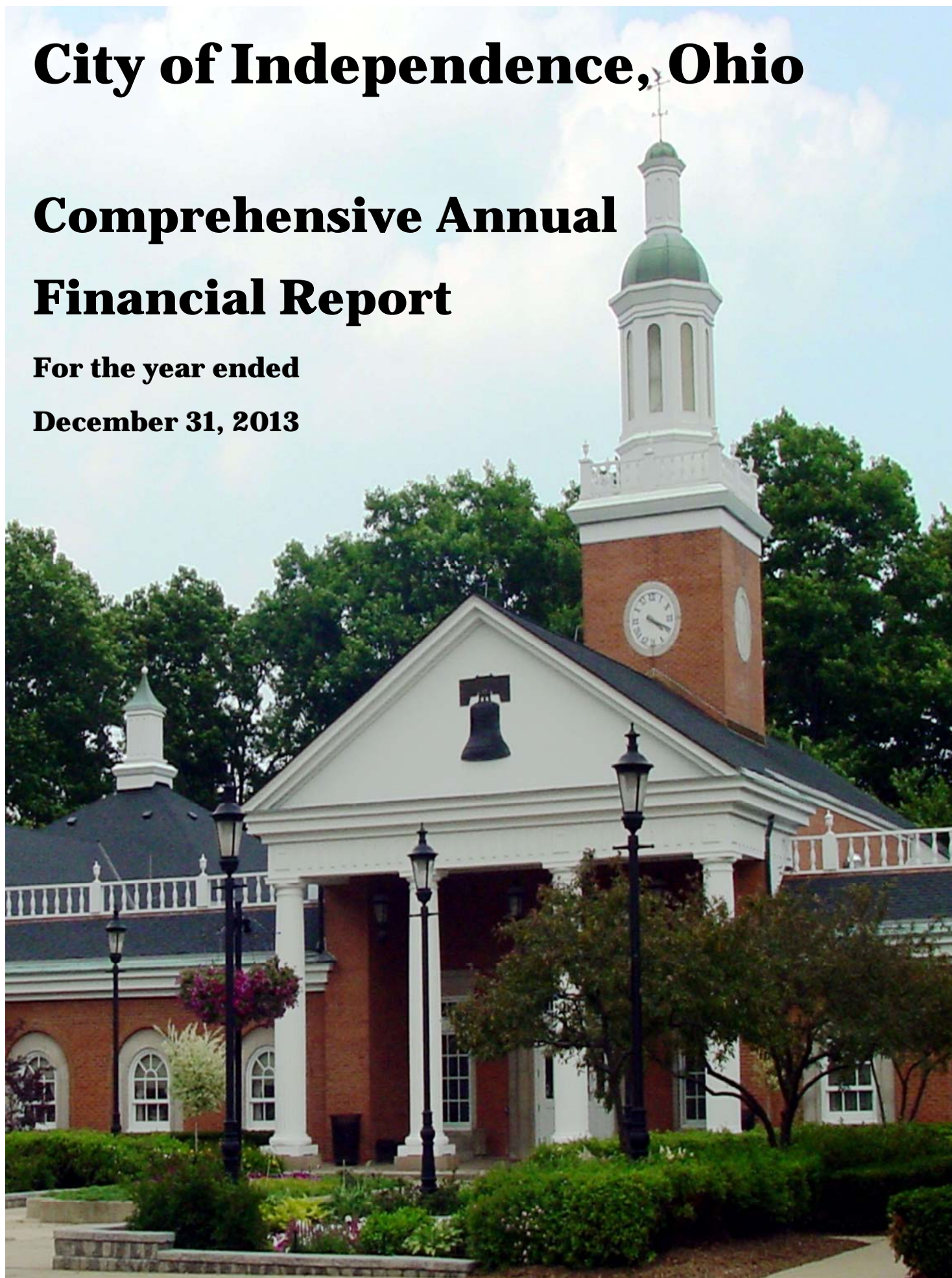


City of Independence, Ohio

Comprehensive Annual Financial Report

For the year ended

December 31, 2013





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, 2013 through December 31, 2013. 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

August 26, 2014

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CITY OF INDEPENDENCE, OHIO

COMPREHENSIVE

ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2013

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, 2013
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City of Independence, Ohio

"THE HEART OF CUYAHOGA COUNTY"

6800 BRECKSVILLE ROAD

INDEPENDENCE, OHIO 44131

(216) 524-4131

June 26, 2014

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, 2013. 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 accountant's report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the 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 & Erie Canal headed for downtown Cleveland to build many of the buildings in the City.

The current population is estimated to be 7,136 (as of the 2010 Census) indicating a comfortable average of approximately 733 persons per square mile in this City of 9.73 square miles (6,138.3 acres). Independence has the lowest property tax rate of any city in Cuyahoga County. The 2012 rate paid in 2013 is \$60.20 per one thousand dollars of assessed valuation (as of 1/1/12). The 2012 rate for Cleveland, for example, is \$117.60.

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 15 full-time firefighters, all of whom are trained paramedics, and 8.5 part-time firefighters, 7 of whom are trained paramedics. There are 45 full-time and 2.5 part-time police officers on the staff of the Police Department.

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

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

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

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

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

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

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

Local Economy

From the beginning, 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 either by car or bus. Bus service is provided by the Regional Transit Authority.

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

There are also many fine restaurants (over 35 of them to choose from), motels and hotels (12 of them with 1,884 available rooms) located within the City – Comfort Inn, Courtyard by Marriott, America's Best Value Inn, Doubletree, Embassy Suites, Hampton Inn & Suites, Holiday Inn, Hyatt Place, LaQuinta, Red Roof Inn, Residence Inn by Marriott, and the Crowne Plaza, all with convenient access to the interstates.

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

Even though the City's resident population is relatively small (7,133 as of the 2010 Census), the daytime population approaches 21,000 during the work week and when the vendor, customer, client, patient, and flow-through activity during the daytime are included, the commercial population can reach 35,000-40,000.

Major Initiatives

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

One of the EDSP action items was land banking vacant property in the Rockside Road corridor. Acting on this recommendation, the City purchased 33 acres of vacant commercial property adjacent to Rockside Road in May, 2014. The City will make improvements to increase the property's attractiveness to possible owners. Preliminary plans are to make it shovel ready by completing infrastructure updates such as the extension of Oak Tree Boulevard, utilities (sewer, water, electric and gas), and rough grading at the site.

The City continued its commitment to fund infrastructure projects. These projects include road resurfacing, curbs, gutters, sidewalks, landscaping, water and sanitary sewer lines. The infrastructure of the City is well maintained and this is typified by the resurfacing of Quarry Lane, Rockside Place, and Valley Belt Road.

The City, driven by the Director of Finance, has aggressively pursued the use of Tax Increment Financing (TIF Financing) as an economic development tool. The City currently has 11 areas designated as TIF Financing districts and most recently used TIF Financing to help the Cleveland Clinic expansion at the Independence Technology Center by expanding the Selig Drive / Brecksville Road intersection.

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 started a planning process to develop a series of area plans. The area plans will focus on the City's commercial districts: Rockside Road Corridor; Downtown; Community Campus; Cloverleaf and East Pleasant Valley. The goal of the planning effort is 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.

Relevant Financial Policies

The City has been able to maintain a plan to minimize its debt. Since 2000 the City has been able to reduce its notes payable debt from \$15,850,000 to \$5,450,000 while paying a total of \$6,700,000 in cash for two large capital improvement projects.

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

The City borrowed \$8,800,000 for Phase I of the project in 2003 and \$5,800,000 in 2005 for Phase II of the project. In 2013 the City collected \$1,330,945 in TIF revenue, which represented 145 percent of the debt service for its TIF borrowings. Total TIF revenue collected since the inception of the TIF program has now reached \$7,867,466.

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, 2013, the City's total debt was reduced to \$27,229,557.

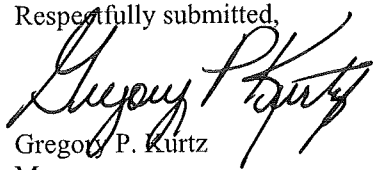
Awards and Acknowledgements

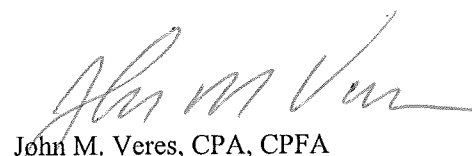
The Government Finance Officers Association of the United States and Canada (GFOA) has awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Independence for its Comprehensive Annual Financial Report for four consecutive years including the fiscal year ended December 31, 2012. 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.

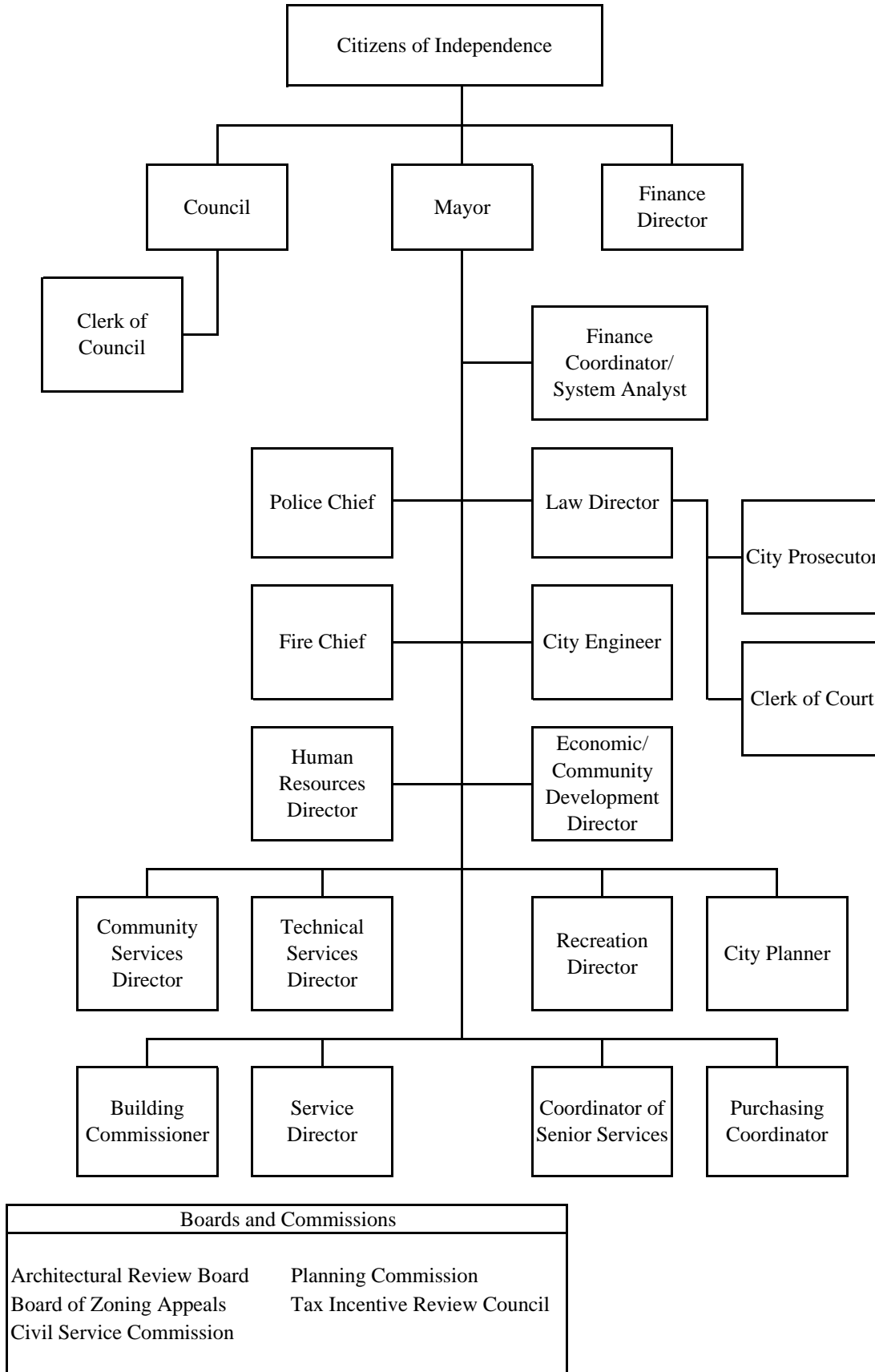
Respectfully submitted,


Gregory P. Kurtz
Mayor


John M. Veres, CPA, CPFA
Director of Finance

City of Independence

Organizational Chart



City of Independence, Ohio

List of Principal Officials

December 31, 2013

Elected Officials

Mayor.....Gregory P. Kurtz
Finance Director..... John M. Veres, CPA, CPFA
Vice Mayor Anthony Togliatti
Council MemberJames Riley
Council MemberJames F. Crooks
Council Member Carl Asseff
Council Member Patricia Wisnieski
Council MemberPeter Nelson
Council Member Thomas Narduzzi

Appointed Officials

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

Administration

Human Resources Director Joseph T. Lubin
Finance Coordinator/Systems Analyst..... Vernon Blaze
Technical Services Director Tom Avsec
Community Services Director..... Natalie Buc
Police Chief..... John Nicastro, Jr.
City Engineer Don Ramm
City Planner Jeffrey S. Markley
Coordinator of Senior Services Kathleen Kapusta
Recreation Director Ed Kostyack
Fire Chief Steve Rega
Building Commissioner Carl Opatrny
Service Director David Snyderburn
Community/Economic Development Director Jeremy Rowan
Purchasing Coordinator Robert Williams
Clerk of Court Angela T. Zeleznik

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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, 2012

Executive Director/CEO

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Financial Section



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Independent Auditor's Report

Members of the City Council
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, 2013, 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.

