	6,664	145,160	1,534
<i>Fund Balances Beginning of Year</i>	<u>135,691</u>	<u>70,927</u>	<u>408,355</u>	<u>11,974</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>\$127,219</u></u>	<u><u>\$77,591</u></u>	<u><u>\$553,515</u></u>	<u><u>\$13,508</u></u>

<u>Drug Offense</u>	<u>Law Enforcement</u>	<u>Federal Forfeiture</u>	<u>HIDTA</u>	<u>Mayor's Court Computer</u>	<u>FEMA Grant</u>
\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	134,222
0	0	0	0	0	0
0	0	0	0	0	0
3,295	21,470	54,515	0	10,898	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>3,295</u>	<u>21,470</u>	<u>54,515</u>	<u>0</u>	<u>10,898</u>	<u>134,222</u>
0	0	0	0	21,555	0
6,115	39,469	58,957	51	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>6,115</u>	<u>39,469</u>	<u>58,957</u>	<u>51</u>	<u>21,555</u>	<u>0</u>
(2,820)	(17,999)	(4,442)	(51)	(10,657)	134,222
0	0	0	0	0	0
(2,820)	(17,999)	(4,442)	(51)	(10,657)	134,222
46,312	25,166	55,171	0	25,552	2,959
<u>\$43,492</u>	<u>\$7,167</u>	<u>\$50,729</u>	<u>(\$51)</u>	<u>\$14,895</u>	<u>\$137,181</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, 2016*

	Handicap Parking	Friends for Life	Twenty- Five and Alive	Home Days
<b>Revenues</b>				
Property Taxes	\$0	\$0	\$0	\$0
Intergovernmental	0	0	0	0
Investment Income	0	0	0	0
Fees, Licenses and Permits	0	0	0	0
Fines and Forfeitures	800	0	0	0
Charges for Services	0	0	0	0
Miscellaneous	0	0	4,569	59,807
<i>Total Revenues</i>	<u>800</u>	<u>0</u>	<u>4,569</u>	<u>59,807</u>
<b>Expenditures</b>				
Current:				
General Government	0	0	5,498	57,412
Security of Persons and Property	0	0	0	0
Public Health and Welfare	0	0	0	0
Leisure Time Activities	0	0	0	0
Transportation	0	0	0	0
<i>Total Expenditures</i>	<u>0</u>	<u>0</u>	<u>5,498</u>	<u>57,412</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	800	0	(929)	2,395
<b>Other Financing Sources (Uses)</b>				
Transfers In	0	0	2,000	0
<i>Net Change in Fund Balances</i>	800	0	1,071	2,395
<i>Fund Balances Beginning of Year</i>	<u>25,803</u>	<u>2,085</u>	<u>14,877</u>	<u>26,939</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>\$26,603</u></u>	<u><u>\$2,085</u></u>	<u><u>\$15,948</u></u>	<u><u>\$29,334</u></u>



I Can	Tree	Cemetery	Recreation	Police Pension	Total Nonmajor Special Revenue Funds
\$0	\$0	\$0	\$0	\$116,972	\$116,972
0	0	0	0	10,947	651,275
0	0	0	0	0	2,486
0	0	0	474,198	0	474,198
0	0	0	0	0	93,012
0	0	26,534	0	0	26,534
1,772	0	0	4,209	0	70,357
1,772	0	26,534	478,407	127,919	1,434,834
1,655	2,313	0	0	0	88,433
0	0	0	0	592,519	697,611
0	0	56,141	0	0	56,141
0	0	0	596,430	0	596,430
0	0	0	0	0	1,815,240
1,655	2,313	56,141	596,430	592,519	3,253,855
117	(2,313)	(29,607)	(118,023)	(464,600)	(1,819,021)
2,000	5,125	0	200,000	550,000	2,209,125
2,117	2,812	(29,607)	81,977	85,400	390,104
16,117	30,390	127,300	173,769	466,509	1,665,896
<u>\$18,234</u>	<u>\$33,202</u>	<u>\$97,693</u>	<u>\$255,746</u>	<u>\$551,909</u>	<u>\$2,056,000</u>

**City of Independence, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Capital Projects Funds*  
*December 31, 2016*

	Drain Water	Rockside Woods	Issue II
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$187,522	\$164	\$137,094
Prepaid Items	0	0	0
Special Assessments Receivable	0	0	333,054
<i>Total Assets</i>	<u>\$187,522</u>	<u>\$164</u>	<u>\$470,148</u>
<b>Liabilities</b>			
Accounts Payable	\$0	\$0	\$0
Contracts Payable	9,500	0	0
Retainage Payable	8,000	0	0
<i>Total Liabilities</i>	<u>17,500</u>	<u>0</u>	<u>0</u>
<b>Deferred Inflows of Resources</b>			
Unavailable Revenue	0	0	333,054
<b>Fund Balances</b>			
Nonspendable	0	0	0
Restricted	170,022	164	137,094
<i>Total Fund Balances</i>	<u>170,022</u>	<u>164</u>	<u>137,094</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$187,522</u>	<u>\$164</u>	<u>\$470,148</u>

<u>Public Safety Equipment</u>	<u>Route 21 and Pleasant Valley</u>	<u>Total Nonmajor Capital Projects Funds</u>
\$672,574	\$1,345	\$998,699
642	0	642
0	0	333,054
<u>\$673,216</u>	<u>\$1,345</u>	<u>\$1,332,395</u>
\$2,905	\$0	\$2,905
0	0	9,500
0	0	8,000
<u>2,905</u>	<u>0</u>	<u>20,405</u>
0	0	333,054
642	0	642
<u>669,669</u>	<u>1,345</u>	<u>978,294</u>
<u>670,311</u>	<u>1,345</u>	<u>978,936</u>
<u>\$673,216</u>	<u>\$1,345</u>	<u>\$1,332,395</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, 2016*

	Drain Water	Rockside Woods	Issue II
<b>Revenues</b>			
Special Assessments	\$0	\$0	\$34,267
<b>Expenditures</b>			
Capital Outlay	267,664	0	0
Debt Service:			
Principal Retirement	11,177	0	43,292
Interest and Fiscal Charges	269	0	11,733
<i>Total Expenditures</i>	279,110	0	55,025
<i>Excess of Revenues Over (Under) Expenditures</i>	(279,110)	0	(20,758)
<b>Other Financing Sources (Uses)</b>			
Transfers In	300,000	0	0
<i>Net Change in Fund Balances</i>	20,890	0	(20,758)
<i>Fund Balances Beginning of Year</i>	149,132	164	157,852
<i>Fund Balances End of Year</i>	\$170,022	\$164	\$137,094

Public Safety Equipment	Route 21 and Pleasant Valley	Total Nonmajor Capital Projects Funds
\$0	\$0	\$34,267
252,387	0	520,051
0	11,250	65,719
0	0	12,002
252,387	11,250	597,772
(252,387)	(11,250)	(563,505)
285,000	11,500	596,500
32,613	250	32,995
637,698	1,095	945,941
<u>\$670,311</u>	<u>\$1,345</u>	<u>\$978,936</u>

## **Fiduciary Fund**

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

### ***Agency Fund***

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

**City of Independence, Ohio**  
*Statement of Changes in Assets and Liabilities*  
*Agency Fund*  
*For the Year Ended December 31, 2016*

	Beginning Balance <u>12/31/15</u>	<u>Additions</u>	<u>Deductions</u>	Ending Balance <u>12/31/16</u>
<i><b>Deposits and Fees</b></i>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	<u>\$303,836</u>	<u>\$277,365</u>	<u>\$211,382</u>	<u>\$369,819</u>
<b>Liabilities</b>				
Deposits Held and Due to Others	<u>\$303,836</u>	<u>\$277,365</u>	<u>\$211,382</u>	<u>\$369,819</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, 2016*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Property Taxes	\$755,509	\$807,038	\$742,987	(\$64,051)
Municipal Income Taxes	28,333,588	30,266,031	30,464,213	198,182
Hotel/Motel Taxes	1,345,763	1,437,548	1,446,961	9,413
Amusement Taxes	44,682	47,729	48,042	313
Intergovernmental	138,771	148,235	218,541	70,306
Investment Income	40,630	43,401	43,685	284
Fees, Licenses and Permits	422,866	451,707	454,665	2,958
Fines and Forfeitures	245,157	261,877	263,592	1,715
Charges for Services	501,484	535,687	539,195	3,508
Rentals	211,392	225,809	227,288	1,479
Miscellaneous	208,516	222,738	224,196	1,458
<i>Total Revenues</i>	<u>32,248,358</u>	<u>34,447,800</u>	<u>34,673,365</u>	<u>225,565</u>
<b>Expenditures</b>				
Current:				
General Government:				
Mayor:				
Salaries and Wages	362,500	292,500	217,882	74,618
Benefits	152,100	134,600	94,398	40,202
Other	28,803	28,803	5,790	23,013
Total Mayor	<u>543,403</u>	<u>455,903</u>	<u>318,070</u>	<u>137,833</u>
Finance Department:				
Salaries and Wages	319,000	329,000	316,944	12,056
Benefits	148,500	148,500	145,270	3,230
Other	16,400	16,400	13,847	2,553
Total Finance Department	<u>483,900</u>	<u>493,900</u>	<u>476,061</u>	<u>17,839</u>
Council:				
Salaries and Wages	144,200	154,200	145,549	8,651
Benefits	139,700	139,700	138,408	1,292
Other	5,604	5,604	1,412	4,192
Total Council	<u>289,504</u>	<u>299,504</u>	<u>285,369</u>	<u>14,135</u>
Law Director:				
Other	<u>\$283,000</u>	<u>\$308,000</u>	<u>\$287,834</u>	<u>\$20,166</u>

(continued)

**City of Independence, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Year Ended December 31, 2016*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Other:				
Salaries and Wages	\$48,700	\$48,700	\$44,990	\$3,710
Benefits	189,400	234,400	196,747	37,653
Insurance	452,000	472,000	454,171	17,829
Professional Fees	582,606	527,606	520,569	7,037
Other	1,817,189	1,807,189	1,658,458	148,731
Total Other	3,089,895	3,089,895	2,874,935	214,960
Court:				
Salaries and Wages	217,900	242,900	236,012	6,888
Benefits	87,600	87,600	84,607	2,993
Other	68,485	68,485	19,356	49,129
Total Court	373,985	398,985	339,975	59,010
Service Administration:				
Salaries and Wages	443,800	443,800	391,324	52,476
Benefits	201,351	183,851	154,275	29,576
Other	8,285	8,285	540	7,745
Total Service Administration	653,436	635,936	546,139	89,797
Income Tax Collection:				
Other	850,000	850,000	849,660	340
Court Program Fees:				
Other	15,000	15,000	11,490	3,510
Inaugural Ball				
Other	10,000	0	0	0
Total General Government	6,592,123	6,547,123	5,989,533	557,590
Security of Persons and Property:				
Police:				
Salaries and Wages	3,874,800	3,894,800	3,858,500	36,300
Benefits	974,400	1,002,400	993,615	8,785
Other	203,748	203,848	159,049	44,799
Total Police	5,052,948	5,101,048	5,011,164	89,884
Fire:				
Salaries and Wages	2,089,000	2,109,000	2,055,322	53,678
Benefits	918,597	976,597	957,101	19,496
Other	209,394	209,394	190,412	18,982
Total Fire	3,216,991	3,294,991	3,202,835	92,156
Total Security of Persons and Property	\$8,269,939	\$8,396,039	\$8,213,999	\$182,040