Members of the City Council
Independence, Ohio

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, 2013, 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 through 12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Members of the City Council
Independence, Ohio

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2014 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.

Cini & Parichi, Inc.

Cleveland, Ohio
June 26, 2014

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City of Independence, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

The discussion and analysis of the City of Independence's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2013. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers are encouraged to consider the information presented here in conjunction with the transmittal letter, the basic financial statements, and the accompanying notes to those financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2013 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.
- ❖ 2013 saw the completion of many road projects totaling nearly \$2,500,000. These projects were paid for with cash on hand. The City also awarded a contract of close to \$1,000,000 to widen the intersection at Hillside Road and Route 21. This improvement also includes the addition of landscaping to help enhance the look of this intersection. The City borrowed for this project and the debt service will be repaid with future tax incremental financing payment in lieu of taxes.
- ❖ In July 2013, the City entered into an agreement with the Ohio Public Works Commission for the widening of East Pleasant Valley Road, one of the City's major office/industrial areas. The agreement includes a \$1,701,900 grant along with a \$4,164,161 interest free loan. The City was also awarded a \$863,000 grant from Cuyahoga County. The awards and construction for these projects will begin in 2014.
- ❖ 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 \$7.8 million in payments in lieu of taxes (PILOT) revenue on a cash basis.
- ❖ The City repaid the \$750,000 of the \$3,600,000 bond anticipation note issued in 2012 for the Selig Drive/Route 21 Intersection widening project.

Using this Annual Financial Report

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

City of Independence, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

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

Reporting the City of Independence as a Whole

Statement of Net Position and the Statement of Activities

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

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

Reporting on the Most Significant Funds of the City of Independence

Fund Financial Statements

The fund financial statements, which begin on page 16, 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, 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, 2013
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The City of Independence as a Whole

Statement of Net Position

As noted earlier, the statement of net position looks at the City as a whole and can prove to be a useful indicator of the City's financial position. Table 1 provides a summary of the City's net position for 2013 and 2012.

Table 1
Net Position

	2013	2012	Change
Assets			
Current and Other Assets	\$32,403,541	\$29,698,943	\$2,704,598
Capital Assets, Net	92,563,374	92,061,150	502,224
Total Assets	<u>124,966,915</u>	<u>121,760,093</u>	<u>3,206,822</u>
Deferred Outflows of Resources	<u>344,871</u>	<u>369,953</u>	<u>(25,082)</u>
Liabilities			
Current and Other Liabilities	3,498,818	4,952,977	1,454,159
Long-Term Liabilities			
Due Within One Year	1,708,928	1,650,171	(58,757)
Due in More than One Year	25,520,629	26,936,254	1,415,625
Total Liabilities	<u>30,728,375</u>	<u>33,539,402</u>	<u>2,811,027</u>
Deferred Inflows of Resources			
Property Taxes and Payments in Lieu of Taxes	<u>2,186,559</u>	<u>1,994,909</u>	<u>(191,650)</u>
Net Position			
Net Investment in Capital Assets	64,925,722	62,244,507	2,681,215
Restricted:			
Capital Projects	7,231,782	6,332,527	899,255
State Highway	103,078	63,120	39,958
Street Construction, Maintenance and Repair	913,005	785,419	127,586
Police Pension	547,751	493,713	54,038
Other Purposes	275,126	612,104	(336,978)
Unrestricted	<u>18,400,388</u>	<u>16,064,345</u>	<u>2,336,043</u>
Total Net Position	<u><u>\$92,396,852</u></u>	<u><u>\$86,595,735</u></u>	<u><u>\$5,801,117</u></u>

As of December 31, 2013, the City's overall net position increased by \$5,801,117 from 2012. Assets increased by \$3,206,822, primarily due to an increase in general revenues and a decrease in expenses. Liabilities decreased due to the pay down of 2012 short term notes of \$2,300,000. Further details of the changes in net position between 2013 and 2012 can be observed in Table 2.

City of Independence, Ohio
Management's Discussion and Analysis
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Table 2
Changes in Net Position

	2013	2012	Change
Revenues			
Program Revenues			
Charges for Services and Sales	\$1,797,064	\$1,555,456	\$241,608
Operating Grants and Contributions	603,478	534,869	68,609
Capital Grants and Assessments	114,562	95,572	18,990
<i>Total Program Revenues</i>	<u>2,515,104</u>	<u>2,185,897</u>	<u>329,207</u>
General Revenues			
Property Taxes	1,101,091	1,026,652	74,439
Municipal Income Taxes	26,429,663	25,743,991	685,672
Hotel/Motel Taxes	1,293,185	1,188,902	104,283
Grant and Entitlements, Not Restricted to Specific Programs	757,689	404,523	353,166
Investment Income	68,148	89,027	(20,879)
Payments in Lieu of Taxes	1,094,482	1,289,281	(194,799)
Miscellaneous	366,333	683,675	(317,342)
<i>Total General Revenues</i>	<u>31,110,591</u>	<u>30,426,051</u>	<u>684,540</u>
<i>Total Revenues</i>	<u>33,625,695</u>	<u>32,611,948</u>	<u>1,013,747</u>
Program Expenses			
General Government	8,587,665	8,505,708	(81,957)
Security of Persons and Property	8,389,502	8,572,099	182,597
Public Health and Welfare	110,014	96,354	(13,660)
Leisure Time Activities	3,463,666	3,470,342	6,676
Community Environment	2,739,330	2,492,457	(246,873)
Basic Utility Services	570,714	578,200	7,486
Transportation	3,199,635	3,754,236	554,601
Interest and Fiscal Charges	764,052	1,098,008	333,956
<i>Total Expenses</i>	<u>27,824,578</u>	<u>28,567,404</u>	<u>742,826</u>
<i>Increase in Net Position</i>	5,801,117	4,044,544	1,756,573
<i>Net Position Beginning of Year</i>	<u>86,595,735</u>	<u>82,551,191</u>	<u>4,044,544</u>
<i>Net Position End of Year</i>	<u>\$92,396,852</u>	<u>\$86,595,735</u>	<u>\$5,801,117</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.

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

The City 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. 2013's interest revenue was \$68,148.

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

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

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

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2013	2012	2013	2012
General Government	\$8,587,665	\$8,505,708	\$8,173,124	\$8,198,948
Security of Persons and Property	8,389,502	8,572,099	7,823,807	8,030,570
Public Health and Welfare	110,014	96,354	89,770	71,729
Leisure Time Activities	3,463,666	3,470,342	3,396,548	3,014,131
Community Environment	2,739,330	2,492,457	2,545,092	2,366,644
Basic Utility Services	570,714	578,200	534,542	549,812
Transportation	3,199,635	3,754,236	1,982,539	3,051,665
Interest and Fiscal Charges	764,052	1,098,008	764,052	1,098,008
Total Expenses	<u>\$27,824,578</u>	<u>\$28,567,404</u>	<u>\$25,309,474</u>	<u>\$26,381,507</u>

The City's Funds

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

City of Independence, Ohio
Management's Discussion and Analysis
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As of the end of 2013, 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 non-spendable, 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, while expenditures decreased slightly. The City continues to put a premium on City services without reducing the City's workforce. In order to keep this premium on jobs, the City has cut back on overtime and asked employees to do more with less while not compromising services. The City's dedicated public servants strive to keep the City of Independence among the finest in Northeast Ohio.

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

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

The street resurfacing capital projects fund had an increase in fund balance due to fewer costs for infrastructure improvements.

Other governmental funds had an increase in fund balance. The City continues to seek out and utilize grant monies. Revenues were less than the prior year due to OWDA loans being issued in 2012. Expenditures increased slightly over the prior year.

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 2013, 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 slightly lower estimates in almost every category. 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.

City of Independence, Ohio
Management's Discussion and Analysis
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The City continues to work through their five-year capital asset replacement plan.

In 2013, the City purchased equipment for the City's various departments and also made improvements to Quarry Lane, Granger, Valley Belt and Ashwood Roads and Independence Estates. See Note 12 to the basic financial statements for more information regarding the City's capital assets. Table 4 compares capital assets as of December 31, 2013 to balances at December 31, 2012.

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

	2013	2012
Land	\$17,002,615	\$17,002,615
Construction in Progress	1,696,258	1,844,704
Buildings and Improvements	26,779,220	27,568,414
Machinery and Equipment	1,741,361	1,351,147
Furniture and Fixtures	146,920	166,121
Vehicles	2,964,002	2,606,465
Infrastructure	42,232,998	41,521,684
<i>Total</i>	\$92,563,374	\$92,061,150

Debt

Table 5 summarizes outstanding long-term debt at December 31, 2013, compared to December 31, 2012.

Table 5
Outstanding Long Term Debt at Year End

	2013	2012
General Obligation Bonds	\$21,540,762	\$22,706,384
Various Improvement Notes	4,712,069	4,510,800
OPWC Loan	211,509	229,526
OWDA Loan	32,494	42,676
Claims Payable	12,733	339,009
Compensated Absences	719,990	758,030
<i>Total</i>	\$27,229,557	\$28,586,425

The City's overall legal debt limit increased slightly to \$47,919,282 as a result of making principal payments on their general obligations bonds and OPWC loans which decreased their overall debt. The amount of debt subject to the debt limit was \$21,676,509, leaving an overall debt margin of \$26,242,773. The legal debt margin is determined by multiplying the total assessed value of taxable real property in the City by 10.50 percent minus current and exempted debt.

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

City of Independence, Ohio
Management's Discussion and Analysis
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Unaudited

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 2013, City Council closely monitored revenue and expenditures to preserve the integrity of the general fund's unencumbered cash balance. As with all cities in the State of Ohio, State funding issues are constantly monitored to determine the impact on the City. The City's management team remains mindful of keeping an eye out for ways to become more efficient and better stewards of our taxpayers' money. Major entities in Northeast Ohio still regard the City of Independence as one of the top places to relocate or expand their businesses. All of the City's financial abilities will be needed to meet the challenges of the future.

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

Contacting the City's Finance Department

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

Basic Financial Statements

City of Independence, Ohio

Statement of Net Position

December 31, 2013

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$20,585,281
Cash and Cash Equivalents In Segregated Accounts	52,275
Accounts Receivable	41,021
Hotel/Motel Taxes Receivable	73,225
Intergovernmental Receivable	426,189
Prepaid Items	62,669
Municipal Income Taxes Receivable	6,792,394
Property Taxes Receivable	1,836,545
Special Assessments Receivable	587,122
Payments in Lieu of Taxes Receivable	1,946,820
Nondepreciable Capital Assets	18,698,873
Depreciable Capital Assets, Net	<u>73,864,501</u>
<i>Total Assets</i>	<u>124,966,915</u>
Deferred Outflows of Resources	
Deferred Charge on Refunding	<u>344,871</u>
Liabilities	
Accounts Payable	309,334
Accrued Wages	337,938
Contracts Payable	752,331
Intergovernmental Payable	1,116,682
Accrued Interest Payable	105,864
Retainage Payable	124,750
Notes Payable	751,919
Long-Term Liabilities:	
Due Within One Year	1,708,928
Due In More Than One Year	<u>25,520,629</u>
<i>Total Liabilities</i>	<u>30,728,375</u>
Deferred Inflows of Resources	
Property Taxes	864,251
Payments in Lieu of Taxes	<u>1,322,308</u>
<i>Total Deferred Inflows of Resources</i>	<u>2,186,559</u>
Net Position	
Net Investment in Capital Assets	64,925,722
Restricted for:	
Capital Projects	7,231,782
State Highway	103,078
Street Construction, Maintenance and Repair	913,005
Police Pension	547,751
Other Purposes	275,126
Unrestricted	<u>18,400,388</u>
<i>Total Net Position</i>	<u><u>\$92,396,852</u></u>

See accompanying notes to the basic financial statements

City of Independence, Ohio
Statement of Activities
For the Year Ended December 31, 2013

	Expenses	Program Revenues			Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Assessments	Revenue and Changes in Net Position
Governmental Activities:					
General Government	\$8,587,665	\$414,541	\$0	\$0	(\$8,173,124)
Security of Persons and Property	8,389,502	516,590	49,105	0	(7,823,807)
Public Health and Welfare	110,014	20,244	0	0	(89,770)
Leisure Time Activities	3,463,666	67,118	0	0	(3,396,548)
Community Environment	2,739,330	194,238	0	0	(2,545,092)
Basic Utility Services	570,714	36,172	0	0	(534,542)
Transportation	3,199,635	548,161	554,373	114,562	(1,982,539)
Interest and Fiscal Charges	764,052	0	0	0	(764,052)
<i>Totals</i>	<u>\$27,824,578</u>	<u>\$1,797,064</u>	<u>\$603,478</u>	<u>\$114,562</u>	<u>(25,309,474)</u>
General Revenues					
Property Taxes Levied for:					
General Purposes					955,515
Police Pension					145,576
Municipal Income Tax Levied For General Purposes					26,429,663
Hotel/Motel Tax Levied For General Purposes					1,293,185
Grants and Entitlements Not Restricted to Specific Programs					757,689
Investment Income					68,148
Payments in Lieu of Taxes					1,094,482
Miscellaneous					366,333
<i>Total General Revenues</i>					<u>31,110,591</u>
Change in Net Position					5,801,117
<i>Net Position Beginning of Year</i>					<u>86,595,735</u>
<i>Net Position End of Year</i>					<u>\$92,396,852</u>

See accompanying notes to the basic financial statements

City of Independence, Ohio

Balance Sheet

Governmental Funds

December 31, 2013

	General	Quadrant Tax Increment Financing	Capital Improvements	Street Resurfacing	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$8,104,400	\$3,461,306	\$1,923,344	\$2,515,297	\$2,681,624	\$18,685,971
Cash and Cash Equivalents						
In Segregated Accounts	44,557	0	0	0	7,718	52,275
Accounts Receivable	29,693	0	0	0	692	30,385
Hotel/Motel Taxes Receivable	73,225	0	0	0	0	73,225
Interfund Receivable	9,612,000	0	1,655,000	0	0	11,267,000
Intergovernmental Receivable	162,136	0	0	0	264,053	426,189
Prepaid Items	56,313	0	0	0	0	56,313
Special Assessments Receivable	0	0	0	0	587,122	587,122
Payments in Lieu of Taxes Receivable	0	1,946,820	0	0	0	1,946,820
Property Taxes Receivable	1,606,504	0	0	0	230,041	1,836,545
Municipal Income Taxes Receivable	6,792,394	0	0	0	0	6,792,394
<i>Total Assets</i>	<u>\$26,481,222</u>	<u>\$5,408,126</u>	<u>\$3,578,344</u>	<u>\$2,515,297</u>	<u>\$3,771,250</u>	<u>\$41,754,239</u>
Liabilities						
Accounts Payable	\$184,454	\$10,524	\$20,757	\$0	\$86,950	\$302,685
Accrued Wages	286,158	0	0	0	51,780	337,938
Contracts Payable	0	426,318	0	326,013	0	752,331
Intergovernmental Payable	1,026,414	0	0	0	90,268	1,116,682
Retainage Payable	0	0	0	103,626	21,124	124,750
Accrued Interest Payable	0	6,000	0	0	0	6,000
Notes Payable	0	751,919	0	0	0	751,919
Interfund Payable	0	11,407,000	0	0	10,000	11,417,000
<i>Total Liabilities</i>	<u>1,497,026</u>	<u>12,601,761</u>	<u>20,757</u>	<u>429,639</u>	<u>260,122</u>	<u>14,809,305</u>
Deferred Inflows of Resources						
Property Taxes	746,398	0	0	0	117,853	864,251
Payments in Lieu of Taxes	0	1,322,308	0	0	0	1,322,308
Unavailable Revenue	3,502,524	624,512	0	0	925,819	5,052,855
<i>Total Deferred Inflows of Resources</i>	<u>4,248,922</u>	<u>1,946,820</u>	<u>0</u>	<u>0</u>	<u>1,043,672</u>	<u>7,239,414</u>
Fund Balances						
Nonspendable	9,658,313	0	0	0	0	9,658,313
Restricted	0	0	3,557,587	2,085,658	2,169,358	7,812,603
Committed	0	0	0	0	307,434	307,434
Assigned	2,848,726	0	0	0	0	2,848,726
Unassigned (Deficit)	8,228,235	(9,140,455)	0	0	(9,336)	(921,556)
<i>Total Fund Balances (Deficit)</i>	<u>20,735,274</u>	<u>(9,140,455)</u>	<u>3,557,587</u>	<u>2,085,658</u>	<u>2,467,456</u>	<u>19,705,520</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$26,481,222</u>	<u>\$5,408,126</u>	<u>\$3,578,344</u>	<u>\$2,515,297</u>	<u>\$3,771,250</u>	<u>\$41,754,239</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, 2013*

Total Governmental Funds Balances \$19,705,520

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 92,563,374

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	972,294
Municipal Income Taxes	2,503,992
Intergovernmental	364,935
Delinquent Payments in Lieu of Taxes	587,122
Special Assessments	624,512

Total 5,052,855

In the statement of net position, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (99,864)

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. 2,059,653

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. 344,871

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

General Obligation Bonds	(21,540,762)
OPWC Loan Payable	(211,509)
OWDA Loans	(32,494)
Notes Payable	(4,712,069)
Claims Payable	(12,733)
Compensated Absences	(719,990)

Total (27,229,557)

Net Position of Governmental Activities \$92,396,852

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, 2013

	General	Quadrant Tax Increment Financing	Capital Improvements	Street Resurfacing	Other Governmental Funds	Total Governmental Funds
Revenues						
Property Taxes	\$838,668	\$0	\$0	\$0	\$130,335	\$969,003
Municipal Income Taxes	26,035,757	0	0	0	0	26,035,757
Hotel/Motel Taxes	1,293,185	0	0	0	0	1,293,185
Intergovernmental	775,325	0	0	0	562,939	1,338,264
Investment Income	54,081	461	0	0	11,217	65,759
Fees, Licenses and Permits	328,316	0	0	0	346,329	674,645
Fines and Forfeitures	254,046	0	0	0	50,401	304,447
Charges for Services	570,493	0	0	0	19,780	590,273
Rentals	227,699	0	0	0	0	227,699
Special Assessments	0	0	0	0	50,442	50,442
Payments in Lieu of Taxes	0	1,307,885	0	0	0	1,307,885
Miscellaneous	179,438	23,053	7,800	65,650	90,392	366,333
<i>Total Revenues</i>	<u>30,557,008</u>	<u>1,331,399</u>	<u>7,800</u>	<u>65,650</u>	<u>1,261,835</u>	<u>33,223,692</u>
Expenditures						
Current:						
General Government	6,098,091	0	0	0	67,277	6,165,368
Security of Persons and Property	6,534,979	0	0	0	629,604	7,164,583
Public Health and Welfare	0	0	0	0	101,608	101,608
Leisure Time Activities	2,788,594	0	0	0	521,725	3,310,319
Community Environment	2,687,884	0	0	0	0	2,687,884
Basic Utility Services	499,164	0	0	0	0	499,164
Transportation	924,490	0	0	0	1,675,260	2,599,750
Capital Outlay	0	1,132,678	1,093,223	2,021,404	716,101	4,963,406
Debt Service:						
Principal Retirement	0	419,069	648,433	6,767	53,930	1,128,199
Refunded Notes Redeemed	0	4,500,000	0	0	0	4,500,000
Interest and Fiscal Charges	0	503,011	321,612	0	16,307	840,930
Debt Issuance Costs	0	33,979	0	0	0	33,979
<i>Total Expenditures</i>	<u>19,533,202</u>	<u>6,588,737</u>	<u>2,063,268</u>	<u>2,028,171</u>	<u>3,781,812</u>	<u>33,995,190</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>11,023,806</u>	<u>(5,257,338)</u>	<u>(2,055,468)</u>	<u>(1,962,521)</u>	<u>(2,519,977)</u>	<u>(771,498)</u>
Other Financing Sources (Uses)						
General Obligation Notes Issued	0	4,700,000	0	0	0	4,700,000
Premium on Notes Issued	0	36,190	0	0	0	36,190
Transfers In	0	0	4,300,000	2,690,000	2,641,100	9,631,100
Transfers Out	(9,631,100)	0	0	0	0	(9,631,100)
<i>Total Other Financing Sources (Uses)</i>	<u>(9,631,100)</u>	<u>4,736,190</u>	<u>4,300,000</u>	<u>2,690,000</u>	<u>2,641,100</u>	<u>4,736,190</u>
<i>Net Change in Fund Balances</i>	1,392,706	(521,148)	2,244,532	727,479	121,123	3,964,692
<i>Fund Balances (Deficit)</i>						
<i>Beginning of Year</i>	<u>19,342,568</u>	<u>(8,619,307)</u>	<u>1,313,055</u>	<u>1,358,179</u>	<u>2,346,333</u>	<u>15,740,828</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$20,735,274</u>	<u>(\$9,140,455)</u>	<u>\$3,557,587</u>	<u>\$2,085,658</u>	<u>\$2,467,456</u>	<u>\$19,705,520</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, 2013*

Net Change in Fund Balances - Total Governmental Funds \$3,964,692

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

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

Capital Outlay	3,905,847	
Depreciation	(3,384,295)	
Total		521,552

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. (19,328)

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

Property Taxes	132,088	
Municipal Income Taxes	393,906	
Intergovernmental	22,903	
Payments in Lieu of Taxes	(213,403)	
Special Assessments	64,120	
Total		399,614

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	1,417	
Amortization of Deferred Charge on Refunding	(25,082)	
Amortization of Bond Premium	65,622	
Amortization on Note Premium	34,921	
Total		76,878

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

Compensated Absences	38,040	
Retro Worker's Compensation	326,276	
Total		364,316

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. 5,628,199

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

General Obligation Notes Issued	(4,700,000)	
Premium on Refunding Notes	(36,190)	
Total		(4,736,190)

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. (398,616)

Change in Net Position of Governmental Activities \$5,801,117

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, 2013

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
Revenues				
Property Taxes	\$799,542	\$799,541	\$838,668	\$39,127
Municipal Income Taxes	25,229,500	25,200,000	25,878,961	678,961
Hotel/Motel Taxes	1,217,506	1,217,506	1,297,763	80,257
Intergovernmental	751,176	751,176	794,489	43,313
Investment Income	51,191	51,191	54,565	3,374
Fees, Licenses and Permits	308,012	308,012	328,316	20,304
Fines and Forfeitures	204,064	204,064	217,186	13,122
Charges for Services	535,212	535,212	570,493	35,281
Rentals	213,618	213,618	227,699	14,081
Miscellaneous	168,333	168,333	179,429	11,096
<i>Total Revenues</i>	<u>29,478,154</u>	<u>29,448,653</u>	<u>30,387,569</u>	<u>938,916</u>
Expenditures				
Current:				
General Government	6,296,432	6,278,592	5,824,030	454,562
Security of Persons and Property	8,360,232	8,273,960	7,422,961	850,999
Leisure Time Activities	3,053,911	3,090,229	2,867,869	222,360
Community Environment	3,197,762	3,247,267	2,941,230	306,037
Basic Utility Services	565,896	555,980	516,757	39,223
Transportation	738,333	798,727	759,381	39,346
<i>Total Expenditures</i>	<u>22,212,566</u>	<u>22,244,755</u>	<u>20,332,228</u>	<u>1,912,527</u>
<i>Excess of Revenues Over Expenditures</i>	<u>7,265,588</u>	<u>7,203,898</u>	<u>10,055,341</u>	<u>2,851,443</u>
Other Financing Sources (Uses)				
Advances In	0	1,057,000	1,057,000	0
Advances Out	(420,000)	(1,116,000)	(1,116,000)	0
Transfers Out	(8,995,000)	(10,281,100)	(10,231,100)	50,000
<i>Total Other Financing Sources (Uses)</i>	<u>(9,415,000)</u>	<u>(10,340,100)</u>	<u>(10,290,100)</u>	<u>50,000</u>
<i>Net Change in Fund Balance</i>	(2,149,412)	(3,136,202)	(234,759)	2,901,443
<i>Fund Balance Beginning of Year</i>	5,625,962	5,625,962	5,625,962	0
Prior Year Encumbrances Appropriated	705,966	705,966	705,966	0
<i>Fund Balance End of Year</i>	<u>\$4,182,516</u>	<u>\$3,195,726</u>	<u>\$6,097,169</u>	<u>\$2,901,443</u>

See accompanying notes to the basic financial statements

City of Independence, Ohio

Statement of Fund Net Position

Internal Service Fund

December 31, 2013

	<u>Insurance</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$1,899,310
Interfund Receivable	150,000
Accounts Receivable	10,636
Prepaid Items	<u>6,356</u>
<i>Total Assets</i>	2,066,302
Liabilities	
Accounts Payable	<u>6,649</u>
Net Position	
Unrestricted	<u><u>\$2,059,653</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, 2013*

	Insurance
Operating Revenues	\$0
Operating Expenses	
Contractual Services	5,278
Claims	395,727
<i>Total Operating Expenses</i>	401,005
<i>Operating Loss</i>	(401,005)
Nonoperating Revenues	
Investment Income	2,389
<i>Change in Net Position</i>	(398,616)
<i>Net Position Beginning of Year</i>	2,458,269
<i>Net Position End of Year</i>	\$2,059,653

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, 2013

	Insurance
<i>Increase (Decrease) in Cash and Cash Equivalents</i>	
Cash Flows from Operating Activities	
Cash Received from Other Services	\$22,532
Cash Payments for Services	(5,393)
Cash Payments for Claims	(395,727)
<i>Net Cash Used in Operating Activities</i>	(378,588)
Cash Flows from Investing Activities	
Interest on Investments	2,389
<i>Net Decrease in Cash and Cash Equivalents</i>	(376,199)
<i>Cash and Cash Equivalents Beginning of Year</i>	2,275,509
<i>Cash and Cash Equivalents End of Year</i>	\$1,899,310
 Reconciliation of Operating Loss to Net Cash Used in Operating Activities	
<i>Operating Loss</i>	(\$401,005)
Adjustments:	
Decrease in Assets:	
Accounts Receivable	22,532
Prepaid Items	936
Decrease in Accounts Payable	(1,051)
<i>Net Cash Used In Operating Activities</i>	(\$378,588)

See accompanying notes to the basic financial statements

City of Independence, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Fund
December 31, 2013

Assets	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$200,785</u></u>
Liabilities	
Deposits Held and Due to Others	<u><u>\$200,785</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, 2013

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 comprised of the primary government, component units and other organizations that are included to ensure the financial statements are not misleading. The primary government of the City consists of all funds, agencies, departments and offices that are not legally separate from the City. For the City of Independence this includes the departments and agencies that provide the following services: police and fire protection, emergency medical 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 organizations. 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 18 of the basic financial Statements.