(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, 2016*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Leisure Time Activities:				
Parks and Playgrounds:				
Salaries and Wages	\$168,300	\$183,300	\$173,445	\$9,855
Benefits	49,600	49,600	45,570	4,030
Other	151,610	151,610	132,728	18,882
Total Parks and Playgrounds	369,510	384,510	351,743	32,767
Pools:				
Salaries and Wages	273,900	278,900	254,158	24,742
Benefits	42,200	42,200	40,331	1,869
Other	46,016	46,016	41,315	4,701
Total Pools	362,116	367,116	335,804	31,312
Concession Stand:				
Salaries and Wages	37,900	43,900	34,539	9,361
Other	56,206	56,206	48,921	7,285
Total Concession Stand	94,106	100,106	83,460	16,646
Field House:				
Salaries and Wages	48,900	28,900	0	28,900
Benefits	23,100	0	0	0
Other	41,858	41,858	27,341	14,517
Total Field House	113,858	70,758	27,341	43,417
Administration:				
Salaries and Wages	431,478	405,478	370,036	35,442
Benefits	348,700	333,700	331,526	2,174
Other	5,735	5,735	5,618	117
Total Administration	785,913	744,913	707,180	37,733
Civic Center Recreation:				
Salaries and Wages	184,468	184,468	184,468	0
Custodial:				
Salaries and Wages	\$303,654	\$303,654	\$303,654	\$0

(continued)

**City of Independence, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Civic Center:				
Salaries and Wages	\$637,400	\$677,400	\$667,438	\$9,962
Benefits	221,689	236,689	225,657	11,032
Other	135,863	135,863	104,249	31,614
Total Civic Center	994,952	1,049,952	997,344	52,608
Total Leisure Time Activities	3,208,577	3,205,477	2,990,994	214,483
Community Environment:				
Building and Lands:				
Salaries and Wages	343,300	333,300	324,372	8,928
Benefits	130,100	130,100	126,031	4,069
Other	437,278	437,278	355,279	81,999
Total Building and Lands	910,678	900,678	805,682	94,996
Technical Services:				
Salaries and Wages	476,100	491,100	479,396	11,704
Benefits	192,599	197,599	187,214	10,385
Other	242,696	292,696	275,545	17,151
Total Technical Services	911,395	981,395	942,155	39,240
IT Department:				
Salaries and Wages	150,800	145,800	109,136	36,664
Benefits	55,300	42,300	35,104	7,196
Other	141,953	141,953	140,034	1,919
Total IT Department	348,053	330,053	284,274	45,779
Building Department:				
Salaries and Wages	228,900	228,900	221,146	7,754
Benefits	65,000	65,000	60,743	4,257
Other	124,951	124,951	91,361	33,590
Total Building Department	418,851	418,851	373,250	45,601
Engineering Department:				
Salaries and Wages	337,000	337,000	330,558	6,442
Benefits	113,700	113,700	106,089	7,611
Other	90,463	83,463	74,409	9,054
Total Engineering Department	\$541,163	\$534,163	\$511,056	\$23,107

(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, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Economic Department:				
Salaries and Wages	\$147,200	\$132,200	\$110,293	\$21,907
Benefits	51,800	51,800	43,058	8,742
Other	84,825	84,825	58,160	26,665
<b>Total Economic Department</b>	<b>283,825</b>	<b>268,825</b>	<b>211,511</b>	<b>57,314</b>
Boards and Commissions:				
Salaries and Wages	53,400	55,400	42,462	12,938
Benefits	7,600	7,600	5,978	1,622
Other	500	500	0	500
<b>Total Boards and Commissions</b>	<b>61,500</b>	<b>63,500</b>	<b>48,440</b>	<b>15,060</b>
<b>Total Community Environment</b>	<b>3,475,465</b>	<b>3,497,465</b>	<b>3,176,368</b>	<b>321,097</b>
Basic Utility Services:				
Rubbish:				
Salaries and Wages	20,500	20,500	1,348	19,152
Benefits	6,000	1,000	414	586
Other	280,408	280,408	236,107	44,301
<b>Total Rubbish</b>	<b>306,908</b>	<b>301,908</b>	<b>237,869</b>	<b>64,039</b>
Sewer/Water Control:				
Salaries and Wages	138,900	138,900	123,921	14,979
Benefits	75,000	70,000	60,573	9,427
Other	15,025	15,025	256	14,769
<b>Total Sewer/Water Control</b>	<b>228,925</b>	<b>223,925</b>	<b>184,750</b>	<b>39,175</b>
<b>Total Basic Utility Services</b>	<b>535,833</b>	<b>525,833</b>	<b>422,619</b>	<b>103,214</b>
Transportation:				
Equipment and Motor Pool:				
Salaries and Wages	317,900	287,900	266,609	21,291
Benefits	139,400	124,400	110,316	14,084
Other	418,426	418,426	392,722	25,704
<b>Total Transportation</b>	<b>875,726</b>	<b>830,726</b>	<b>769,647</b>	<b>61,079</b>
<b>Total Expenditures</b>	<b>22,957,663</b>	<b>23,002,663</b>	<b>21,563,160</b>	<b>1,439,503</b>
<i>Excess of Revenues Over (Under) Expenditures</i>	<i>\$9,290,695</i>	<i>\$11,445,137</i>	<i>\$13,110,205</i>	<i>\$1,665,068</i>

(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, 2016*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Other Financing Sources (Uses)</b>				
Advances In	\$1,375,000	\$4,105,500	\$3,875,000	(\$230,500)
Advances Out	(1,246,000)	(4,782,500)	(4,782,500)	0
Transfers Out	(9,850,500)	(9,235,625)	(9,235,625)	0
<i>Total Other Financing (Uses)</i>	<u>(9,721,500)</u>	<u>(9,912,625)</u>	<u>(10,143,125)</u>	<u>(230,500)</u>
<i>Net Change in Fund Balance</i>	(430,805)	1,532,512	2,967,080	1,434,568
<i>Fund Balance Beginning of Year</i>	2,646,538	2,646,538	2,646,538	0
Prior Year Encumbrances Appropriated	<u>767,663</u>	<u>767,663</u>	<u>767,663</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$2,983,396</u></u>	<u><u>\$4,946,713</u></u>	<u><u>\$6,381,281</u></u>	<u><u>\$1,434,568</u></u>

**City of Independence, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Quadrant Tax Increment Financing Fund*  
*For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$427,455	\$311,900	\$136,230	(\$175,670)
Payments in Lieu of Taxes	1,961,715	1,431,400	1,438,276	6,876
Miscellaneous	138,830	101,300	0	(101,300)
<i>Total Revenues</i>	<u>2,528,000</u>	<u>1,844,600</u>	<u>1,574,506</u>	<u>(270,094)</u>
<b>Expenditures</b>				
Capital Outlay	8,048,044	13,235,527	12,219,817	1,015,710
Debt Service:				
Principal Retirement	3,821,636	5,005,900	5,005,805	95
Interest and Fiscal Charges	289,413	383,500	383,435	65
Debt Issuance Cost	67,934	53,000	52,907	93
<i>Total Debt Service</i>	<u>4,178,983</u>	<u>5,442,400</u>	<u>5,442,147</u>	<u>253</u>
<i>Total Expenditures</i>	<u>12,227,027</u>	<u>18,677,927</u>	<u>17,661,964</u>	<u>1,015,963</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(9,699,027)</u>	<u>(16,833,327)</u>	<u>(16,087,458)</u>	<u>745,869</u>
<b>Other Financing Sources (Uses)</b>				
General Obligation Notes Issued	6,050,000	12,550,000	12,550,000	0
Premium on Notes Issued	0	0	126,595	126,595
Advances In	1,196,000	4,501,000	4,501,000	0
Advances Out	(2,780,000)	(5,225,000)	(5,225,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>4,466,000</u>	<u>11,826,000</u>	<u>11,952,595</u>	<u>126,595</u>
<i>Net Change in Fund Balance</i>	<u>(5,233,027)</u>	<u>(5,007,327)</u>	<u>(4,134,863)</u>	<u>872,464</u>
<i>Fund Balance Beginning of Year</i>	1,499,810	1,499,810	1,499,810	0
Prior Year Encumbrances Appropriated	4,136,727	4,136,727	4,136,727	0
<i>Fund Balance End of Year</i>	<u>\$403,510</u>	<u>\$629,210</u>	<u>\$1,501,674</u>	<u>\$872,464</u>

**City of Independence, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Capital Improvements Fund*  
*For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Rentals	\$0	\$0	\$13,325	\$13,325
Miscellaneous	45,000	337,000	96,622	(240,378)
<i>Total Revenues</i>	45,000	337,000	109,947	(227,053)
<b>Expenditures</b>				
Capital Outlay	4,843,466	5,150,466	5,130,807	19,659
Debt Service:				
Principal Retirement	925,000	925,010	925,007	3
Interest and Fiscal Charges	250,400	250,390	250,332	58
Total Debt Service	1,175,400	1,175,400	1,175,339	61
<i>Total Expenditures</i>	6,018,866	6,325,866	6,306,146	19,720
<i>Excess of Revenues Over (Under) Expenditures</i>	(5,973,866)	(5,988,866)	(6,196,199)	(207,333)
<b>Other Financing Sources (Uses)</b>				
Advances In	205,000	205,000	205,000	0
Transfers In	3,200,000	3,200,000	3,200,000	0
<i>Total Other Financing Sources (Uses)</i>	3,405,000	3,405,000	3,405,000	0
<i>Net Change in Fund Balance</i>	(2,568,866)	(2,583,866)	(2,791,199)	(207,333)
<i>Fund Balance Beginning of Year</i>	300,340	300,340	300,340	0
Prior Year Encumbrances Appropriated	2,944,966	2,944,966	2,944,966	0
<i>Fund Balance End of Year</i>	\$676,440	\$661,440	\$454,107	(\$207,333)



**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, 2016*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Miscellaneous	\$85,500	\$85,500	\$1,388	(\$84,112)
<b>Expenditures</b>				
Capital Outlay	<u>6,239,445</u>	<u>5,654,445</u>	<u>5,638,125</u>	<u>16,320</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(6,153,945)	(5,568,945)	(5,636,737)	(67,792)
<b>Other Financing Sources (Uses)</b>				
Transfers In	<u>3,300,000</u>	<u>2,575,000</u>	<u>2,575,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(2,853,945)	(2,993,945)	(3,061,737)	(67,792)
<i>Fund Balance Beginning of Year</i>	303,737	303,737	303,737	0
Prior Year Encumbrances Appropriated	<u>2,888,445</u>	<u>2,888,445</u>	<u>2,888,445</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$338,237</u></u>	<u><u>\$198,237</u></u>	<u><u>\$130,445</u></u>	<u><u>(\$67,792)</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, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$32,500	\$32,500	\$36,988	\$4,488
Investment Income	0	0	289	289
<i>Total Revenues</i>	32,500	32,500	37,277	4,777
<b>Expenditures</b>				
Current:				
Transportation:				
Streets, Sidewalks, and Maintenance:				
Other	50,000	50,000	50,000	0
<i>Net Change in Fund Balance</i>	(17,500)	(17,500)	(12,723)	4,777
<i>Fund Balance Beginning of Year</i>	132,434	132,434	132,434	0
<i>Fund Balance End of Year</i>	<u>\$114,934</u>	<u>\$114,934</u>	<u>\$119,711</u>	<u>\$4,777</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, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$25,000	\$25,000	\$24,139	(\$861)
Investment Income	0	0	156	156
<i>Total Revenues</i>	25,000	25,000	24,295	(705)
<b>Expenditures</b>				
Current:				
Transportation:				
Streets, Sidewalks, and Maintenance:				
Other	25,000	25,000	25,000	0
<i>Net Change in Fund Balance</i>	0	0	(705)	(705)
<i>Fund Balance Beginning of Year</i>	68,973	68,973	68,973	0
<i>Fund Balance End of Year</i>	<u>\$68,973</u>	<u>\$68,973</u>	<u>\$68,268</u>	<u>(\$705)</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, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$400,000	\$400,000	\$456,195	\$56,195
Investment Income	0	0	2,041	2,041
<i>Total Revenues</i>	400,000	400,000	458,236	58,236
<b>Expenditures</b>				
Current:				
Transportation:				
Streets, Sidewalks, and Maintenance:				
Salaries and Wages	955,754	876,300	841,352	34,948
Benefits	384,040	342,100	338,071	4,029
Other	737,990	804,384	721,059	83,325
<i>Total Expenditures</i>	2,077,784	2,022,784	1,900,482	122,302
<i>Excess of Revenues Over (Under) Expenditures</i>	(1,677,784)	(1,622,784)	(1,442,246)	180,538
<b>Other Financing Sources (Uses)</b>				
Transfers In	1,450,000	1,450,000	1,450,000	0
<i>Net Change in Fund Balance</i>	(227,784)	(172,784)	7,754	180,538
<i>Fund Balance Beginning of Year</i>	352,320	352,320	352,320	0
Prior Year Encumbrances Appropriated	86,184	86,184	86,184	0
<i>Fund Balance End of Year</i>	\$210,720	\$265,720	\$446,258	\$180,538

**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, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Fines and Forfeitures	\$1,000	\$1,000	\$2,209	\$1,209
<b>Expenditures</b>				
Current:				
Security of Persons and Property:				
Police Department:				
Other	1,000	1,000	500	500
<i>Net Change in Fund Balance</i>	0	0	1,709	1,709
<i>Fund Balance Beginning of Year</i>	11,724	11,724	11,724	0
<i>Fund Balance End of Year</i>	<u>\$11,724</u>	<u>\$11,724</u>	<u>\$13,433</u>	<u>\$1,709</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, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Fines and Forfeitures	\$5,000	\$5,000	\$3,095	(\$1,905)
<b>Expenditures</b>				
Current:				
Security of Persons and Property:				
Police Department:				
Other	10,000	22,000	7,490	14,510
<i>Net Change in Fund Balance</i>	(5,000)	(17,000)	(4,395)	12,605
<i>Fund Balance Beginning of Year</i>	46,312	46,312	46,312	0
<i>Fund Balance End of Year</i>	<u>\$41,312</u>	<u>\$29,312</u>	<u>\$41,917</u>	<u>\$12,605</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, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Fines and Forfeitures	\$25,000	\$25,000	\$21,470	(\$3,530)
<b>Expenditures</b>				
Current:				
Security of Persons and Property:				
Police Department:				
Other	25,000	43,000	39,469	3,531
<i>Net Change in Fund Balance</i>	0	(18,000)	(17,999)	1
<i>Fund Balance Beginning of Year</i>	25,166	25,166	25,166	0
<i>Fund Balance End of Year</i>	<u>\$25,166</u>	<u>\$7,166</u>	<u>\$7,167</u>	<u>\$1</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, 2016*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Fines and Forfeitures	\$20,000	\$61,000	\$61,715	\$715
<b>Expenditures</b>				
Current:				
Security of Persons and Property:				
Police Department:				
Other	30,400	65,400	63,860	1,540
<i>Net Change in Fund Balance</i>	(10,400)	(4,400)	(2,145)	2,255
<i>Fund Balance Beginning of Year</i>	46,666	46,666	46,666	0
Prior Year Encumbrances Appropriated	5,400	5,400	5,400	0
<i>Fund Balance End of Year</i>	<u>\$41,666</u>	<u>\$47,666</u>	<u>\$49,921</u>	<u>\$2,255</u>



**City of Independence, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*High Intensity Drug Trafficking Area Fund*  
*For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>				
Current:				
Security of Persons and Property:				
Police Department:				
Other	1,000	1,000	51	949
<i>Excess of Revenues Over (Under) Expenditures</i>	(1,000)	(1,000)	(51)	949
<b>Other Financing Sources (Uses)</b>				
Advances In	1,000	1,000	1,000	0
<i>Net Change in Fund Balance</i>	0	0	949	949
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$949	\$949

**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, 2016*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Fines and Forfeitures	\$12,000	\$12,000	\$10,171	(\$1,829)
<b>Expenditures</b>				
Current:				
General Government:				
Mayor's Court Computer:				
Other	22,835	22,835	16,149	6,686
<i>Net Change in Fund Balance</i>	(10,835)	(10,835)	(5,978)	4,857
<i>Fund Balance Beginning of Year</i>	21,531	21,531	21,531	0
Prior Year Encumbrances Appropriated	2,835	2,835	2,835	0
<i>Fund Balance End of Year</i>	<u>\$13,531</u>	<u>\$13,531</u>	<u>\$18,388</u>	<u>\$4,857</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, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$500	\$230,500	\$0	(\$230,500)
<b>Expenditures</b>				
Current:				
Security of Persons and Property:				
Fire Department:				
Other	500	461,700	141,287	320,413
<i>Excess of Revenues Over (Under) Expenditures</i>	0	(231,200)	(141,287)	89,913
<b>Other Financing Sources (Uses)</b>				
Advances In	0	230,500	230,500	0
<i>Net Change in Fund Balance</i>	0	(700)	89,213	89,913
<i>Fund Balance Beginning of Year</i>	2,959	2,959	2,959	0
<i>Fund Balance End of Year</i>	<u>\$2,959</u>	<u>\$2,259</u>	<u>\$92,172</u>	<u>\$89,913</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, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Fines and Forfeitures	\$1,000	\$1,000	\$800	(\$200)
<b>Expenditures</b>				
Current:				
General Government:				
Other General Government:				
Other	5,000	5,000	0	5,000
<i>Net Change in Fund Balance</i>	(4,000)	(4,000)	800	4,800
<i>Fund Balance Beginning of Year</i>	25,803	25,803	25,803	0
<i>Fund Balance End of Year</i>	<u>\$21,803</u>	<u>\$21,803</u>	<u>\$26,603</u>	<u>\$4,800</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, 2016*

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

**City of Independence, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Twenty-Five and Alive Fund*  
*For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Miscellaneous	\$2,100	\$2,100	\$4,569	\$2,469
<b>Expenditures</b>				
Current:				
General Government:				
Other General Government:				
Other	5,741	7,741	5,831	1,910
<i>Excess of Revenues Over (Under) Expenditures</i>	(3,641)	(5,641)	(1,262)	4,379
<b>Other Financing Sources (Uses)</b>				
Transfers In	2,000	2,000	2,000	0
<i>Net Change in Fund Balance</i>	(1,641)	(3,641)	738	4,379
<i>Fund Balance Beginning of Year</i>	14,636	14,636	14,636	0
Prior Year Encumbrances Appropriated	241	241	241	0
<i>Fund Balance End of Year</i>	<u>\$13,236</u>	<u>\$11,236</u>	<u>\$15,615</u>	<u>\$4,379</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, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Miscellaneous	\$50,000	\$50,000	\$59,807	\$9,807
<b>Expenditures</b>				
Current:				
General Government:				
Other General Government:				
Other	50,000	60,000	58,312	1,688
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>0</u>	<u>(10,000)</u>	<u>1,495</u>	<u>11,495</u>
<b>Other Financing Sources (Uses)</b>				
Advances In	50,000	50,000	50,000	0
Advances Out	(50,000)	(50,000)	(50,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	(10,000)	1,495	11,495
<i>Fund Balance Beginning of Year</i>	<u>27,839</u>	<u>27,839</u>	<u>27,839</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$27,839</u></u>	<u><u>\$17,839</u></u>	<u><u>\$29,334</u></u>	<u><u>\$11,495</u></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, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Miscellaneous	\$4,000	\$4,000	\$1,772	(\$2,228)
<b>Expenditures</b>				
Current:				
General Government:				
Other General Government:				
Other	9,219	9,219	2,112	7,107
<i>Excess of Revenues Over (Under) Expenditures</i>	(5,219)	(5,219)	(340)	4,879
<b>Other Financing Sources (Uses)</b>				
Transfers In	2,000	2,000	2,000	0
<i>Net Change in Fund Balance</i>	(3,219)	(3,219)	1,660	4,879
<i>Fund Balance Beginning of Year</i>	14,264	14,264	14,264	0
Prior Year Encumbrances Appropriated	2,219	2,219	2,219	0
<i>Fund Balance End of Year</i>	<u>\$13,264</u>	<u>\$13,264</u>	<u>\$18,143</u>	<u>\$4,879</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, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>				
Current:				
General Government:				
Other General Government:				
Other	9,814	10,014	9,938	76
<i>Excess of Revenues Over (Under) Expenditures</i>	(9,814)	(10,014)	(9,938)	76
<b>Other Financing Sources (Uses)</b>				
Transfers In	5,125	5,125	5,125	0
<i>Net Change in Fund Balance</i>	(4,689)	(4,889)	(4,813)	76
<i>Fund Balance Beginning of Year</i>	25,576	25,576	25,576	0
Prior Year Encumbrances Appropriated	4,814	4,814	4,814	0
<i>Fund Balance End of Year</i>	<u>\$25,701</u>	<u>\$25,501</u>	<u>\$25,577</u>	<u>\$76</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, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Charges for Services	\$25,000	\$25,000	\$26,534	\$1,534
<b>Expenditures</b>				
Current:				
Public Health and Welfare:				
Cemetery:				
Other	50,000	65,000	54,872	10,128
<i>Net Change in Fund Balance</i>	(25,000)	(40,000)	(28,338)	11,662
<i>Fund Balance Beginning of Year</i>	127,774	127,774	127,774	0
<i>Fund Balance End of Year</i>	<u>\$102,774</u>	<u>\$87,774</u>	<u>\$99,436</u>	<u>\$11,662</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, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Fees, Licenses and Permits	\$350,000	\$350,000	\$474,198	\$124,198
Miscellaneous	0	0	4,209	4,209
<i>Total Revenues</i>	350,000	350,000	478,407	128,407
<b>Expenditures</b>				
Current:				
Leisure Time Activities:				
Recreation:				
Other	646,241	696,241	634,607	61,634
<i>Excess of Revenues Over (Under) Expenditures</i>	(296,241)	(346,241)	(156,200)	190,041
<b>Other Financing Sources (Uses)</b>				
Transfers In	200,000	200,000	200,000	0
<i>Net Change in Fund Balance</i>	(96,241)	(146,241)	43,800	190,041
<i>Fund Balance Beginning of Year</i>	178,008	178,008	178,008	0
Prior Year Encumbrances Appropriated	21,241	21,241	21,241	0
<i>Fund Balance End of Year</i>	<u>\$103,008</u>	<u>\$53,008</u>	<u>\$243,049</u>	<u>\$190,041</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, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$110,627	\$126,300	\$116,972	(\$9,328)
Intergovernmental	0	0	10,947	10,947
<i>Total Revenues</i>	110,627	126,300	127,919	1,619
<b>Expenditures</b>				
Current:				
Security of Persons and Property:				
Police Department:				
Other	700,000	700,000	566,122	133,878
<i>Excess of Revenues Over (Under) Expenditures</i>	(589,373)	(573,700)	(438,203)	135,497
<b>Other Financing Sources (Uses)</b>				
Transfers In	550,000	550,000	550,000	0
<i>Net Change in Fund Balance</i>	(39,373)	(23,700)	111,797	135,497
<i>Fund Balance Beginning of Year</i>	537,437	537,437	537,437	0
<i>Fund Balance End of Year</i>	\$498,064	\$513,737	\$649,234	\$135,497