Note 2 - Summary of Significant Accounting Policies

The financial Statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The 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, 2013

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 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, 2013

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 general obligation bond 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.

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

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.

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 8). 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 represents 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 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.

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 and unavailable revenue. Property

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of December 31, 2013, but which were levied to finance 2014 operations. These amounts have been recorded as a deferred inflow 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, estate 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.

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.

Budgetary Process

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

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

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

Cash and Cash Equivalents

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

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

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

During 2013, investments were limited to STAR Ohio, US Treasury notes, federal national mortgage association bonds, federal home loan mortgage corporation bonds, federal national mortgage association bonds and federal home loan bank bonds.

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

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's net asset value per share which is the price for which the investment could be sold at December 31, 2013.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2013 amounted to \$54,081, which includes \$25,483 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, 2013, 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.

Capital Assets

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

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

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

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

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.

Accrued Liabilities and Long-Term Obligations

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

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

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:

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

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 are 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. In the general fund, assigned amounts represent intended uses established by City Council or a City official delegated that authority by City Charter or ordinance, or by State Statute. State statute authorizes the Finance Director to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. City Council assigned fund balance to cover a gap between estimated resources and appropriations in the 2014 appropriated budget. City Council assigned fund balance for compensated absences and rainy day fund.

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.

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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, FEMA grants and drug enforcement and education.

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 received in the year the bonds are issued.

Interfund Activity

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

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds 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.

City of Independence, Ohio
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For the Year Ended December 31, 2013

Estimates

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

Note 3 - Fund Balances

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

Fund Balances	General	Quadrant Tax Increment Financing	Capital Improvements	Street Resurfacing	Other Governmental Funds	Total
<i>Nonspendable</i>						
Prepays	\$56,313	\$0	\$0	\$0	\$0	\$56,313
Interfund Loans	9,602,000	0	0	0	0	9,602,000
<i>Total Nonspendable</i>	9,658,313	0	0	0	0	9,658,313
<i>Restricted for</i>						
Road Improvements	0	0	0	0	886,710	886,710
Capital Improvements	0	0	3,557,587	2,085,658	583,467	6,226,712
Police Programs	0	0	0	0	142,331	142,331
Law Enforcement and Education	0	0	0	0	33,155	33,155
Mayor's Court Computer	0	0	0	0	42,130	42,130
Police Pension	0	0	0	0	430,253	430,253
Debt Service Payments	0	0	0	0	51,312	51,312
<i>Total Restricted</i>	0	0	3,557,587	2,085,658	2,169,358	7,812,603
<i>Committed to</i>						
Handicap Parking	0	0	0	0	24,092	24,092
Citizen-Focused Activities	0	0	0	0	37,243	37,243
City Upkeep	0	0	0	0	65,772	65,772
Recreation	0	0	0	0	180,327	180,327
<i>Total Committed</i>	0	0	0	0	307,434	307,434
<i>Assigned to</i>						
Purchases on Order	632,475	0	0	0	0	632,475
2014 Appropriations	952,717	0	0	0	0	952,717
Compensated Absences	663,534	0	0	0	0	663,534
Rainy Day Fund	600,000	0	0	0	0	600,000
<i>Total Assigned</i>	2,848,726	0	0	0	0	2,848,726
<i>Unassigned (Deficit)</i>	8,228,235	(9,140,455)	0	0	(9,336)	(921,556)
<i>Total Fund Balances (Deficit)</i>	\$20,735,274	(\$9,140,455)	\$3,557,587	\$2,085,658	\$2,467,456	\$19,705,520

The City Council adopted a resolution to establish and maintain a Rainy Day fund in conjunction with Ohio Revised Code 5705.13 allowing the City to reserve monies to be used for income tax rebates.

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

Note 4 - Changes in Accounting Principles

For 2013, the City has implemented Governmental Accounting Standard Board (GASB) Statement No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB 14 and 34." This Statement modifies existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity and financial reporting entity display and disclosure requirements. The implementation of the Statement did not result in any change in the City's financial Statements.

Note 5 - Fund Deficits

Fund deficits in the Quadrant Tax Increment Financing bond retirement fund and the Rockside Woods capital project funds of \$9,140,455 and \$9,336 respectively, are due to advances made for various tax increment financing projects as well as improvements to Rockside Woods. The general fund is liable for any deficit in these funds and provides transfers when cash is required, rather than when accruals occur.

Note 6 - 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) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
- c) Encumbrances are treated as expenditures (budget basis) rather than as a restricted, committed or assigned fund balance (GAAP basis).
- d) Unrecorded cash represents amounts received but not included as revenue on the budget basis statements. These amounts are included as revenue on the GAAP basis operating statements.
- e) Investments are reported at cost (budget basis) rather than at fair value (GAAP basis).
- f) Advances In and Advances Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
- g) Budgetary revenues and expenditures of the compensated absences and rainy day fund are reclassified to the general fund for GAAP purposes.

City of Independence, Ohio
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The following table summarizes the adjustments necessary to reconcile the GAAP basis Statements to the budgetary basis Statements for the general fund.

Net Change in Fund Balance	General
GAAP Basis	\$1,392,706
Net Adjustment for Revenue Accruals	(769,439)
Advances In	1,057,000
Advances Out	(1,116,000)
Net Adjustment for Expenditure Accruals	(610,550)
Excess of Revenues Under Expenditures:	
Compensated Absences Fund	(48,808)
Rainy Day Fund	600,000
Beginning Unrecorded Cash	4,029
Ending Unrecorded Cash	8,805
Encumbrances	(752,502)
Budget Basis	(\$234,759)

Note 7 - 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.

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

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

1. United States Treasury bills, bonds notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

City of Independence, Ohio
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For the Year Ended December 31, 2013

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;
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 25 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:

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, \$13,087,036 of the City's bank balance of \$16,218,591 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.

City of Independence, Ohio
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For the Year Ended December 31, 2013

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, 2013, the City had the following investments:

	Fair Value	Average Maturity
Star Ohio	\$27,901	53.4 days
US Treasury Notes	501,880	461 days
Federal National Mortgage Association Bonds	1,417,515	675 days
Federal Home Loan Mortgage Corporation Bonds	982,108	646 days
Federal Home Loan Bank Bonds	174,788	864 days
Total	\$3,104,192	

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 National Mortgage Association Bonds, Federal Home Loan Mortgage Corporation 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 National Mortgage Association Bonds, Federal Home Loan Mortgage Corporation 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, 2013:

Investment Issuer	Percentage of Investments
Federal National Mortgage Association Bonds	45.67 %
Federal Home Loan Mortgage Corporation Bonds	31.64
Federal Home Loan Bank Bonds	5.63

City of Independence, Ohio
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Note 8 - Receivables

Receivables at December 31, 2013, consisted primarily of payments in lieu of taxes, property taxes, municipal income taxes, accounts (billings for user charged services), special assessments, hotel/motel taxes and intergovernmental receivables arising from grants, entitlements and shared revenues.

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

Special assessments expected to be collected in more than one year amount to \$587,122. At December 31, 2013, there was \$114,561 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 2013 for real and public utility property taxes represents collections of 2012 taxes.

2013 real property taxes are levied after October 1, 2013 on the assessed value as of January 1, 2013, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2013 real property taxes are collected in and intended to finance 2014.

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. 2013 public utility property taxes which became a lien December 31, 2012, are levied after October 1, 2013, and are collected in 2014 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2013 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 2013 property tax receipts were based are as follows:

Real Property:	
Residential/Agricultural	\$239,083,160
Other Real Estate	199,757,400
Public Utility Personal Property	<u>17,533,550</u>
Total	<u><u>\$456,374,110</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, 2013 and for which there is an enforceable legal claim. In the governmental funds, the portion of the receivable not levied to finance 2013 operations is offset to deferred inflows of resources – property taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

City of Independence, Ohio
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For the Year Ended December 31, 2013

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 2013, the proceeds were allocated entirely to the general fund.

Intergovernmental Receivable

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

	<u>Amount</u>
Gasoline Excise Tax	\$170,336
Local Government	125,062
Auto Registration	77,296
Homestead and Rollback	38,945
Permissive Tax	11,111
Law Enforcement Fines	<u>3,439</u>
Total Intergovernmental Receivables	<u><u>\$426,189</u></u>

Payments in Lieu of Taxes

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

Note 9 - 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 2013, the City contracted with Selective Insurance Company for various types of insurance as follows:

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Type	Coverage	Deductible
Inland Marine		
Contractor's Equipment	\$1,815,175	\$2,500
Property	38,313,668	10,000
Crime	25,000	1,000
Automobile	1,000,000	5,000

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

The City accounts for activity of the self-insured general liability program for all lawsuits within the internal service fund. There were no outstanding claims at December 31, 2013. Changes in the fund's claims liability amount for 2012 and 2013 were:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2012	\$0	\$134,068	\$134,068	\$0
2013	0	395,727	395,727	0

Workers' Compensation

The City participates in the State Workers' Compensation retrospective rating and payment system. This plan involves the payment of a minimum premium for administrative services and stop-loss coverage plus the actual claims cost for injured employees in 2013. The maintenance of these benefits is accounted for in the general fund as general government expenditures. Incurred but not reported claims of \$12,733 have been accrued as a liability at December 31, 2013, based on an estimate by the City's third-party administrator.

The claims liability of \$12,733, reported at December 31, 2013 for workers' compensation is based on the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenditures and does not include other allocated or unallocated claims adjustment expenditures. Changes in claims activity for 2012 and 2013 are as follows:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Change in Workers' Compensation Estimate	Balance at End of Year
2012	\$147,307	\$37,371	\$236,404	\$390,735	\$339,009
2013	339,009	50,917	187,477	(189,716)	12,733

Note 10 - Contingencies

Grants

The City receives financial assistance from federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and

City of Independence, Ohio
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For the Year Ended December 31, 2013

conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or any other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City.

Litigation

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

Note 11 - Compensated Absences

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

Note 12 - Capital Assets

Capital asset activity for the year ended December 31, 2013, was as follows:

	Balance 12/31/12	Additions	Reductions	Balance 12/31/13
Governmental Activities:				
Nondepreciable Capital Assets				
Land	\$17,002,615	\$0	\$0	\$17,002,615
Construction in progress	1,844,704	1,464,143	(1,612,589)	1,696,258
<i>Total Nondepreciable Capital Assets</i>	<u>18,847,319</u>	<u>1,464,143</u>	<u>(1,612,589)</u>	<u>18,698,873</u>
Depreciable Capital Assets				
Buildings and Improvements	39,454,325	29,335	0	39,483,660
Machinery and Equipment	4,895,935	692,507	0	5,588,442
Furniture and Fixtures	1,772,846	4,320	0	1,777,166
Vehicles	7,117,345	828,342	(179,607)	7,766,080
Infrastructure				
Roads	47,233,140	2,499,789	0	49,732,929
Water Lines	5,432,820	0	0	5,432,820
Sanitary Sewers	2,670,596	0	0	2,670,596
Storm Sewers	9,777,970	0	0	9,777,970
<i>Total Depreciable Capital Assets</i>	<u>\$118,354,977</u>	<u>\$4,054,293</u>	<u>(\$179,607)</u>	<u>\$122,229,663</u>

City of Independence, Ohio
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	Balance 12/31/12	Additions	Reductions	Balance 12/31/13
Less Accumulated Depreciation:				
Buildings and Improvements	(\$11,885,911)	(\$818,529)	\$0	(\$12,704,440)
Machinery and Equipment	(3,544,788)	(302,293)	0	(3,847,081)
Furniture and Fixtures	(1,606,725)	(23,521)	0	(1,630,246)
Vehicles	(4,510,880)	(451,477)	160,279	(4,802,078)
Infrastructure				
Roads	(18,189,308)	(1,493,201)	0	(19,682,509)
Water Lines	(1,153,089)	(54,328)	0	(1,207,417)
Sanitary Sewers	(705,707)	(35,608)	0	(741,315)
Storm Sewers	(3,544,738)	(205,338)	0	(3,750,076)
<i>Total Accumulated Depreciation</i>	<u>(45,141,146)</u>	<u>(3,384,295)</u>	<u>160,279</u>	<u>(48,365,162)</u>
Total Depreciable Capital Assets, Net	<u>73,213,831</u>	<u>669,998</u>	<u>(19,328)</u>	<u>73,864,501</u>
Governmental Activities Capital Assets, Net	<u>\$92,061,150</u>	<u>\$2,134,141</u>	<u>(\$1,631,917)</u>	<u>\$92,563,374</u>

Depreciation expense was charged to governmental activities as follows:

General Government	\$2,648,379
Security of Persons and Property	309,443
Leisure Time Activities	57,240
Community Environment	64,032
Basic Utility Services	12,168
Transportation	293,033
Total	<u>\$3,384,295</u>

Note 13 - Interfund Transactions

Interfund Balances

Interfund Payable	Interfund Receivable			Totals
	General	Capital Improvements	Internal Service	
Quadrant Tax Increment Financing	\$9,602,000	\$1,655,000	\$150,000	\$11,407,000
Other Governmental Funds	10,000	0	0	10,000
Total	<u>\$9,612,000</u>	<u>\$1,655,000</u>	<u>\$150,000</u>	<u>\$11,417,000</u>

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

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

Interfund Transfers

The general fund transfers to the capital improvement and street resurfacing capital project funds and other governmental funds were made to provide additional resources for capital improvements and current operations.

Transfer To	Transfer From General
Major Funds:	
Capital Improvements	\$4,300,000
Street Resurfacing	2,690,000
Total Major Funds	6,990,000
Other Governmental Funds:	
Street Construction, Maintenance and Repair	1,300,000
FEMA Grant	6,100
Twenty-Five and Alive	2,000
I Can	2,000
Tree	6,000
Cemetery	85,000
Recreation	200,000
Police Pension	400,000
Drain Water	365,000
Public Safety Equipment	275,000
Total Other Governmental Funds	2,641,100
Total	\$9,631,100

Note 14 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

Plan Description - The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

City of Independence, Ohio
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For the Year Ended December 31, 2013

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

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for State and local employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll for members in State and local divisions. For the year ended December 31, 2013, members in State and local classifications contributed 10.0 percent of covered payroll. Members in the State and local divisions may participate in all three plans. For 2013, member and employer contribution rates were consistent across all three plans.

The City's 2013 contribution rate was 14.0 percent. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. For 2013, the portion of employer contribution allocated to health care was 1.00 percent for members in the Traditional Pension Plan and the Combined Plan. Effective January 1, 2014, the portion of employer contributions allocated to health care increased to 2 percent. Employer contribution rates are actuarially determined.

The City's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2013, 2012, and 2011 were \$920,033, \$698,193, and \$691,145, respectively. For 2013, 82.25 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2012 and 2011. Contributions to the Member-Directed Plan for 2013 were \$17,580 made by the City and \$12,557 made by the plan members.

Ohio Police and Fire Pension Fund

Plan Description - The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publically available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – Employer and employee contribution rates are set by the Ohio Revised Code. From January 1, 2013, thru July 1, 2013, plan members were required to contribute 10 percent of their annual covered salary. From July 2, 2013, thru December 31, 2013, plan members were required to contribute 10.75 percent of their annual covered salary. Throughout 2013, employers were required to contribute 19.5 percent and 24 percent respectively for police officers and firefighters.

The OP&F Pension Fund is authorized by the Ohio Revised Code to allocate a portion of the employer contributions to retiree health care benefits. For January 1 2013, thru May 31, 2013, the portion of employer contributions used to fund pension benefits was 14.81 percent of covered payroll for the police officers and 19.31 percent of covered payroll for firefighters. For June 1, 2013, thru December 31, 2013, the portion of employer contributions used to fund pension benefits was 16.65 percent of covered payroll for police officers and 21.15 percent of covered payroll for firefighters. The City's contributions to OP&F for police and firefighters were \$425,244 and \$330,989 for the year ended December 31, 2013, \$342,537 and \$277,260 for the year ended December 31, 2012, and \$340,948 and \$290,731 for the year ended December 31, 2011,

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

respectively. For 2013, 84.20 percent for police and 86.79 percent for firefighters has been contributed with the balance for both police and firefighters being reported as an intergovernmental payable. The full amount has been contributed for 2012 and 2011.

Note 15 – Post-Employment Benefits

Ohio Public Employees Retirement System

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

In order to qualify for post-employment health care coverage, age and service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers fund post-employment health care through their contributions to OPERS. A portion of each employer’s contribution to the Traditional Pension or Combined Plans is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2013, State and local government employers contributed at a rate of 14.0 percent of covered payroll. These are the maximum employer contribution rates permitted by the Ohio Revised Code.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. For 2013, the portion of employer contributions allocated to health care for members in the Traditional Pension Plan and the Combined Plan was 1.0 percent. Effective January 1, 2014, the portion of employer contributions allocated to health care was raised to 2 percent for both plans, as recommended by OPERS actuary.

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

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2013, 2012, and 2011 were \$70,772, \$279,277, and \$276,458, respectively. For 2013, 82.25 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2012 and 2011.

Changes to health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approval health care changes, OPERS expects to consistently allocate four percent of the employer contributions toward the health care fund after the end of the transition period.

Ohio Police and Fire Pension Fund

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

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

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

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164. That report is also available of OP&F's website at www.op-f.org.

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

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements 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 OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For January 1, 2013, thru May 31, 2013, the employer contribution allocated to the health care plan was 4.69 percent of covered payroll. For June 1, 2013, thru December 31, 2013, the employer contribution allocated to the health care plan was 2.85 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 Section 115 and 401(h).

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

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

The City's contributions to OP&F which were allocated to fund post-employment health care benefits for police and firefighters were \$72,790 and \$44,601 for the year ended December 31, 2013, \$181,343 and \$108,493 for the year ended December 31, 2012, and \$180,502 and \$113,764 for the year ended December 31, 2011, respectively. For 2013, 84.20 percent for police and 86.79 percent for firefighters has been contributed with the balance for both police and firefighters being reported as an intergovernmental payable. The full amount has been contributed for 2012 and 2011.

Note 16 - Long-Term Obligations

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

Debt Issue	Interest Rate	Original Issue Amount	Date of Maturity
General Obligation Bonds			
2005 Northeast Quadrant TIF Serial	2.00-5.00 %	\$5,800,000	December 1, 2030
2011 Various Purpose Refunding	3.00-4.00	16,935,000	December 21, 2028
Ohio Public Works Commission Loans			
1994 Quarry Road Bridge Project	0.00	335,095	December 1, 2014
2011 Pleasant Valley	0.00	225,000	December 1, 2031
Long-Term Notes Payable			
2013 Selig Drive Intersection	1.125	2,850,000	April 15, 2014
2013 Pleasant Valley Quadrant	1.125	900,000	April 15, 2014
2013 Chestnut Woods III Improvements	1.125	950,000	April 15, 2014
Ohio Water Development Authority Loan			
2011 Lower Brookside Watershed Study	3.20	52,520	July 1, 2016

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

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

	Balance 12/31/12	Additions	Reductions	Balance 12/31/13	Amounts Due in One Year
Governmental Activities					
2005 Northeast Quadrant TIF					
Serial Bonds	\$4,785,000	\$0	(\$180,000)	\$4,605,000	\$185,000
Unamortized Premium	102,185	0	(5,677)	96,508	0
Total 2005 Northeast Quadrant TIF	4,887,185	0	(185,677)	4,701,508	185,000
2011 Various Purpose Refunding					
Serial Bonds	16,935,000	0	(920,000)	16,015,000	1,270,000
Unamortized Premium	884,199	0	(59,945)	824,254	0
Total 2011 Various Purpose Refunding	17,819,199	0	(979,945)	16,839,254	1,270,000
<i>Total General Obligation Bonds</i>	<i>22,706,384</i>	<i>0</i>	<i>(1,165,622)</i>	<i>21,540,762</i>	<i>1,455,000</i>
OPWC Loans					
1994 OPWC Loan - Quarry Road Bridge	10,151	0	(6,767)	3,384	3,384
2011 OPWC Loan - Pleasant Valley	219,375	0	(11,250)	208,125	11,250
Total OPWC Loans	229,526	0	(18,017)	211,509	14,634
Notes Payable					
<i>Selig Drive Improvements</i>	3,600,000	2,850,000	(3,600,000)	2,850,000	0
Premium on Notes	8,640	21,945	(23,264)	7,321	0
<i>Selig Drive Improvements</i>	900,000	900,000	(900,000)	900,000	0
Premium on Notes	2,160	6,930	(6,780)	2,310	0
<i>Chestnut Woods III Improvements</i>	0	950,000	0	950,000	0
Premium on Notes	0	7,315	(4,877)	2,438	0
Total Notes Payable	4,510,800	4,736,190	(4,534,921)	4,712,069	0
Other Long-term Obligations					
2011 OWDA Loan - Lower Brookside	42,676	0	(10,182)	32,494	10,489
Claim Payable	339,009	50,917	(377,193)	12,733	11,751
Compensated Absences	758,030	73,491	(111,531)	719,990	217,054
Total Other Long-term Obligations	1,139,715	124,408	(498,906)	765,217	239,294
Total General Long-term Obligations	\$28,586,425	\$4,860,598	(\$6,217,466)	\$27,229,557	\$1,708,928

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 will be retired through the bond retirement debt service fund. The bonds were sold at a premium of \$959,129. 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 a result, at December 31, 2013, \$16,295,000 of these bonds are considered defeased and the liability for the refunded bonds has been removed from the City's financial statements.

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. 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

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

are backed by the full faith of the City of Independence. The long-term notes will be paid from the capital improvement and drain water capital projects funds. The OPWC loans will be paid from the street resurfacing capital projects fund. The OWDA loan will be paid from the drain water capital projects fund.

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

The City's overall legal debt margin was \$26,242,773 at December 31, 2013. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2013 are as follows:

	General Obligation Bonds		OPWC Loan	OWDA Loan	
	Principal	Interest	Principal	Principal	Interest
2014	\$1,455,000	\$747,162	\$14,634	\$10,489	\$957
2015	1,520,000	697,588	11,250	10,828	618
2016	1,535,000	665,413	11,250	11,177	269
2017	1,590,000	617,964	11,250	0	0
2018	1,640,000	568,687	11,250	0	0
2019-2023	7,940,000	1,853,235	56,250	0	0
2024-2028	4,200,000	619,501	56,250	0	0
2029-2033	740,000	47,600	39,375	0	0
Total	\$20,620,000	\$5,817,150	\$211,509	\$32,494	\$1,844

Note 17 – Notes Payable

Changes in the City's note activity for the year ended December 31, 2013, were as follows:

Types / Issues	Balance	Additions	Reductions	Balance
	12/31/2012			12/31/2013
Quadrant Improvements	\$2,300,000	\$0	(\$2,300,000)	\$0
Premium on Notes	5,520	0	(5,520)	0
Selig Drive Improvements	0	750,000	0	750,000
Premium on Notes	0	5,775	(3,856)	1,919
Total Short-Term Notes	\$2,305,520	\$755,775	(\$2,309,376)	\$751,919

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 15, 2014. The note liability is reflected in the funds which received the proceeds. All note proceeds have been fully expended. The notes will be paid out of the quadrant tax increment financing debt service fund with payments in lieu of taxes.

By Ohio law, notes can be issued in anticipation of bond proceeds, special assessment bond proceeds and levies, or for up to 50 percent of anticipated revenue collections. There are limitations on the number of times a note can be renewed. All notes outstanding at year-end are bond anticipation notes. The notes were paid in full in 2014. As the result, the \$751,919 liability outstanding at December 31, 2013, was presented as a fund liability in the financial statements.

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

Note 18 - Jointly Governed Organizations

Southwest Council of Governments

The Southwest Council of Governments helps foster cooperation between municipalities in areas affecting health, safety, welfare, education, economic conditions and regional development. The Board is comprised of one member from each of the 19 participating entities. The Board exercises total control over the operation of the Council including budgeting, appropriating, contracting and designating management. Budgets are adopted by the Board. Each City's degree of control is limited to its representation on the Board. In 2013, the City contributed \$15,000 which represents 5.2 percent of total contributions.

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

Northeast Ohio Public Energy Council (NOPEC)

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

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives on the governing board from each county then elect one person to serve on the nine-member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. The City did not contribute to NOPEC during 2013. Financial information can be obtained by contacting Joseph Migliorini, Board Chairman, 31320 Solon Road, Suite 20, Solon, Ohio 44139 or at the website www.nopecinfo.org.