**City of Independence, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Compensated Absences Fund*  
*For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>				
Current:				
General Government:				
Other General Government:				
Other	50,000	50,000	9,380	40,620
<i>Excess of Revenues Over (Under) Expenditures</i>	(50,000)	(50,000)	(9,380)	40,620
<b>Other Financing Sources (Uses)</b>				
Advances In	360,000	360,000	360,000	0
<i>Net Change in Fund Balance</i>	310,000	310,000	350,620	40,620
<i>Fund Balance Beginning of Year</i>	343,710	343,710	343,710	0
<i>Fund Balance End of Year</i>	\$653,710	\$653,710	\$694,330	\$40,620

**City of Independence, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Rainy Day Fund*  
*For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>	0	0	0	0
<i>Excess of Revenues Over (Under) Expenditures</i>	0	0	0	0
<b>Other Financing Sources (Uses)</b>				
Transfers In	100,000	100,000	100,000	0
<i>Net Change in Fund Balance</i>	100,000	100,000	100,000	0
<i>Fund Balance Beginning of Year</i>	800,000	800,000	800,000	0
<i>Fund Balance End of Year</i>	<u>\$900,000</u>	<u>\$900,000</u>	<u>\$900,000</u>	<u>\$0</u>

**City of Independence, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Economic Development Fund*  
*For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>				
Current:				
General Government:				
Economic Development:				
Other	337,300	455,000	454,095	905
<i>Excess of Revenues Over (Under) Expenditures</i>	(337,300)	(455,000)	(454,095)	905
<b>Other Financing Sources (Uses)</b>				
Transfers In	350,000	455,000	455,000	0
<i>Net Change in Fund Balance</i>	12,700	0	905	905
<i>Fund Balance Beginning of Year</i>	125,000	125,000	125,000	0
<i>Fund Balance End of Year</i>	\$137,700	\$125,000	\$125,905	\$905

**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, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>				
Debt Service:				
Interest and Fiscal Charges	5,000	5,000	0	5,000
<i>Net Change in Fund Balance</i>	(5,000)	(5,000)	0	5,000
<i>Fund Balance Beginning of Year</i>	50,932	50,932	50,932	0
<i>Fund Balance End of Year</i>	\$45,932	\$45,932	\$50,932	\$5,000



**City of Independence, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Drain Water Fund*  
*For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>				
Capital Outlay	382,061	432,061	387,303	44,758
Debt Service:				
Principal Retirement	11,200	11,200	11,177	23
Interest and Fiscal Charges	300	300	269	31
Total Debt Service	11,500	11,500	11,446	54
<i>Total Expenditures</i>	393,561	443,561	398,749	44,812
<i>Excess of Revenues Over (Under) Expenditures</i>	(393,561)	(443,561)	(398,749)	44,812
<b>Other Financing Sources (Uses)</b>				
Transfers In	300,000	300,000	300,000	0
<i>Net Change in Fund Balance</i>	(93,561)	(143,561)	(98,749)	44,812
<i>Fund Balance Beginning of Year</i>	53,271	53,271	53,271	0
Prior Year Encumbrances Appropriated	102,061	102,061	102,061	0
<i>Fund Balance End of Year</i>	\$61,771	\$11,771	\$56,583	\$44,812

**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, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Special Assessments	\$100	\$100	\$0	(\$100)
<b>Expenditures</b>				
Capital Outlay	100	100	0	100
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	164	164	164	0
<i>Fund Balance End of Year</i>	<u>\$164</u>	<u>\$164</u>	<u>\$164</u>	<u>\$0</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, 2016*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Special Assessments	\$28,697	\$28,697	\$34,267	\$5,570
<b>Expenditures</b>				
Capital Outlay	1,000	1,000	0	1,000
Debt Service:				
Principal Retirement	43,300	43,300	43,292	8
Interest and Fiscal Charges	11,800	11,800	11,733	67
Total Debt Service	55,100	55,100	55,025	75
<i>Total Expenditures</i>	56,100	56,100	55,025	1,075
<i>Net Change in Fund Balance</i>	(27,403)	(27,403)	(20,758)	6,645
<i>Fund Balance Beginning of Year</i>	157,852	157,852	157,852	0
<i>Fund Balance End of Year</i>	<u>\$130,449</u>	<u>\$130,449</u>	<u>\$137,094</u>	<u>\$6,645</u>

**City of Independence, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Public Safety Equipment Fund*  
*For the Year Ended December 31, 2016*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>				
Capital Outlay	<u>916,764</u>	<u>916,764</u>	<u>913,268</u>	<u>3,496</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(916,764)	(916,764)	(913,268)	3,496
<b>Other Financing Sources (Uses)</b>				
Transfers In	<u>285,000</u>	<u>285,000</u>	<u>285,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(631,764)	(631,764)	(628,268)	3,496
<i>Fund Balance Beginning of Year</i>	39,871	39,871	39,871	0
Prior Year Encumbrances Appropriated	<u>600,064</u>	<u>600,064</u>	<u>600,064</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$8,171</u></u>	<u><u>\$8,171</u></u>	<u><u>\$11,667</u></u>	<u><u>\$3,496</u></u>

**City of Independence, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Route 21 and Pleasant Valley Fund*  
*For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>				
Debt Service:				
Principal Retirement	11,300	11,300	11,250	50
<i>Excess of Revenues Over (Under) Expenditures</i>	(11,300)	(11,300)	(11,250)	50
<b>Other Financing Sources (Uses)</b>				
Transfers In	11,500	11,500	11,500	0
<i>Net Change in Fund Balance</i>	200	200	250	50
<i>Fund Balance Beginning of Year</i>	1,095	1,095	1,095	0
<i>Fund Balance End of Year</i>	\$1,295	\$1,295	\$1,345	\$50

**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, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Investment Income	\$0	\$0	\$8,682	\$8,682
Miscellaneous	50,000	50,000	31,381	(18,619)
<i>Total Revenues</i>	50,000	50,000	40,063	(9,937)
<b>Expenses</b>				
Contractual Services	0	5,170	5,170	0
Claims	358,881	503,711	278,612	225,099
<i>Total Expenses</i>	358,881	508,881	283,782	225,099
<i>Excess of Revenues Over (Under) Expenses Before Advances and Transfers</i>	(308,881)	(458,881)	(243,719)	215,162
Advances In	835,000	835,000	835,000	0
Transfers In	100,000	100,000	100,000	0
<i>Net Change in Fund Equity</i>	626,119	476,119	691,281	215,162
<i>Fund Equity Beginning of Year</i>	258,054	258,054	258,054	0
Prior Year Encumbrances Appropriated	58,881	58,881	58,881	0
<i>Fund Equity End of Year</i>	\$943,054	\$793,054	\$1,008,216	\$215,162

# **Statistical Section**



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## Statistical Section

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

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<b>Contents</b>	<b>Page(s)</b>
<b><i>Financial Trends</i></b> .....	<b><i>S2 – S9</i></b>
These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	
<b><i>Revenue Capacity</i></b> .....	<b><i>S10 – S18</i></b>
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.	
<b><i>Debt Capacity</i></b> .....	<b><i>S19 – S24</i></b>
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.	
<b><i>Economic and Demographic Information</i></b> .....	<b><i>S25 – S26</i></b>
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City’s financial activities take place.	
<b><i>Operating Information</i></b> .....	<b><i>S28 – S35</i></b>
These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	

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

**City of Independence, Ohio**

*Net Position by Component*

*Last Ten Years*

*(Accrual Basis of Accounting)*

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Governmental Activities				
Net Investment in Capital Assets	\$75,112,616	\$75,013,690	\$70,074,840	\$64,925,722
Restricted:				
Capital Projects	7,059,950	8,807,685	7,906,956	7,231,782
State Highway	141,225	149,136	111,791	103,078
Street Construction, Maintenance and Repair	690,663	539,077	585,918	913,005
Police Pension	626,477	532,177	463,968	475,691
Other Purposes	354,824	248,778	210,794	275,126
Unrestricted (Deficit)	<u>7,494,703</u>	<u>(294,571)</u>	<u>(618,913)</u>	<u>17,847,927</u>
<i>Total Governmental Activities Net Position</i>	<u>\$91,480,458</u>	<u>\$84,995,972</u>	<u>\$78,735,354</u>	<u>\$91,772,331</u>

Note: In 2015, the City implemented GASB 68 which affected Unrestricted Net Position for 2014.

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

2012	2011	2010	2009	2008	2007
\$62,244,507	\$61,396,249	\$60,224,288	\$58,812,856	\$58,712,220	\$55,982,088
6,332,527	5,970,224	5,626,721	5,682,081	5,045,601	4,749,445
63,120	50,709	47,440	160,172	128,179	252,401
785,419	488,409	417,443	370,883	229,877	349,348
493,713	266,244	178,065	0	0	0
612,104	382,347	376,685	729,207	479,632	235,472
16,064,345	13,997,009	8,859,361	9,641,596	7,570,792	7,132,575
<u>\$86,595,735</u>	<u>\$82,551,191</u>	<u>\$75,730,003</u>	<u>\$75,396,795</u>	<u>\$72,166,301</u>	<u>\$68,701,329</u>

**City of Independence, Ohio**

*Changes in Net Position*

*Last Ten Years*

*(Accrual Basis of Accounting)*

	2016	2015 (3)	2014	2013
<b>Program Revenues</b>				
Governmental Activities:				
Charges for Services and Sales:				
General Government	\$390,744	\$396,719	\$377,216	\$414,541
Security of Persons and Property	666,445	606,527	562,774	516,590
Public Health and Welfare	26,534	17,350	23,565	20,244
Leisure Time Activities	696,312	603,786	559,216	67,118
Community Environment	236,571	236,479	198,060	194,238
Basic Utility Services	29,317	29,160	30,306	36,172
Transportation	51,358	56,063	45,279	548,161
Operating Grants and Contributions	658,459	524,252	493,672	603,478
Capital Grants and Assessments	122,246	1,189,630	1,567,822	114,562
<i>Total Government Activities Program Revenues</i>	<u>2,877,986</u>	<u>3,659,966</u>	<u>3,857,910</u>	<u>2,515,104</u>
<b>Expenses</b>				
Governmental Activities:				
General Government	9,239,305	9,037,847	8,650,919	8,587,665
Security of Persons and Property	10,377,823	8,961,555	9,005,655	8,389,502
Public Health and Welfare	58,324	48,133	78,417	110,014
Leisure Time Activities	3,798,602	3,684,540	3,767,299	3,463,666
Community Environment	3,542,366	3,543,729	3,096,160	2,739,330
Basic Utility Services	477,590	490,196	547,380	570,714
Transportation	3,832,243	4,669,027	4,465,226	3,199,635
Intergovernmental	0	0	0	0
Interest and Fiscal Charges	608,434	632,480	652,020	764,052
<i>Total Governmental Activities Expenses</i>	<u>31,934,687</u>	<u>31,067,507</u>	<u>30,263,076</u>	<u>27,824,578</u>
<b>Net (Expense)/Revenue</b>				
Governmental Activities	<u>(29,056,701)</u>	<u>(27,407,541)</u>	<u>(26,405,166)</u>	<u>(25,309,474)</u>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental Activities				
Property and Other Local Taxes Levied For (1):				
General Purposes	798,355	818,505	814,219	868,418
Debt Service	0	0	0	0
Other Purposes	125,714	131,059	129,669	134,216
Municipal Income Tax levied for General Purposes	30,809,785	28,691,285	24,615,423	26,429,663
Estate Taxes (2)	0	0	0	0
Hotel/Motel Tax Levied for General Purposes	1,438,252	1,356,711	1,319,446	1,293,185
Amusement Tax Levied for General Purposes	55,777	0	0	0
Grants and Entitlements not Restricted to Specific Programs	192,221	270,740	259,332	757,689
Investment Income	68,228	60,762	61,208	68,148
Payments in Lieu of Taxes	1,577,104	1,635,817	1,348,759	1,094,482
Miscellaneous	475,751	703,280	561,514	366,333
<i>Total Governmental Activities General Revenues</i>	<u>35,541,187</u>	<u>33,668,159</u>	<u>29,109,570</u>	<u>31,012,134</u>
<b>Change in Governmental Activities Net Position</b>	<u>\$6,484,486</u>	<u>\$6,260,618</u>	<u>\$2,704,404</u>	<u>\$5,702,660</u>

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

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

(3) Expenses are first impacted by the implementation of GASB Statement No. 68 beginning in 2015.

2012	2011	2010	2009	2008	2007
\$306,760	\$292,763	\$458,491	\$306,346	\$228,665	\$163,975
537,653	491,945	660,947	427,036	426,786	285,474
24,625	32,305	29,091	35,615	80,519	1,605
456,211	447,776	544,419	467,713	497,839	449,308
125,813	99,303	164,973	100,143	110,965	73,080
28,388	23,449	38,713	26,540	24,477	19,201
76,006	33,168	56,584	33,412	38,807	28,045
534,869	448,183	503,565	471,385	509,418	594,026
95,572	387,666	126,493	161,639	32,489	6,871,738
<u>2,185,897</u>	<u>2,256,558</u>	<u>2,583,276</u>	<u>2,029,829</u>	<u>1,949,965</u>	<u>8,486,452</u>
8,505,708	8,703,896	8,438,678	7,220,679	6,550,823	6,994,963
8,572,099	8,350,722	8,589,758	8,391,597	8,812,839	8,396,575
96,354	93,610	92,233	86,508	146,451	51,713
3,470,342	3,345,289	3,290,294	3,236,299	3,350,070	3,178,450
2,492,457	2,130,225	2,297,512	2,193,992	2,514,940	2,375,832
578,200	913,604	899,624	735,732	705,039	699,018
3,754,236	4,546,613	3,748,132	4,375,394	4,669,006	6,222,871
0	0	0	0	0	6,777,393
1,098,008	386,620	1,225,360	1,279,989	1,418,440	1,578,292
<u>28,567,404</u>	<u>28,470,579</u>	<u>28,581,591</u>	<u>27,520,190</u>	<u>28,167,608</u>	<u>36,275,107</u>
<u>(26,381,507)</u>	<u>(26,214,021)</u>	<u>(25,998,315)</u>	<u>(25,490,361)</u>	<u>(26,217,643)</u>	<u>(27,788,655)</u>
877,092	900,223	719,362	1,167,611	1,016,192	1,151,317
0	0	220,812	368,719	318,699	326,369
138,482	128,505	111,137	184,358	170,232	203,220
25,743,991	24,050,310	21,115,584	23,982,611	22,488,246	23,387,075
0	4,785,946	550,909	0	0	0
1,188,902	1,072,995	981,164	939,861	1,150,342	1,088,235
11,078	8,268	15,273	18,078	18,027	19,796
404,523	457,658	747,657	789,889	1,548,168	796,657
89,027	75,505	120,620	143,810	368,767	770,803
1,289,281	934,263	1,279,283	669,941	1,880,535	876,043
683,675	621,536	469,722	455,977	723,407	964,031
<u>30,426,051</u>	<u>33,035,209</u>	<u>26,331,523</u>	<u>28,720,855</u>	<u>29,682,615</u>	<u>29,583,546</u>
<u>\$4,044,544</u>	<u>\$6,821,188</u>	<u>\$333,208</u>	<u>\$3,230,494</u>	<u>\$3,464,972</u>	<u>\$1,794,891</u>

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

	2016	2015	2014	2013
<b>General Fund</b>				
Reserved	\$0	\$0	\$0	\$0
Unreserved	0	0	0	0
Nonspendable	16,648,085	16,339,485	14,475,791	9,658,313
Assigned	2,148,860	1,081,128	2,469,127	2,848,726
Unassigned	8,847,647	5,037,506	4,227,716	8,228,235
<b>Total General Fund</b>	<u>27,644,592</u>	<u>22,458,119</u>	<u>21,172,634</u>	<u>20,735,274</u>
<b>All Other Governmental Funds</b>				
Reserved	0	0	0	0
Unreserved, Undesignated (Deficit), Reported in:				
Special Revenue funds	0	0	0	0
Debt Service funds	0	0	0	0
Capital Projects funds	0	0	0	0
Nonspendable	3,091	4,510	7,174	0
Restricted	11,223,004	9,644,441	8,703,905	7,812,603
Committed	478,845	417,280	355,523	307,434
Unassigned (Deficit)	(10,825,572)	(14,332,066)	(12,423,277)	(9,149,791)
<b>Total All Other Governmental Funds</b>	<u>879,368</u>	<u>(4,265,835)</u>	<u>(3,356,675)</u>	<u>(1,029,754)</u>
<b>Total Governmental Funds</b>	<u><u>\$28,523,960</u></u>	<u><u>\$18,192,284</u></u>	<u><u>\$17,815,959</u></u>	<u><u>\$19,705,520</u></u>

Note: The City implemented GASB 54 in 2011.

2012	2011	2010	2009	2008	2007
\$0	\$0	\$0	\$6,970,514	\$6,469,398	\$5,685,909
0	0	0	5,821,100	4,810,920	5,234,359
9,604,531	9,683,982	8,136,230	0	0	0
3,081,515	1,409,336	643,004	0	0	0
6,656,522	9,057,536	5,680,452	0	0	0
<u>19,342,568</u>	<u>20,150,854</u>	<u>14,459,686</u>	<u>12,791,614</u>	<u>11,280,318</u>	<u>10,920,268</u>
0	0	0	4,302,965	4,004,877	6,058,850
0	0	0	956,246	573,411	364,175
0	0	0	(7,647,339)	(7,267,284)	(6,531,435)
0	0	0	(393,020)	(32,682)	(2,108,901)
0	1,875,000	1,875,000	0	0	0
4,772,796	4,415,800	4,152,964	0	0	0
253,832	203,276	161,907	0	0	0
(8,628,368)	(10,369,372)	(9,255,698)	0	0	0
<u>(3,601,740)</u>	<u>(3,875,296)</u>	<u>(3,065,827)</u>	<u>(2,781,148)</u>	<u>(2,721,678)</u>	<u>(2,217,311)</u>
<u>\$15,740,828</u>	<u>\$16,275,558</u>	<u>\$11,393,859</u>	<u>\$10,010,466</u>	<u>\$8,558,640</u>	<u>\$8,702,957</u>

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

	2016	2015	2014	2013
<b>Revenues</b>				
Taxes (1)	\$32,863,392	\$30,002,321	\$26,344,858	\$28,297,945
Intergovernmental	1,010,882	1,921,663	2,409,871	1,338,264
Investment Income	52,886	50,096	45,874	65,759
Fees, Licenses and Permits	928,863	864,963	737,548	674,645
Fines and Forfeitures	358,482	311,054	259,754	304,447
Charges for Services	569,893	549,570	557,486	590,273
Rentals	240,043	220,497	241,628	227,699
Special Assessments	34,267	57,495	175,629	50,442
Payment in Lieu of Taxes	1,438,276	1,497,224	1,273,291	1,307,885
Miscellaneous	447,970	461,420	550,560	366,333
<i>Total Revenues</i>	<u>37,944,954</u>	<u>35,936,303</u>	<u>32,596,499</u>	<u>33,223,692</u>
<b>Expenditures</b>				
Current:				
General Government	5,412,864	5,855,234	5,549,948	6,165,368
Security of Persons and Property	8,876,769	8,303,665	8,313,475	7,164,583
Public Health and Welfare	56,141	48,085	76,612	101,608
Leisure Time Activities	3,527,981	3,529,611	3,449,266	3,310,319
Community Environment	3,330,249	3,422,437	2,942,887	2,687,884
Basic Utility Services	412,156	420,393	448,869	499,164
Transportation:				
Intergovernmental	0	0	0	0
Other	2,537,295	2,606,959	2,589,496	2,599,750
Capital Outlay	9,338,664	12,814,813	8,431,969	4,963,406
Debt Service:				
Principal Retirement	1,696,531	1,572,078	1,540,123	1,128,199
Refunded Notes Redeemed	3,950,000	4,300,000	4,700,000	4,500,000
Interest and Fiscal Charges	648,316	682,233	719,884	840,930
Debt Issuance Costs	52,907	18,631	124,813	33,979
<i>Total Expenditures</i>	<u>39,839,873</u>	<u>43,574,139</u>	<u>38,887,342</u>	<u>33,995,190</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,894,919)</u>	<u>(7,637,836)</u>	<u>(6,290,843)</u>	<u>(771,498)</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	0	0	0	0
Current Refunding	0	0	0	0
Refunding Notes Issued	3,600,000	3,950,000	4,300,000	4,700,000
General Obligation Refunding Bonds Issued	0	0	4,305,000	0
General Obligation Notes Issued	8,600,000	0	0	0
OPWC Loan Issued	0	4,164,161	0	0
OWDA Loan Issued	0	0	0	0
Premium on General Obligation Bonds	0	0	299,647	0
Premium on Refunding Notes	47,005	0	0	36,190
Premium on Notes	79,590	0	0	0
Payment to Refunded Bond Escrow Agent	0	0	(4,503,365)	0
Transfers In	8,580,625	9,416,500	7,821,500	9,631,100
Transfers Out	(8,680,625)	(9,516,500)	(7,821,500)	(9,631,100)
<i>Total Other Financing Sources (Uses)</i>	<u>12,226,595</u>	<u>8,014,161</u>	<u>4,401,282</u>	<u>4,736,190</u>
<i>Net Change in Fund Balances</i>	<u>\$10,331,676</u>	<u>\$376,325</u>	<u>(\$1,889,561)</u>	<u>\$3,964,692</u>
Debt Service as a Percentage of Noncapital Expenditures	19.9%	19.9%	21.6%	21.5%