Note 19 – Shared Facilities Joint Operating Agreement

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

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

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

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

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

Note 20 – Significant Commitments

Contractual Commitments

At December 31, 2013, the City's significant contractual commitments consisted of Hillside/Route 21 intersection improvements of \$772,399. Remaining commitment amounts were encumbered at year end. The amounts of \$752,332 and \$91,934 in contracts and retainage payable have been capitalized.

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:

General	\$752,502
Quadrant Tax Increment Financing	2,541,927
Capital Improvements	1,492,775
Street Resurfacing	2,274,329
Other Governmental Funds	792,733
Totals	<u><u>\$7,854,266</u></u>

Note 21 – Subsequent Event

On April 15, 2014, the City retired \$5,450,000 in general obligation bond anticipation notes and issued \$4,700,000 in new notes. The new notes have a maturity date of April 15, 2015 and an interest rate of 1.00 percent.

**Combining and Individual
Fund Statements and Schedules**

Combining Statements – Non-major Governmental Funds

Nonmajor Special Revenue Funds

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

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

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

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

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

Indigent Drivers Fund – To account for and report the additional fees levied by the Independence Municipal Court under State law that are restricted for the rehabilitation of DUI indigent citizens.

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

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

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

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

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

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

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

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

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

(continued)

Nonmajor Special Revenue Funds (continued)

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

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

Cemetery Fund – To account for and report receipts from grave sales and other fees to be used 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 assigned for income tax refund payments. 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 general obligation bond and note 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 improvements to the Oaktree Development.

Public Safety Equipment Fund – To account for and report general obligation bond proceeds restricted to upgrade equipment 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, 2013

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$2,012,180	\$51,312	\$618,132	\$2,681,624
Cash and Cash Equivalents In Segregated Accounts	7,718	0	0	7,718
Accounts Receivable	692	0	0	692
Intergovernmental Receivable	264,053	0	0	264,053
Special Assessments Receivable	0	0	587,122	587,122
Property Taxes Receivable	230,041	0	0	230,041
<i>Total Assets</i>	<u>\$2,514,684</u>	<u>\$51,312</u>	<u>\$1,205,254</u>	<u>\$3,771,250</u>
Liabilities				
Accounts Payable	\$78,073	\$0	\$8,877	\$86,950
Accrued Wages	51,780	0	0	51,780
Intergovernmental Payable	86,268	0	4,000	90,268
Retainage Payable	0	0	21,124	21,124
Interfund Payable	0	0	10,000	10,000
<i>Total Liabilities</i>	<u>216,121</u>	<u>0</u>	<u>44,001</u>	<u>260,122</u>
Deferred Inflows of Resources				
Property Taxes	117,853	0	0	117,853
Unavailable Revenue	338,697	0	587,122	925,819
<i>Total Deferred Inflows of Resources</i>	<u>456,550</u>	<u>0</u>	<u>587,122</u>	<u>1,043,672</u>
Fund Balances				
Restricted	1,534,579	51,312	583,467	2,169,358
Committed	307,434	0	0	307,434
Unassigned (Deficit)	0	0	(9,336)	(9,336)
<i>Total Fund Balances</i>	<u>1,842,013</u>	<u>51,312</u>	<u>574,131</u>	<u>2,467,456</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$2,514,684</u>	<u>\$51,312</u>	<u>\$1,205,254</u>	<u>\$3,771,250</u>

City of Independence, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2013

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Property Taxes	\$130,335	\$0	\$0	\$130,335
Intergovernmental	562,939	0	0	562,939
Investment Income	11,217	0	0	11,217
Fees, Licenses and Permits	346,329	0	0	346,329
Fines and Forfeitures	50,401	0	0	50,401
Charges for Services	19,780	0	0	19,780
Special Assessments	0	0	50,442	50,442
Miscellaneous	69,567	0	20,825	90,392
<i>Total Revenues</i>	<u>1,190,568</u>	<u>0</u>	<u>71,267</u>	<u>1,261,835</u>
Expenditures				
Current:				
General Government	67,277	0	0	67,277
Security of Persons and Property	629,604	0	0	629,604
Public Health and Welfare	101,608	0	0	101,608
Leisure Time Activities	521,725	0	0	521,725
Transportation	1,675,260	0	0	1,675,260
Capital Outlay	0	0	716,101	716,101
Debt Service:				
Principal Retirement	0	0	53,930	53,930
Interest and Fiscal Charges	0	0	16,307	16,307
<i>Total Expenditures</i>	<u>2,995,474</u>	<u>0</u>	<u>786,338</u>	<u>3,781,812</u>
<i>Excess of Revenues Under Expenditures</i>	(1,804,906)	0	(715,071)	(2,519,977)
Other Financing Sources				
Transfers In	<u>2,001,100</u>	<u>0</u>	<u>640,000</u>	<u>2,641,100</u>
<i>Net Change in Fund Balances</i>	196,194	0	(75,071)	121,123
<i>Fund Balances Beginning of Year</i>	<u>1,645,819</u>	<u>51,312</u>	<u>649,202</u>	<u>2,346,333</u>
<i>Fund Balances End of Year</i>	<u><u>\$1,842,013</u></u>	<u><u>\$51,312</u></u>	<u><u>\$574,131</u></u>	<u><u>\$2,467,456</u></u>

City of Independence, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2013

	State Highway	Motor Vehicle License Tax	Street Construction, Maintenance and Repair	Enforcement and Education	Indigent Drivers
Assets					
Equity in Pooled Cash and Cash Equivalents	\$84,497	\$46,399	\$826,107	\$9,252	\$16,541
Cash and Cash Equivalents In Segregated Accounts	0	0	0	0	0
Accounts Receivable	0	0	0	75	132
Intergovernmental Receivable	18,581	11,111	229,051	0	0
Property Taxes Receivable	0	0	0	0	0
<i>Total Assets</i>	<u>\$103,078</u>	<u>\$57,510</u>	<u>\$1,055,158</u>	<u>\$9,327</u>	<u>\$16,673</u>
Liabilities					
Accounts Payable	\$0	\$0	\$73,103	\$0	\$0
Accrued Wages	0	0	23,567	0	0
Intergovernmental Payable	0	0	11,167	0	0
<i>Total Liabilities</i>	<u>0</u>	<u>0</u>	<u>107,837</u>	<u>0</u>	<u>0</u>
Deferred Inflows of Resources					
Property Taxes	0	0	0	0	0
Unavailable Revenue	15,893	9,408	195,898	0	0
<i>Total Deferred Inflows of Resources</i>	<u>15,893</u>	<u>9,408</u>	<u>195,898</u>	<u>0</u>	<u>0</u>
Fund Balances					
Restricted	87,185	48,102	751,423	9,327	16,673
Committed	0	0	0	0	0
<i>Total Fund Balances</i>	<u>87,185</u>	<u>48,102</u>	<u>751,423</u>	<u>9,327</u>	<u>16,673</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$103,078</u>	<u>\$57,510</u>	<u>\$1,055,158</u>	<u>\$9,327</u>	<u>\$16,673</u>

<u>Drug Offense</u>	<u>Law Enforcement</u>	<u>Federal Forfeiture</u>	<u>Mayor's Court Computer</u>	<u>FEMA Grant</u>	<u>Handicap Parking</u>
\$40,068	\$23,628	\$82,631	\$41,845	\$2,959	\$24,092
0	0	0	0	0	0
0	200	0	285	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$40,068</u>	<u>\$23,828</u>	<u>\$82,631</u>	<u>\$42,130</u>	<u>\$2,959</u>	<u>\$24,092</u>
\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
40,068	23,828	82,631	42,130	2,959	0
0	0	0	0	0	24,092
<u>40,068</u>	<u>23,828</u>	<u>82,631</u>	<u>42,130</u>	<u>2,959</u>	<u>24,092</u>
<u>\$40,068</u>	<u>\$23,828</u>	<u>\$82,631</u>	<u>\$42,130</u>	<u>\$2,959</u>	<u>\$24,092</u>

(continued)

City of Independence, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2013

	Friends for Life	Twenty- Five and Alive	Home Days	I Can	Tree
Assets					
Equity in Pooled Cash and Cash Equivalents	\$2,085	\$12,257	\$12,513	\$10,388	\$24,690
Cash and Cash Equivalents In Segregated Accounts	0	0	0	0	0
Accounts Receivable	0	0	0	0	0
Intergovernmental Receivable	0	0	0	0	0
Property Taxes Receivable	0	0	0	0	0
<i>Total Assets</i>	<u>\$2,085</u>	<u>\$12,257</u>	<u>\$12,513</u>	<u>\$10,388</u>	<u>\$24,690</u>
Liabilities					
Accounts Payable	\$0	\$0	\$0	\$0	\$0
Accrued Wages	0	0	0	0	0
Intergovernmental Payable	0	0	0	0	0
<i>Total Liabilities</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Deferred Inflows of Resources					
Property Taxes	0	0	0	0	0
Unavailable Revenue	0	0	0	0	0
<i>Total Deferred Inflows of Resources</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances					
Restricted	0	0	0	0	0
Committed	2,085	12,257	12,513	10,388	24,690
<i>Total Fund Balances</i>	<u>2,085</u>	<u>12,257</u>	<u>12,513</u>	<u>10,388</u>	<u>24,690</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$2,085</u>	<u>\$12,257</u>	<u>\$12,513</u>	<u>\$10,388</u>	<u>\$24,690</u>

<u>Cemetery</u>	<u>Recreation</u>	<u>Police Pension</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$44,045	\$212,932	\$495,251	\$2,012,180
0	7,718	0	7,718
0	0	0	692
0	0	5,310	264,053
0	0	230,041	230,041
<u>\$44,045</u>	<u>\$220,650</u>	<u>\$730,602</u>	<u>\$2,514,684</u>
\$132	\$4,838	\$0	\$78,073
1,875	26,338	0	51,780
956	9,147	64,998	86,268
<u>2,963</u>	<u>40,323</u>	<u>64,998</u>	<u>216,121</u>
0	0	117,853	117,853
0	0	117,498	338,697
<u>0</u>	<u>0</u>	<u>235,351</u>	<u>456,550</u>
0	0	430,253	1,534,579
41,082	180,327	0	307,434
<u>41,082</u>	<u>180,327</u>	<u>430,253</u>	<u>1,842,013</u>
<u>\$44,045</u>	<u>\$220,650</u>	<u>\$730,602</u>	<u>\$2,514,684</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, 2013

	State Highway	Motor Vehicle License Tax	Street Construction, Maintenance and Repair	Enforcement and Education	Indigent Drivers
Revenues					
Property Taxes	\$0	\$0	\$0	\$0	\$0
Intergovernmental	36,749	23,740	453,242	0	0
Investment Income	183	96	3,220	0	0
Fees, Licenses and Permits	0	0	0	0	0
Fines and Forfeitures	0	0	0	1,785	2,468
Charges for Services	0	0	0	0	0
Miscellaneous	0	0	9,993	0	0
<i>Total Revenues</i>	<u>36,932</u>	<u>23,836</u>	<u>466,455</u>	<u>1,785</u>	<u>2,468</u>
Expenditures					
Current:					
General Government	0	0	0	0	0
Security of Persons and Property	0	0	0	500	0
Public Health and Welfare	0	0	0	0	0
Leisure Time Activities	0	0	0	0	0
Transportation	0	0	1,675,260	0	0
<i>Total Expenditures</i>	<u>0</u>	<u>0</u>	<u>1,675,260</u>	<u>500</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	36,932	23,836	(1,208,805)	1,285	2,468
Other Financing Sources					
Transfers In	0	0	1,300,000	0	0
<i>Net Change in Fund Balances</i>	36,932	23,836	91,195	1,285	2,468
<i>Fund Balances Beginning of Year</i>	<u>50,253</u>	<u>24,266</u>	<u>660,228</u>	<u>8,042</u>	<u>14,205</u>
<i>Fund Balances End of Year</i>	<u>\$87,185</u>	<u>\$48,102</u>	<u>\$751,423</u>	<u>\$9,327</u>	<u>\$16,673</u>

Drug Offense	Law Enforcement	Federal Forfeiture	Mayor's Court Computer	FEMA Grant	Handicap Parking
\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	43,903	0
0	0	0	0	0	0
0	0	0	0	0	0
2,099	16,888	21,461	5,250	0	450
0	0	0	0	0	0
0	0	0	0	0	0
<u>2,099</u>	<u>16,888</u>	<u>21,461</u>	<u>5,250</u>	<u>43,903</u>	<u>450</u>
0	0	0	15,361	0	0
4,840	19,091	60,830	0	47,603	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>4,840</u>	<u>19,091</u>	<u>60,830</u>	<u>15,361</u>	<u>47,603</u>	<u>0</u>
(2,741)	(2,203)	(39,369)	(10,111)	(3,700)	450
0	0	0	0	6,100	0
(2,741)	(2,203)	(39,369)	(10,111)	2,400	450
<u>42,809</u>	<u>26,031</u>	<u>122,000</u>	<u>52,241</u>	<u>559</u>	<u>23,642</u>
<u>\$40,068</u>	<u>\$23,828</u>	<u>\$82,631</u>	<u>\$42,130</u>	<u>\$2,959</u>	<u>\$24,092</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, 2013