(1) Includes All Taxes



2012	2011	2010	2009	2008	2007
\$27,059,648	\$30,438,989	\$24,505,900	\$24,760,639	\$25,645,624	\$25,700,104
821,712	1,453,994	1,802,980	1,463,683	2,028,911	8,039,065
65,720	75,505	67,424	75,323	245,344	590,439
665,541	674,082	749,258	639,937	691,127	709,936
323,332	320,814	552,602	462,930	378,855	298,541
312,093	275,753	393,243	50,765	83,205	12,211
221,322	150,060	258,115	243,173	254,871	0
54,732	51,439	58,064	89,812	54,539	88,289
914,807	1,388,145	1,033,254	1,272,801	770,376	712,048
683,675	621,536	469,722	446,465	723,407	873,393
<u>31,122,582</u>	<u>35,450,317</u>	<u>29,890,562</u>	<u>29,505,528</u>	<u>30,876,259</u>	<u>37,024,026</u>
5,689,973	6,057,103	5,832,145	5,785,603	5,356,297	5,534,996
8,078,230	8,049,439	8,343,766	8,100,541	8,450,592	8,024,379
95,769	92,369	92,021	86,508	96,797	49,480
3,297,852	3,268,970	3,237,635	3,187,729	3,313,837	3,065,576
2,430,958	2,057,304	2,241,800	2,136,723	2,472,765	2,315,832
546,855	496,390	526,243	565,095	552,082	592,856
0	0	0	0	0	6,777,393
2,359,506	2,301,417	2,534,624	2,390,799	2,725,884	2,450,069
5,413,460	6,633,360	3,693,599	1,905,592	4,511,425	8,292,293
248,277	1,485,600	1,445,553	1,390,398	1,365,248	1,359,148
7,100,000	0	0	1,200,000	600,000	600,000
931,817	900,657	1,260,627	1,330,508	1,579,585	1,620,157
39,867	231,073	43,200	0	0	0
<u>36,232,564</u>	<u>31,573,682</u>	<u>29,251,213</u>	<u>28,079,496</u>	<u>31,024,512</u>	<u>40,682,179</u>
<u>(5,109,982)</u>	<u>3,876,635</u>	<u>639,349</u>	<u>1,426,032</u>	<u>(148,253)</u>	<u>(3,658,153)</u>
0	0	0	20,125	3,936	0
0	(6,600,000)	(5,900,000)	(5,900,000)	(7,100,000)	(7,700,000)
4,500,000	7,100,000	6,600,000	5,900,000	7,100,000	7,700,000
0	16,935,000	0	0	0	0
0	0	0	0	0	0
0	225,000	0	0	0	0
42,852	9,668	0	0	0	0
0	959,129	44,044	5,669	0	0
32,400	82,573	0	0	0	0
0	0	0	0	0	0
0	(17,706,306)	0	0	0	0
9,817,000	8,375,800	8,376,500	5,576,485	7,669,000	11,268,134
<u>(9,817,000)</u>	<u>(8,375,800)</u>	<u>(8,376,500)</u>	<u>(5,576,485)</u>	<u>(7,669,000)</u>	<u>(11,268,134)</u>
<u>4,575,252</u>	<u>1,005,064</u>	<u>744,044</u>	<u>25,794</u>	<u>3,936</u>	<u>0</u>
<u>(\$534,730)</u>	<u>\$4,881,699</u>	<u>\$1,383,393</u>	<u>\$1,451,826</u>	<u>(\$144,317)</u>	<u>(\$3,658,153)</u>
25.7%	8.7%	10.1%	14.6%	13.4%	10.4%

**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
2016	\$251,749,270	\$181,909,760	\$1,239,025,800	\$20,192,650	\$22,946,193
2015	240,611,760	198,450,590	1,254,463,857	18,952,480	21,536,909
2014	239,083,160	199,757,400	1,253,830,171	17,533,550	19,924,489
2013	239,574,100	200,039,350	1,256,038,429	16,106,220	18,302,523
2012	247,790,560	216,815,880	1,327,446,971	14,613,270	16,605,989
2011	246,724,180	219,933,400	1,333,307,371	13,884,090	15,777,375
2010	245,966,560	223,875,870	1,342,406,943	12,934,290	14,698,057
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

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 tax has been phased out, and during the phase out period, all general business tangible personal property was 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, at 5 percent for 2010. 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 tax was 2010).

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

Source: Cuyahoga County, Ohio; County Fiscal Officer

<u>Tangible Personal Property</u>					
<u>General Business</u>		<u>Total</u>			
<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Ratio</u>	<u>Tax Rate</u>
\$0	\$0	\$453,851,680	\$1,261,971,993	35.96%	\$2.20
0	0	458,014,830	1,276,000,766	35.89	2.20
0	0	456,374,110	1,273,754,660	35.83	2.20
0	0	455,719,670	1,274,340,952	35.76	2.20
0	0	479,219,710	1,344,052,960	35.65	2.20
0	0	480,541,670	1,349,084,746	35.62	2.20
0	0	482,776,720	1,357,105,000	35.57	2.60
8,866,450	141,863,200	501,063,010	1,528,479,613	32.78	2.80
32,265,242	258,121,936	538,839,692	1,686,421,581	31.95	2.80
31,350,145	167,200,773	536,959,685	1,577,521,158	34.04	2.80

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

	2016	2015	2014	2013
<b>Unvoted Millage</b>				
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
<b>Charter Millage</b>				
1990 Civic Center	0.0000	0.0000	0.0000	0.0000
<b>Total Millage</b>	<b>\$2.2000</b>	<b>\$2.2000</b>	<b>\$2.2000</b>	<b>\$2.2000</b>
<b>Overlapping Rates by Taxing District</b>				
Independence Local School District				
Residential/Agricultural Real	\$34.1022	\$34.3753	\$34.5646	\$33.7028
Commercial/Industrial and Public Utility Real	36.1000	35.8000	36.0000	35.2000
General Business and Public Utility Personal	36.1000	35.8000	36.0000	35.2000
Cuyahoga Valley Career Center				
Residential/Agricultural Real	2.0000	2.0000	2.0000	2.0000
Commercial/Industrial and Public Utility Real	2.0000	2.0000	2.0000	2.0000
General Business and Public Utility Personal	2.0000	2.0000	2.0000	2.0000
Cuyahoga County				
Residential/Agricultural Real	13.8698	14.0500	14.0500	13.2200
Commercial/Industrial and Public Utility Real	14.0500	14.0195	13.9495	12.9968
General Business and Public Utility Personal	14.0500	14.0500	14.0500	13.2200
Special Taxing Districts (1)				
Residential/Agricultural Real	9.2368	9.3643	8.4639	7.5635
Commercial/Industrial and Public Utility Real	9.3676	9.3401	8.3843	7.4621
General Business and Public Utility Personal	9.3800	9.3800	8.4800	7.5800

Source: Cuyahoga County Fiscal Officer

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

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

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

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

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

2012	2011	2010	2009	2008	2007
\$1.9000	\$1.9000	\$1.9000	\$1.9000	\$1.9000	\$1.9000
0.3000	0.3000	0.3000	0.3000	0.3000	0.3000
2.2000	2.2000	2.2000	2.2000	2.2000	2.2000
0.0000	0.4000	0.6000	0.6000	0.6000	0.6000
\$2.2000	\$2.6000	\$2.8000	\$2.8000	\$2.8000	\$2.8000

\$32.9393	\$29.8969	\$30.0066	\$29.2736	\$29.3471	\$29.3470
34.0233	30.9096	30.8481	29.7397	29.8340	29.8339
34.9000	31.9000	32.0000	31.4000	31.5000	31.5000

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

13.1182	13.1866	13.1789	12.6607	11.8688	11.8688
12.7846	12.8412	12.8457	12.8153	12.4535	12.4535
13.2200	13.3200	13.3200	13.3200	13.4200	13.4200

7.5041	7.4900	7.0068	6.6597	5.9676	5.9676
7.3649	7.3450	6.9119	6.8911	6.2519	6.2519
7.5800	7.5800	7.2800	7.2800	6.7800	6.7800

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

Year	Total Tax Levy	Current Tax Collections	Percent of Current Tax Collections to Tax Levy	Delinquent Tax Collections
2016	\$997,992	\$919,113	92.10%	\$18,901
2015	1,008,975	932,934	92.46	22,666
2014	1,005,375	888,506	88.38	30,503
2013	1,005,183	941,152	93.63	26,167
2012	2,959,604	2,046,598	69.15	79,049
2011	3,169,416	2,125,508	67.06	229,454
2010	3,266,698	2,180,929	66.76	193,620
2009	2,522,246	2,352,209	93.26	235,807
2008	2,734,423	2,076,969	75.96	32,721
2007	2,561,471	2,091,154	81.64	86,313

Source: Cuyahoga County, Ohio; County Fiscal Officer

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

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

<u>Total Tax Collections (1)</u>	<u>Percent of Total Tax Collections to Tax Levy</u>	<u>Accumulated Outstanding Delinquent Taxes</u>	<u>Percentage of Delinquent Taxes to Total Tax Levy</u>
\$938,014	93.99%	\$506,692	50.77%
955,600	94.71	442,852	43.89
919,009	91.41	372,888	37.09
967,319	96.23	346,308	34.45
2,125,647	71.82	837,915	28.31
2,354,962	74.30	808,231	25.50
2,374,549	72.69	939,371	28.76
2,588,016	102.61	1,145,874	45.43
2,109,690	77.15	668,816	24.46
2,177,467	85.01	420,910	16.43

**City of Independence, Ohio**  
*Principal Real Property Taxpayers*  
2016 and 2007

Taxpayer	2016	
	Real Property Assessed Valuation	Percentage of Total Assessed Valuation
FMC Investment Opportunities	\$16,625,010	3.79 %
Cleveland-Cuyahoga County Port Authority	14,700,000	3.35
Cleveland Electric Illuminating Company	11,189,310	2.55
Summit Cleveland Realty LP	10,133,040	2.31
Rockside-77 Properties LLC	9,135,010	2.08
City of Independence	7,326,110	1.67
FMCIO Corporate Plaza Portfolio Spe LLC	6,691,980	1.52
Rockside Magnolia SCC LLC	6,213,970	1.41
AP/AM Independence Suites LLC	6,064,450	1.38
American Transmission System	6,033,020	1.37
<b>Total</b>	<b>\$94,111,900</b>	<b>21.43 %</b>
<b>Total Real Property Assessed Valuation</b>	<b>\$439,062,350</b>	

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

Source: Cuyahoga County Fiscal Officer



**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>
2016	2.00%	\$30,809,785	\$26,293,071	85.34%	\$3,395,238	11.02%	\$1,121,476	3.64%
2015	2.00	28,691,285	24,396,200	85.03	3,110,135	10.84	1,184,950	4.13
2014	2.00	24,615,423	21,248,033	86.32	2,424,619	9.85	942,771	3.83
2013	2.00	26,429,663	22,393,040	84.73	3,107,726	11.76	928,897	3.51
2012	2.00	25,743,991	21,957,050	85.29	2,777,777	10.79	1,009,164	3.92
2011	2.00	24,050,310	21,013,688	87.37	2,119,560	8.82	917,062	3.81
2010	2.00	21,115,584	18,391,674	87.10	1,942,634	9.20	781,276	3.70
2009	2.00	23,982,611	20,306,077	84.67	2,724,424	11.36	952,110	3.97
2008	2.00	22,488,246	19,307,516	85.86	2,228,793	9.91	951,937	4.23
2007	2.00	23,387,075	20,393,529	87.20	2,128,224	9.10	865,322	3.70

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

(2) Accrual basis.

**City of Independence, Ohio**  
*Income Tax Filers by Income Level*  
*Tax Years 2016 and 2008 (1)*

Tax Year 2016 (2)				
Income Range	Number of Filers	Percent of Filers	Taxable Income	Percent of Taxable Income
Over \$100,000	820	28.39 %	\$171,228,740	69.45 %
75,001-100,000	285	9.87	24,951,971	10.12
50,001-75,000	385	13.33	23,928,709	9.70
25,000-50,000	486	16.83	18,192,897	7.38
Under 25,000	912	31.58	8,252,718	3.35
Total	<u>2,888</u>	<u>100.00 %</u>	<u>\$246,555,035</u>	<u>100.00 %</u>

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

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

- (1) Information prior to 2008 is not available.
- (2) Represents tax returns filed for tax year 2015

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
2016	\$16,972,574	\$1,261,971,993	1.34%	2,386
2015	18,620,960	1,276,000,766	1.46	2,583
2014	20,253,380	1,273,754,660	1.59	2,825
2013	21,540,762	1,274,340,952	1.69	3,019
2012	22,706,384	1,344,052,960	1.69	3,206
2011	22,947,006	1,349,084,746	1.70	3,217
2010	23,983,905	1,357,105,000	1.77	3,362
2009	25,439,723	1,528,479,613	1.66	3,579
2008	26,840,541	1,686,421,581	1.59	3,776
2007	28,216,359	1,577,521,158	1.79	3,969

Note: Population is presented on page S25.

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

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

Fiscal Year	General Obligation Bonds	Special Assessment Bonds	OPWC Loans	OWDA Loans	Notes Payable
2016	\$16,972,574	\$0	\$4,234,432	\$0	\$12,268,048
2015	18,620,960	0	4,349,786	11,177	3,950,000
2014	20,253,380	0	196,875	22,005	4,300,000
2013	21,540,762	0	211,509	32,494	4,712,069
2012	22,706,384	0	229,526	42,676	4,510,800
2011	22,947,006	0	241,918	4,785	7,127,524
2010	23,983,905	522,222	23,685	0	6,614,681
2009	25,439,723	554,074	30,452	0	5,901,889
2008	26,840,541	585,926	37,219	0	7,100,000
2007	28,216,359	617,778	43,986	0	7,700,000

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

Total	Percentage of Personal Income	Per Capita
\$33,475,054	12.63 %	\$4,706
26,931,923	10.46	3,736
24,772,260	10.02	3,455
26,496,834	11.45	3,713
27,489,386	11.08	3,881
30,321,233	13.10	4,251
31,144,493	13.94	4,366
31,926,138	11.20	4,491
34,563,686	12.13	4,862
36,578,123	12.83	5,145

**City of Independence, Ohio**

*Legal Debt Margin*

*Last Ten Years*

	2016	2015	2014	2013
Total Assessed Property Value	<u>\$453,851,680</u>	<u>\$458,014,830</u>	<u>\$456,374,110</u>	<u>\$455,719,670</u>
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	<u>\$47,654,426</u>	<u>\$48,091,557</u>	<u>\$47,919,282</u>	<u>\$47,850,565</u>
Debt Outstanding:				
General Obligation Bonds	16,070,000	17,640,000	19,190,000	20,620,000
Special Assessment Bonds	0	0	0	0
OPWC Loans	4,234,432	4,349,786	196,875	211,509
OWDA Loan	0	11,177	22,005	32,494
Notes	<u>12,550,000</u>	<u>4,300,000</u>	<u>4,700,000</u>	<u>5,450,000</u>
Total Gross Indebtedness	32,854,432	26,300,963	24,108,880	26,314,003
Less:				
General Obligation Bonds	(3,980,000)	(4,215,000)	(4,445,000)	(4,605,000)
Special Assessment Bonds	0	0	0	0
OPWC Loans	<u>(4,234,432)</u>	<u>(4,349,786)</u>	<u>(196,875)</u>	<u>(211,509)</u>
Total Net Debt Applicable to Debt Limit	<u>24,640,000</u>	<u>17,736,177</u>	<u>19,467,005</u>	<u>21,497,494</u>
Legal Debt Margin Within 10 ½ % Limitations	<u>\$23,014,426</u>	<u>\$30,355,380</u>	<u>\$28,452,277</u>	<u>\$26,353,071</u>
Legal Debt Margin as a Percentage of the Debt Limit	48.29%	63.12%	59.38%	55.07%
Unvoted Debt Limitation (5 ½ % of Assessed Valuation)	<u>\$24,961,842</u>	<u>\$25,190,816</u>	<u>\$25,100,576</u>	<u>\$25,064,582</u>
Gross Indebtedness	32,854,432	26,300,963	24,108,880	26,314,003
Less:				
General Obligation Bonds	(3,980,000)	(4,215,000)	(4,445,000)	(4,605,000)
Special Assessment Bonds	0	0	0	0
OPWC Loans	<u>(4,234,432)</u>	<u>(4,349,786)</u>	<u>(196,875)</u>	<u>(211,509)</u>
Net Debt Within 5 ½ % Limitations	<u>24,640,000</u>	<u>17,736,177</u>	<u>19,467,005</u>	<u>21,497,494</u>
Unvoted Legal Debt Margin Within 5 ½ % Limitations	<u>\$321,842</u>	<u>\$7,454,639</u>	<u>\$5,633,571</u>	<u>\$3,567,088</u>
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	1.29%	29.59%	22.44%	14.23%

Source: City Financial Records

2012	2011	2010	2009	2008	2007
<u>\$479,219,710</u>	<u>\$480,541,670</u>	<u>\$482,776,720</u>	<u>\$501,063,010</u>	<u>\$538,839,692</u>	<u>\$536,959,685</u>
<u>\$50,318,070</u>	<u>\$50,456,875</u>	<u>\$50,691,556</u>	<u>\$52,611,616</u>	<u>\$56,578,168</u>	<u>\$56,380,767</u>
21,720,000	21,895,000	23,235,000	24,640,000	25,990,000	27,315,000
0	0	500,000	530,000	560,000	590,000
229,526	241,918	23,685	30,452	37,219	43,986
42,676	4,785	0	0	0	0
<u>6,800,000</u>	<u>7,100,000</u>	<u>7,700,000</u>	<u>7,100,000</u>	<u>7,700,000</u>	<u>8,300,000</u>
28,792,202	29,241,703	31,458,685	32,300,452	34,287,219	36,248,986
(4,785,000)	(4,960,000)	(12,255,000)	(12,675,000)	(13,075,000)	(13,470,000)
0	0	(500,000)	(530,000)	(560,000)	(590,000)
<u>(229,526)</u>	<u>(241,918)</u>	<u>(23,685)</u>	<u>(30,452)</u>	<u>(37,219)</u>	<u>(43,986)</u>
<u>23,777,676</u>	<u>24,039,785</u>	<u>18,680,000</u>	<u>19,065,000</u>	<u>20,615,000</u>	<u>22,145,000</u>
<u>\$26,540,394</u>	<u>\$26,417,090</u>	<u>\$32,011,556</u>	<u>\$33,546,616</u>	<u>\$35,963,168</u>	<u>\$34,235,767</u>
52.75%	52.36%	63.15%	63.76%	63.56%	60.72%
<u>\$26,357,084</u>	<u>\$26,429,792</u>	<u>\$26,552,720</u>	<u>\$27,558,466</u>	<u>\$29,636,183</u>	<u>\$29,532,783</u>
28,792,202	29,241,703	31,458,685	32,300,452	34,287,219	36,248,986
(4,785,000)	(4,960,000)	(12,255,000)	(12,675,000)	(13,075,000)	(13,470,000)
0	0	(500,000)	(530,000)	(560,000)	(590,000)
<u>(229,526)</u>	<u>(241,918)</u>	<u>(23,685)</u>	<u>(30,452)</u>	<u>(37,219)</u>	<u>(43,986)</u>
<u>23,777,676</u>	<u>24,039,785</u>	<u>18,680,000</u>	<u>19,065,000</u>	<u>20,615,000</u>	<u>22,145,000</u>
<u>\$2,579,408</u>	<u>\$2,390,007</u>	<u>\$7,872,720</u>	<u>\$8,493,466</u>	<u>\$9,021,183</u>	<u>\$7,387,783</u>
9.79%	9.04%	29.65%	30.82%	30.44%	25.02%

**City of Independence, Ohio**  
*Computation of Direct and Overlapping  
Debt Attributable to Governmental Activities  
December 31, 2016*

	Debt Attributable to Governmental Activities	Percentage Applicable to City (1)	Amount of Direct and Overlapping Debt
<b>Direct Debt:</b>			
City of Independence			
General Obligation Bonds	\$16,972,574	100.00 %	\$16,972,574
OPWC Loan	4,234,432	100.00	4,234,432
Notes Payable	12,268,048	100.00	12,268,048
<i>Total Direct Debt</i>	<u>33,475,054</u>		<u>33,475,054</u>
<b>Overlapping Debt:</b>			
Independence Local School District			
General Obligation Bonds	13,991,246	100.00	13,991,246
Cuyahoga County			
General Obligation Bonds	242,795,758	1.65	4,006,130
Revenue Bonds	597,515,568	1.65	9,859,007
Certificates of Participation	256,864,058	1.65	4,238,257
Loans Payable	2,404,204	1.65	39,669
Capital Lease Obligations	378,556,966	1.65	6,246,190
Greater Cleveland Regional Transit Authority			
General Obligation Bonds	139,107,969	1.65	2,295,281
<i>Total Overlapping Debt</i>	<u>1,631,235,769</u>		<u>40,675,780</u>
<i>Total Direct and Overlapping Debt</i>	<u>\$1,664,710,823</u>		<u>\$74,150,834</u>

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

- (1) Percentages were determined by dividing the assessed valuation of the overlapping government located within the boundaries of the City by the total assessed valuation of the government. The valuations used were for the 2016 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	
2016	7,114	\$265,053,412	\$37,258	\$75,566	5.4%	4.9%	9.73
2015	7,209	257,570,361	35,729	74,411	5.0	4.9	9.73
2014	7,169	247,258,810	34,490	67,471	5.5	5.1	9.73
2013	7,136	231,484,704	32,439	73,403	7.2	7.1	9.73
2012	7,083	248,117,490	35,030	70,432	6.6	6.8	9.73
2011	7,133	231,387,387	32,439	73,403	7.1	8.7	9.73
2010	7,133	223,448,358	31,326	69,727	8.6	10.1	9.73
2009	7,109	285,000,000	40,090	65,059	9.0	10.2	9.73
2008	7,109	285,000,000	40,090	65,059	7.1	6.5	9.73
2007	7,109	285,000,000	40,090	65,059	6.1	5.6	9.73

(1) Years 2007-2009 - U.S. Census Bureau 2000; 2010-2011 - U.S. Census Bureau 2010; 2012-2016 City estimates

(2) City estimates

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

(4) City Records

**City of Independence, Ohio**

*Principal Employers*

2016 and 2008 (1)

2016			
Employer	Nature of Activity	Employees	Percentage of Total City Employment
Cleveland Clinic Foundation	Health Care	2,334	10.57 %
City of Independence	Municipality	515	2.33
Airgas USA LLC	Gas Industry	494	2.24
L D Kichler Co	Lighting Products	447	2.02
CC Home Care	Health Care	417	1.89
SIRVA INC	Mortgage Company	384	1.74
Nations Lending Corporation	Mortgage Company	338	1.53
Independence Local School District	Education	332	1.50
Farmers Group Incorporated	Insurance Company	324	1.47
Dayton Heidelberg Distributing	Distributor	279	1.26
Total		<u>5,864</u>	<u>26.55 %</u>
Total Employment within the City		<u>22,090</u>	

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

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

(1) Information prior to 2008 is not available.