	Friends for Life	Twenty- Five and Alive	Home Days	I Can	Tree
Revenues					
Property Taxes	\$0	\$0	\$0	\$0	\$0
Intergovernmental	0	0	0	0	0
Investment Income	0	0	0	0	0
Fees, Licenses and Permits	0	0	0	0	0
Fines and Forfeitures	0	0	0	0	0
Charges for Services	0	0	0	0	0
Miscellaneous	0	2,024	47,290	2,963	0
<i>Total Revenues</i>	<u>0</u>	<u>2,024</u>	<u>47,290</u>	<u>2,963</u>	<u>0</u>
Expenditures					
Current:					
General Government	0	3,036	44,470	4,410	0
Security of Persons and Property	0	0	0	0	0
Public Health and Welfare	0	0	0	0	0
Leisure Time Activities	0	0	0	0	0
Transportation	0	0	0	0	0
<i>Total Expenditures</i>	<u>0</u>	<u>3,036</u>	<u>44,470</u>	<u>4,410</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	0	(1,012)	2,820	(1,447)	0
Other Financing Sources					
Transfers In	0	2,000	0	2,000	6,000
<i>Net Change in Fund Balances</i>	0	988	2,820	553	6,000
<i>Fund Balances Beginning of Year</i>	<u>2,085</u>	<u>11,269</u>	<u>9,693</u>	<u>9,835</u>	<u>18,690</u>
<i>Fund Balances End of Year</i>	<u><u>\$2,085</u></u>	<u><u>\$12,257</u></u>	<u><u>\$12,513</u></u>	<u><u>\$10,388</u></u>	<u><u>\$24,690</u></u>

Cemetery	Recreation	Police Pension	Total Nonmajor Special Revenue Funds
\$0	\$0	\$130,335	\$130,335
0	0	5,305	562,939
0	7,718	0	11,217
0	346,329	0	346,329
0	0	0	50,401
19,780	0	0	19,780
0	7,297	0	69,567
<u>19,780</u>	<u>361,344</u>	<u>135,640</u>	<u>1,190,568</u>
0	0	0	67,277
0	0	496,740	629,604
101,608	0	0	101,608
0	521,725	0	521,725
0	0	0	1,675,260
<u>101,608</u>	<u>521,725</u>	<u>496,740</u>	<u>2,995,474</u>
(81,828)	(160,381)	(361,100)	(1,804,906)
<u>85,000</u>	<u>200,000</u>	<u>400,000</u>	<u>2,001,100</u>
3,172	39,619	38,900	196,194
<u>37,910</u>	<u>140,708</u>	<u>391,353</u>	<u>1,645,819</u>
<u>\$41,082</u>	<u>\$180,327</u>	<u>\$430,253</u>	<u>\$1,842,013</u>

City of Independence, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2013

	Drain Water	Rockside Woods	Issue II
Assets			
Equity in Pooled Cash and Cash Equivalents	\$217,377	\$664	\$46,353
Special Assessments Receivable	0	0	587,122
<i>Total Assets</i>	<u>\$217,377</u>	<u>\$664</u>	<u>\$633,475</u>
Liabilities			
Accounts Payable	\$3,998	\$0	\$0
Intergovernmental Payable	4,000	0	0
Retainage Payable	21,124	0	0
Interfund Payable	0	10,000	0
<i>Total Liabilities</i>	<u>29,122</u>	<u>10,000</u>	<u>0</u>
Deferred Inflows of Resources			
Unavailable Revenue	0	0	587,122
Fund Balances			
Restricted	188,255	0	46,353
Unassigned (Deficit)	0	(9,336)	0
<i>Total Fund Balances (Deficit)</i>	<u>188,255</u>	<u>(9,336)</u>	<u>46,353</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$217,377</u>	<u>\$664</u>	<u>\$633,475</u>

Public Safety Equipment	Route 21 and Pleasant Valley	Total Nonmajor Capital Projects Funds
\$353,143	\$595	\$618,132
0	0	587,122
<u>\$353,143</u>	<u>\$595</u>	<u>\$1,205,254</u>
\$4,879	\$0	\$8,877
0	0	4,000
0	0	21,124
0	0	10,000
<u>4,879</u>	<u>0</u>	<u>44,001</u>
0	0	587,122
348,264	595	583,467
0	0	(9,336)
<u>348,264</u>	<u>595</u>	<u>574,131</u>
<u>\$353,143</u>	<u>\$595</u>	<u>\$1,205,254</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, 2013

	Drain Water	Rockside Woods	Issue II
Revenues			
Special Assessments	\$0	\$0	\$50,442
Miscellaneous	20,825	0	0
<i>Total Revenues</i>	<u>20,825</u>	<u>0</u>	<u>50,442</u>
Expenditures			
Capital Outlay	332,895	275	499
Debt Service:			
Principal Retirement	10,182	0	32,498
Interest and Fiscal Charges	1,284	0	15,023
<i>Total Expenditures</i>	<u>344,361</u>	<u>275</u>	<u>48,020</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(323,536)	(275)	2,422
Other Financing Sources			
Transfers In	365,000	0	0
<i>Net Change in Fund Balances</i>	41,464	(275)	2,422
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>146,791</u>	<u>(9,061)</u>	<u>43,931</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>\$188,255</u></u>	<u><u>(\$9,336)</u></u>	<u><u>\$46,353</u></u>

Public Safety Equipment	Route 21 and Pleasant Valley	Total Nonmajor Capital Projects Funds
\$0	\$0	\$50,442
0	0	20,825
0	0	71,267
382,432	0	716,101
0	11,250	53,930
0	0	16,307
382,432	11,250	786,338
(382,432)	(11,250)	(715,071)
275,000	0	640,000
(107,432)	(11,250)	(75,071)
455,696	11,845	649,202
<u>\$348,264</u>	<u>\$595</u>	<u>\$574,131</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, 2013

	Beginning Balance <u>12/31/12</u>	<u>Additions</u>	<u>Deductions</u>	Ending Balance <u>12/31/13</u>
<i>Deposits and Fees</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	<u>\$185,167</u>	<u>\$190,868</u>	<u>\$175,250</u>	<u>\$200,785</u>
Liabilities				
Deposits Held and Due to Others	<u>\$185,167</u>	<u>\$190,868</u>	<u>\$175,250</u>	<u>\$200,785</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, 2013

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	\$799,542	\$799,541	\$838,668	\$39,127
Municipal Income Taxes	25,229,500	25,200,000	25,878,961	678,961
Hotel/Motel Taxes	1,217,506	1,217,506	1,297,763	80,257
Intergovernmental	751,176	751,176	794,489	43,313
Investment Income	51,191	51,191	54,565	3,374
Fees, Licenses and Permits	308,012	308,012	328,316	20,304
Fines and Forfeitures	204,064	204,064	217,186	13,122
Charges for Services	535,212	535,212	570,493	35,281
Rentals	213,618	213,618	227,699	14,081
Miscellaneous	168,333	168,333	179,429	11,096
<i>Total Revenues</i>	<u>29,478,154</u>	<u>29,448,653</u>	<u>30,387,569</u>	<u>938,916</u>
Expenditures				
Current:				
General Government:				
Legislative and Executive:				
Mayor:				
Salaries and Wages	373,000	395,500	394,897	603
Benefits	155,800	155,800	140,248	15,552
Other	17,669	17,669	11,422	6,247
Total Mayor	<u>546,469</u>	<u>568,969</u>	<u>546,567</u>	<u>22,402</u>
Finance Department:				
Salaries and Wages	282,900	304,900	271,555	33,345
Benefits	132,300	132,300	121,100	11,200
Other	12,100	14,100	9,532	4,568
Total Finance Department	<u>427,300</u>	<u>451,300</u>	<u>402,187</u>	<u>49,113</u>
Council:				
Salaries and Wages	146,000	136,000	104,795	31,205
Benefits	135,800	135,800	115,089	20,711
Other	7,398	7,352	1,705	5,647
Total Council	<u>289,198</u>	<u>279,152</u>	<u>221,589</u>	<u>57,563</u>
Law Director:				
Other	\$273,954	\$273,954	\$257,324	\$16,630

(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, 2013

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Other:				
Salaries and Wages	\$100,200	\$62,700	\$56,115	\$6,585
Benefits	202,200	217,200	199,748	17,452
Insurance	1,686,300	368,450	359,948	8,502
Professional Fees	621,644	491,284	420,660	70,624
Other	588,132	1,864,922	1,679,094	185,828
Total Other	3,198,476	3,004,556	2,715,565	288,991
Court:				
Salaries and Wages	193,100	203,100	191,116	11,984
Benefits	92,400	86,400	62,979	23,421
Other	55,097	58,588	50,606	7,982
Total Court	340,597	348,088	304,701	43,387
Service Administration:				
Salaries and Wages	326,100	367,100	364,997	2,103
Benefits	153,121	142,500	139,768	2,732
Other	8,717	28,285	25,538	2,747
Total Service Administration	487,938	537,885	530,303	7,582
Income Tax Collection:				
Other	725,000	805,000	842,406	(37,406)
Court Program Fees				
Other	7,500	7,500	1,200	6,300
Inaugural Ball				
Other	0	2,188	2,188	0
Total General Government	6,296,432	6,278,592	5,824,030	454,562
Security of Persons and Property:				
Police:				
Salaries and Wages	3,836,600	3,779,600	3,482,160	297,440
Benefits	1,021,507	1,014,200	836,905	177,295
Other	209,929	241,546	194,490	47,056
Total Police	5,068,036	5,035,346	4,513,555	521,791
Fire:				
Salaries and Wages	2,120,600	2,018,100	1,796,288	221,812
Benefits	974,642	950,800	861,604	89,196
Other	196,954	269,714	251,514	18,200
Total Fire	3,292,196	3,238,614	2,909,406	329,208
Total Security of Persons and Property	\$8,360,232	\$8,273,960	\$7,422,961	\$850,999

(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, 2013

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Leisure Time Activities:				
Parks and Playgrounds:				
Salaries and Wages	\$202,100	\$209,600	\$203,042	\$6,558
Benefits	60,700	65,700	61,965	3,735
Other	125,813	125,762	117,938	7,824
Total Parks and Playgrounds	<u>388,613</u>	<u>401,062</u>	<u>382,945</u>	<u>18,117</u>
Pools:				
Salaries and Wages	297,800	297,800	268,333	29,467
Benefits	50,200	50,200	42,396	7,804
Other	43,541	49,532	41,513	8,019
Total Pools	<u>391,541</u>	<u>397,532</u>	<u>352,242</u>	<u>45,290</u>
Concession Stand:				
Salaries and Wages	37,100	37,100	33,926	3,174
Other	46,316	49,021	42,853	6,168
Total Concession Stand	<u>83,416</u>	<u>86,121</u>	<u>76,779</u>	<u>9,342</u>
Field House:				
Salaries and Wages	63,800	64,800	63,802	998
Benefits	32,500	32,500	28,694	3,806
Other	32,439	42,377	24,429	17,948
Total Field House	<u>128,739</u>	<u>139,677</u>	<u>116,925</u>	<u>22,752</u>
Administration:				
Salaries and Wages	320,300	320,800	320,399	401
Benefits	330,100	323,600	284,247	39,353
Other	6,645	7,602	5,692	1,910
Total Administration	<u>657,045</u>	<u>652,002</u>	<u>610,338</u>	<u>41,664</u>
Civic Center Rec:				
Salaries and Wages	229,700	229,700	215,492	14,208
Custodial:				
Salaries and Wages	\$251,900	\$251,900	\$240,370	\$11,530

(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, 2013

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Civic Center:				
Salaries and Wages	\$528,800	\$538,800	\$536,202	\$2,598
Benefits	250,700	246,700	215,030	31,670
Other	143,457	146,735	121,546	25,189
Total Civic Center	922,957	932,235	872,778	59,457
Total Leisure Time Activities	3,053,911	3,090,229	2,867,869	222,360
Community Environment:				
Building and Lands:				
Salaries and Wages	338,800	314,800	302,980	11,820
Benefits	144,600	144,600	127,139	17,461
Other	368,467	424,484	379,325	45,159
Total Building and Lands	851,867	883,884	809,444	74,440
Technical Services:				
Salaries and Wages	479,700	502,700	489,958	12,742
Benefits	218,534	197,900	190,751	7,149
Other	308,103	286,175	215,845	70,330
Total Technical Services	1,006,337	986,775	896,554	90,221
IT Department:				
Salaries and Wages	120,000	120,000	117,257	2,743
Benefits	48,000	48,000	43,802	4,198
Other	92,200	121,517	114,326	7,191
Total IT Department	260,200	289,517	275,385	14,132
Building Department:				
Salaries and Wages	231,500	226,000	215,687	10,313
Benefits	89,900	85,900	72,238	13,662
Other	89,234	82,253	49,938	32,315
Total Building Department	410,634	394,153	337,863	56,290
Engineering Department (7000)				
Salaries and Wages	236,900	239,900	237,964	1,936
Benefits	95,500	95,500	88,621	6,879
Other	28,675	44,924	38,962	5,962
Total Engineering Department	361,075	380,324	365,547	14,777
Economic Department				
Salaries and Wages	120,000	125,000	106,015	18,985
Benefits	61,200	56,200	38,090	18,110
Other	66,000	70,965	58,757	12,208
Total Economic Department	\$247,200	\$252,165	\$202,862	\$49,303