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

Function/Program	2016	2015	2014	2013
<b>General Government</b>				
Council	4.50	4.50	4.50	4.50
Mayor	1.50	3.50	3.50	2.50
Finance	3.00	3.50	3.00	3.50
Purchasing	1.00	1.00	1.00	1.00
Mayor's Court	3.50	3.00	3.00	3.00
Technology	2.00	2.00	2.00	2.00
Engineering	5.00	5.50	4.50	4.00
Administrative Support	4.00	7.50	5.00	5.00
<b>Security of Persons and Property</b>				
Police	47.00	46.50	47.50	47.50
Fire	27.50	28.00	24.50	24.50
<b>Leisure Time Activities</b>				
Recreation Center	54.50	51.50	50.00	50.00
Community Services	18.00	17.00	14.00	14.00
<b>Community Environment</b>				
Building Inspection	3.00	4.50	5.00	4.00
<b>Transportation</b>				
Service and Technical Service	40.00	40.00	41.00	42.00
<b>Totals:</b>	<u>214.50</u>	<u>218.00</u>	<u>208.50</u>	<u>207.50</u>

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

Source: City Records

2012	2011	2010	2009	2008	2007
5.00	5.00	5.00	5.00	5.50	5.50
2.50	2.50	2.50	2.50	2.50	2.50
3.50	3.50	4.00	4.00	4.00	3.50
1.50	1.50	1.00	1.00	1.00	1.50
3.00	3.00	3.00	3.00	3.00	3.50
2.00	1.00	1.00	1.00	1.00	1.00
4.00	4.00	3.00	3.00	1.50	0.50
4.50	4.00	4.00	4.00	4.00	3.50
48.00	50.00	51.00	51.00	53.50	56.50
26.50	28.00	28.00	28.00	27.00	28.00
45.00	49.00	42.50	42.50	47.00	43.00
15.00	16.00	23.50	23.50	22.00	22.50
5.50	3.00	3.00	3.00	5.00	6.00
45.00	50.50	51.00	51.00	47.00	50.00
211.00	221.00	222.50	222.50	224.00	227.50

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

Function/Program	2016	2015	2014	2013
<b>General Government</b>				
Square Footage of Building (1)	35,200	35,200	35,200	35,200
Building Department Vehicles	1.5	1.5	4	4
Other Department Vehicles	8	7	5	5
<b>Police</b>				
Stations	1	1	1	1
Square Footage of Building (1)	35,200	35,200	35,200	35,200
Vehicles	31	35	39	39
<b>Fire</b>				
Stations	1	1	1	1
Square Footage of Building	19,350	19,350	19,350	19,350
Vehicles	13	13	13	13
<b>Service Department</b>				
Streets (miles)	52	52	52	52
Vehicles	45	43	53	53
<b>Recreation</b>				
Recreation Centers	2	2	2	2
New Recreation Center Square Footage (2)	82,000	82,000	82,000	82,000
Old Recreation Facility Square Footage	7,570	7,570	7,570	7,570
Number of Parks	1	1	1	1
Number of Baseball Diamonds	6	6	6	6
Number of Playgrounds	2	2	2	2
Number of Tennis Courts	4	4	5	5
Number of Pickle Ball Courts	6	6	0	0
Number of Horse Shoe Pitts	6	6	0	0
Number of Bocce Ball Courts	3	3	0	0
Number of Full Sized Soccer Fields	3	3	3	3
Vehicles	4	4	3	3
<b>Community Services</b>				
Community Services Center Square Footage (2)	82,000	82,000	82,000	82,000
Vehicles	10	9	7	7

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

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

Source: City Records

2012	2011	2010	2009	2008	2007
35,200	35,200	35,200	35,200	35,200	35,200
4	3	3	3	3	3
5	8	0	0	0	0
1	1	1	1	1	1
35,200	35,200	35,200	35,200	35,200	35,200
39	37	37	44	45	44
1	1	1	1	1	1
19,350	19,350	19,350	19,350	19,350	19,350
13	12	11	12	12	12
52	52	52	52	52	52
53	56	55	60	62	59
2	2	2	2	2	2
82,000	82,000	82,000	82,000	82,000	82,000
7,570	7,570	7,570	7,570	7,570	7,570
1	1	1	1	1	1
6	6	6	6	6	6
2	2	2	2	2	2
5	5	5	5	5	5
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
3	3	3	3	3	3
3	3	3	4	4	3
82,000	82,000	82,000	82,000	82,000	82,000
7	6	6	9	9	6

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

Function/Program	2016	2015	2014	2013
<b>General Government</b>				
Law Expenditures (in thousands)	\$286	\$282	\$239	\$244
Engineering Expenditures (in thousands)	485	452	448	360
Finance Expenditures (in thousands)	475	439	452	400
Mayor's Office Expenditures (in thousands)	317	481	506	546
Council Expenditures (in thousands)	285	263	246	221
<b>Security of Persons and Property</b>				
Police Expenditures (in thousands)	\$4,973	\$4,688	\$4,650	\$4,483
Total Arrests	3,086	2,838	3,204	3,023
Part One Offenses	220	227	214	231
OVI Arrests	76	77	83	151
Prisoners	319	363	378	393
Motor Vehicle Accidents	542	575	597	547
Calls for Service	24,797	22,073	25,531	29,342
Incidents per Citizen	3.4857	3.0619	3.5613	4.1400
Cost per Citizen	\$699.04	\$650.30	\$648.63	\$631.34
Fire Expenditures (in thousands)	\$3,179	\$3,026	\$3,009	\$2,851
Emergency Responses	2,001	1,919	1,902	1,658
Fire Safety Inspections	705	591	860	459
Fire Protection Systems Inspected	474	796	584	209
Building Fire Protection Plans Reviewed	53	452	177	19
Percentage of Business Inspected	98%	98%	75%	63%
Number of Community Programs	20	20	20	20
Emergency Responses per Citizen	0.2813	0.2662	0.2666	0.2210
Cost per Citizen	\$446.87	\$419.75	\$421.84	\$401.59
Fire Safety Education - Business	14	8	3	5
Street Lights Expenditures (in thousands)	\$279	\$295	\$256	\$220



2012	2011	2010	2009	2008	2007
\$250	\$175	\$243	\$248	\$217	\$282
244	73	71	71	70	287
388	362	366	445	425	405
510	564	544	530	460	454
260	238	242	263	312	306
\$4,495	\$4,584	\$4,749	\$4,839	\$4,782	\$4,618
2,257	5,337	5,337	4,811	4,326	3,453
222	166	166	197	248	248
65	83	83	102	108	103
353	543	543	572	681	813
578	407	407	490	572	558
22,434	28,220	28,220	30,022	31,104	26,491
3.1600	3.9600	3.9600	4.2900	4.3753	3.7264
\$634.62	\$642.65	\$665.78	\$680.69	\$672.67	\$649.60
\$2,796	\$2,798	\$2,878	\$2,978	\$2,916	\$2,800
1,714	1,503	1,607	1,607	1,637	1,530
601	503	502	502	575	590
237	53	187	187	239	258
67	68	22	22	11	10
96%	74%	87%	87%	94%	100%
14	14	12	12	13	13
0.2420	0.2116	0.2300	0.2300	0.2303	0.2152
\$394.75	\$392.26	\$409.00	\$418.91	\$410.18	\$393.87
6	6	29	29	46	48
\$236	\$184	\$158	\$190	\$190	\$183

(continued)

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

Function/Program	2016	2015	2014	2013
<b>Leisure Time Activities</b>				
Recreational Expenditures (in thousands)	\$1,950	\$1,979	\$2,002	\$1,948
Civic Center Expenditures (in thousands)	972	912	848	855
Totals	\$2,922	\$2,891	\$2,850	\$2,803
Cost per Citizen	\$410.74	\$401.03	\$397.55	\$394.71
Civic Center Square Feet	82,000	82,000	82,000	82,000
Square Feet per Citizen	11.53	11.37	11.44	11.55
Total Recreational Revenue (in thousands)	\$412	\$715	\$676	\$519
Civic Center Members	7,376	9,898	7,243	7,208
Total Participations	153,546	149,001	152,187	103,243
Participations of Members Over Age 60	23,017	19,834	20,792	20,513
<b>Community Environment</b>				
Building Department Expenditures (in thousands)	\$318	\$350	\$343	\$338
Cost per Citizen	\$44.70	\$48.55	\$47.84	\$47.59
Building Permits - Residential	51	68	50	65
Dollar Value of Permits (in thousands)	\$4,391	\$6,493	\$4,734	\$5,839
Building Permits - Commercial	48	59	57	45
Dollar Value of Permits (in thousands)	\$27,133	\$25,884	\$12,627	\$8,082
<b>Transportation</b>				
Service Department Expenditures (in thousands)	\$3,218	\$3,349	\$3,529	\$3,295
Street Construction Maintenance and Repair Expenditures (in thousands)	\$841	\$750	\$739	\$654
Snow and Ice Removal Expenditures (in thousands)	\$174	\$340	\$433	\$421
Leaves, grass, chipped material (in cubic yards)	10,489	8,603	9,598	10,295

Source: City Records

2012	2011	2010	2009	2008	2007
\$1,969	\$1,927	\$1,911	\$1,874	\$1,584	\$1,585
828	825	788	859	1,076	1,098
\$2,797	\$2,752	\$2,699	\$2,733	\$2,660	\$2,683
\$394.89	\$385.81	\$378.38	\$384.44	\$374.17	\$377.41
82,000	82,000	82,000	82,000	82,000	82,000
11.58	11.50	11.50	12.00	11.53	11.53
\$631	\$663	\$695	\$645	\$99	\$93
2,740	2,840	1,676	2,445	3,798	2,563
170,399	175,750	98,362	2,454	83,636	93,227
21,236	19,798	467	678	18,790	18,869
\$464	\$564	\$523	\$487	\$497	\$510
\$65.51	\$79.07	\$73.32	\$68.50	\$69.91	\$71.74
61	48	86	58	68	91
\$2,500	\$2,300	\$5,500	\$3,100	\$2,000	\$3,300
47	56	53	45	91	62
\$8,000	\$8,200	\$12,100	\$3,300	\$3,300	\$7,100
\$3,198	\$3,239	\$3,617	\$947	\$3,975	\$2,970
\$547	\$538	\$1,088	\$2,652	\$1,835	\$1,490
\$237	\$346	\$431	\$362	\$376	\$289
12,428	11,600	11,600	11,000	10,000	14,428

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

Members of the City Council  
City of Independence, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Independence, Ohio (the "City"), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 27, 2017.

### Internal Control over Financial Reporting

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

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

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

Members of the City Council  
Independence, Ohio

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

*Ciuni + Panichi, Inc.*

Cleveland, Ohio  
June 27, 2017

# City of Independence, Ohio

## Schedule of Findings

**For the Year Ended December 31, 2016**

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### 1. Summary of Auditor's Results

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

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

None noted.

# City of Independence, Ohio

## Schedule of Prior Year Findings

### For the Year Ended December 31, 2016

Finding No.	Finding Summary	Fully Corrected	Explanation
2015-001	<p><b>Material Weakness in Internal Control:</b></p> <p><b>Condition:</b> We noted the City had improperly excluded accounts payable amounts from the financial statements resulting from improper cutoff procedures and resulted in material adjustments made to liability and expense accounts.</p> <p><b>Criteria:</b> The internal control structure and processes should provide for accurate cutoff procedures at year-end.</p> <p><b>Cause:</b> Controls related to the compilation of the City’s accounts payable listing were not in place to ensure compliance with the City’s cutoff procedures.</p> <p><b>Effect:</b> The lack of controls over the cutoff procedures relating to accounts payable may result in errors or irregularities going undetected and decrease the reliability of financial data at year-end.</p> <p><b>Recommendation:</b> We recommend the City implement controls over the year-end cutoff procedures to help ensure that a proper cutoff is achieved, thereby increasing the reliability of the financial data at year-end.</p> <p><b>Management’s Response:</b> The City is taking the necessary steps to ensure proper cutoff is achieved. These steps include the training of finance department staff to allow those individuals to properly identify items that should be recorded as accounts payable at year-end and, when account payables are noted, the City has implemented procedures to be sure that these items are communicated with third parties assisting with the GAAP conversion.</p>	Yes	No material audit adjustments were required related to this matter in 2016.





# Dave Yost • Auditor of State

**CITY OF INDEPENDENCE**

**CUYAHOGA COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
SEPTEMBER 28, 2017**