(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, 2013

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Boards and Commissions:				
Salaries and Wages	\$52,300	\$52,300	\$9,771	\$42,529
Benefits	7,600	7,600	6,584	1,016
Other	549	549	37,220	(36,671)
Total Boards and Commissions	<u>60,449</u>	<u>60,449</u>	<u>53,575</u>	<u>6,874</u>
Total Community Environment	<u>3,197,762</u>	<u>3,247,267</u>	<u>2,941,230</u>	<u>306,037</u>
Basic Utility Services				
Rubbish:				
Salaries and Wages	40,000	40,000	20,662	19,338
Benefits	6,000	6,000	2,940	3,060
Other	216,400	216,400	214,669	1,731
Total Rubbish	<u>262,400</u>	<u>262,400</u>	<u>238,271</u>	<u>24,129</u>
Sewer/Water Control:				
Salaries and Wages	177,900	183,900	181,508	2,392
Benefits	90,200	90,200	83,296	6,904
Other	35,396	19,480	13,682	5,798
Total Sewer/Water Control	<u>303,496</u>	<u>293,580</u>	<u>278,486</u>	<u>15,094</u>
Total Basic Utility Services	<u>565,896</u>	<u>555,980</u>	<u>516,757</u>	<u>39,223</u>
Transportation:				
Equipment and Motor Pool:				
Salaries and Wages	360,900	349,900	334,585	15,315
Benefits	135,200	141,200	132,295	8,905
Other	242,233	307,627	292,501	15,126
Total Transportation	<u>738,333</u>	<u>798,727</u>	<u>759,381</u>	<u>39,346</u>
Total Expenditures	<u>22,212,566</u>	<u>22,244,755</u>	<u>20,332,228</u>	<u>1,912,527</u>
Excess of Revenues Over Expenditures	<u>\$7,265,588</u>	<u>\$7,203,898</u>	<u>\$10,055,341</u>	<u>\$2,851,443</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, 2013

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Other Financing Sources (Uses)				
Advances In	\$0	\$1,057,000	\$1,057,000	\$0
Advances Out	(420,000)	(1,116,000)	(1,116,000)	0
Transfers Out	<u>(8,995,000)</u>	<u>(10,281,100)</u>	<u>(10,231,100)</u>	<u>50,000</u>
<i>Total Other Financing (Uses)</i>	<u>(9,415,000)</u>	<u>(10,340,100)</u>	<u>(10,290,100)</u>	<u>50,000</u>
<i>Net Change in Fund Balance</i>	(2,149,412)	(3,136,202)	(234,759)	2,901,443
<i>Fund Balance Beginning of Year</i>	5,625,962	5,625,962	5,625,962	0
Prior Year Encumbrances Appropriated	<u>705,966</u>	<u>705,966</u>	<u>705,966</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$4,182,516</u></u>	<u><u>\$3,195,726</u></u>	<u><u>\$6,097,169</u></u>	<u><u>\$2,901,443</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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Investment Income	\$0	\$0	\$461	\$461
Payments in Lieu of Taxes	1,574,200	1,335,300	1,307,888	(27,412)
Miscellaneous	93,400	95,500	23,053	(72,447)
<i>Total Revenues</i>	<u>1,667,600</u>	<u>1,430,800</u>	<u>1,331,402</u>	<u>(99,398)</u>
Expenditures				
Capital Outlay:				
Capital Outlay	3,376,540	3,695,901	3,437,096	258,805
Debt Service:				
Principal Retirement	4,922,500	4,919,097	4,919,069	28
Interest and Fiscal Charges	534,200	500,919	500,867	52
Debt Issuance Cost	28,056	33,979	33,979	0
<i>Total Debt Service</i>	<u>5,484,756</u>	<u>5,453,995</u>	<u>5,453,915</u>	<u>80</u>
<i>Total Expenditures</i>	<u>8,861,296</u>	<u>9,149,896</u>	<u>8,891,011</u>	<u>258,885</u>
<i>Excess of Revenues</i>				
<i>Under Expenditures</i>	<u>(7,193,696)</u>	<u>(7,719,096)</u>	<u>(7,559,609)</u>	<u>159,487</u>
Other Financing Sources (Uses)				
General Obligation Notes Issued	4,803,300	5,450,000	5,450,000	0
Premium on Notes Issued	0	0	41,965	41,965
Advances In	1,116,000	1,116,000	1,116,000	0
Advances Out	(1,167,000)	(1,277,000)	(1,277,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>4,752,300</u>	<u>5,289,000</u>	<u>5,330,965</u>	<u>41,965</u>
<i>Net Change in Fund Balance</i>	<u>(2,441,396)</u>	<u>(2,430,096)</u>	<u>(2,228,644)</u>	<u>201,452</u>
<i>Fund Balance Beginning of Year</i>	920,027	920,027	920,027	0
Prior Year Encumbrances Appropriated	2,227,996	2,227,996	2,227,996	0
<i>Fund Balance End of Year</i>	<u>\$706,627</u>	<u>\$717,927</u>	<u>\$919,379</u>	<u>\$201,452</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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Miscellaneous	\$0	\$0	\$7,800	\$7,800
Expenditures				
Capital Outlay:				
Capital Outlay	2,636,581	2,654,581	2,565,240	89,341
Debt Service:				
Principal Retirement	2,948,500	2,948,500	2,948,433	67
Interest and Fiscal Charges	345,500	345,500	345,461	39
Total Debt Service	3,294,000	3,294,000	3,293,894	106
<i>Total Expenditures</i>	5,930,581	5,948,581	5,859,134	89,447
<i>Excess of Revenues Under Expenditures</i>	(5,930,581)	(5,948,581)	(5,851,334)	97,247
Other Financing Sources				
Advances In	180,000	220,000	220,000	0
Transfers In	4,300,000	4,300,000	4,300,000	0
<i>Total Other Financing Sources</i>	4,480,000	4,520,000	4,520,000	0
<i>Net Change in Fund Balance</i>	(1,450,581)	(1,428,581)	(1,331,334)	97,247
<i>Fund Balance Beginning of Year</i>	354,822	354,822	354,822	0
Prior Year Encumbrances Appropriated	1,407,081	1,407,081	1,407,081	0
<i>Fund Balance End of Year</i>	<u>\$311,322</u>	<u>\$333,322</u>	<u>\$430,569</u>	<u>\$97,247</u>

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Resurfacing Fund
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Miscellaneous	\$0	\$165,400	\$65,650	(\$99,750)
Expenditures				
Capital Outlay:				
Capital Outlay	3,776,976	4,260,176	4,125,522	134,654
Debt Service:				
Principal Retirement	0	6,800	6,767	33
<i>Total Expenditures</i>	<u>3,776,976</u>	<u>4,266,976</u>	<u>4,132,289</u>	<u>134,687</u>
<i>Excess of Revenues Under Expenditures</i>	(3,776,976)	(4,101,576)	(4,066,639)	34,937
Other Financing Sources				
Transfers In	<u>2,172,500</u>	<u>2,690,000</u>	<u>2,690,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(1,604,476)	(1,411,576)	(1,376,639)	34,937
<i>Fund Balance Beginning of Year</i>	345,531	345,531	345,531	0
Prior Year Encumbrances Appropriated	<u>1,272,076</u>	<u>1,272,076</u>	<u>1,272,076</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$13,131</u>	<u>\$206,031</u>	<u>\$240,968</u>	<u>\$34,937</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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$32,500	\$32,500	\$36,577	\$4,077
Interest	0	0	183	183
<i>Total Revenues</i>	32,500	32,500	36,760	4,260
Expenditures				
Current:				
Transportation:				
Streets, Sidewalks, and Maintenance:				
Other	25,000	25,000	0	25,000
<i>Net Change in Fund Balance</i>	7,500	7,500	36,760	29,260
<i>Fund Balance Beginning of Year</i>	47,737	47,737	47,737	0
<i>Fund Balance End of Year</i>	\$55,237	\$55,237	\$84,497	\$29,260

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$25,000	\$25,000	\$23,669	(\$1,331)
Interest	0	0	96	96
<i>Total Revenues</i>	25,000	25,000	23,765	(1,235)
Expenditures				
Current:				
Transportation:				
Streets, Sidewalks, and Maintenance:				
Other	25,000	25,000	0	25,000
<i>Net Change in Fund Balance</i>	0	0	23,765	23,765
<i>Fund Balance Beginning of Year</i>	22,634	22,634	22,634	0
<i>Fund Balance End of Year</i>	<u>\$22,634</u>	<u>\$22,634</u>	<u>\$46,399</u>	<u>\$23,765</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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$400,000	\$400,000	\$451,118	\$51,118
Interest	0	0	3,220	3,220
Miscellaneous	0	0	9,993	9,993
<i>Total Revenues</i>	400,000	400,000	464,331	64,331
Expenditures				
Current:				
Transportation:				
Streets, Sidewalks, and Maintenance:				
Salaries and Wages	789,600	789,600	683,324	106,276
Benefits	284,522	284,513	232,602	51,911
Other	973,923	973,932	891,888	82,044
<i>Total Expenditures</i>	2,048,045	2,048,045	1,807,814	240,231
<i>Excess of Revenues Under Expenditures</i>	(1,648,045)	(1,648,045)	(1,343,483)	304,562
Other Financing Sources				
Transfers In	1,300,000	1,300,000	1,300,000	0
<i>Net Change in Fund Balance</i>	(348,045)	(348,045)	(43,483)	304,562
<i>Fund Balance Beginning of Year</i>	489,271	489,271	489,271	0
Prior Year Encumbrances Appropriated	202,845	202,845	202,845	0
<i>Fund Balance End of Year</i>	\$344,071	\$344,071	\$648,633	\$304,562

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeitures	\$1,000	\$1,000	\$1,770	\$770
Expenditures				
Current:				
Security of Persons and Property:				
Police Department:				
Other	1,000	1,000	500	500
<i>Net Change in Fund Balance</i>	0	0	1,270	1,270
<i>Fund Balance Beginning of Year</i>	7,982	7,982	7,982	0
<i>Fund Balance End of Year</i>	<u>\$7,982</u>	<u>\$7,982</u>	<u>\$9,252</u>	<u>\$1,270</u>

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Indigent Drivers Fund
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeitures	\$2,500	\$2,500	\$2,384	(\$116)
Expenditures				
Current:				
Security of Persons and Property:				
Police Department:				
Other	2,500	2,500	0	2,500
<i>Net Change in Fund Balance</i>	0	0	2,384	2,384
<i>Fund Balance Beginning of Year</i>	14,157	14,157	14,157	0
<i>Fund Balance End of Year</i>	<u>\$14,157</u>	<u>\$14,157</u>	<u>\$16,541</u>	<u>\$2,384</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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeitures	\$5,000	\$5,000	\$2,099	(\$2,901)
Expenditures				
Current:				
Security of Persons and Property:				
Police Department:				
Other	5,000	5,000	4,840	160
<i>Net Change in Fund Balance</i>	0	0	(2,741)	(2,741)
<i>Fund Balance Beginning of Year</i>	42,809	42,809	42,809	0
<i>Fund Balance End of Year</i>	<u>\$42,809</u>	<u>\$42,809</u>	<u>\$40,068</u>	<u>(\$2,741)</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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeitures	\$15,000	\$25,000	\$18,915	(\$6,085)
Expenditures				
Current:				
Security of Persons and Property:				
Police Department:				
Other	15,000	25,000	19,091	5,909
<i>Net Change in Fund Balance</i>	0	0	(176)	(176)
<i>Fund Balance Beginning of Year</i>	23,804	23,804	23,804	0
<i>Fund Balance End of Year</i>	<u>\$23,804</u>	<u>\$23,804</u>	<u>\$23,628</u>	<u>(\$176)</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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeitures	\$50,000	\$50,000	\$21,461	(\$28,539)
Expenditures				
Current:				
Security of Persons and Property:				
Police Department:				
Other	254,491	278,692	236,452	42,240
<i>Net Change in Fund Balance</i>	(204,491)	(228,692)	(214,991)	13,701
<i>Fund Balance Beginning of Year</i>	93,495	93,495	93,495	0
Prior Year Encumbrances Appropriated	182,291	182,291	182,291	0
<i>Fund Balance End of Year</i>	<u>\$71,295</u>	<u>\$47,094</u>	<u>\$60,795</u>	<u>\$13,701</u>

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Mayor's Court Computer Fund
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeitures	\$12,000	\$12,000	\$5,067	(\$6,933)
Expenditures				
Current:				
General Government:				
Mayor's Court Computer:				
Other	36,131	36,131	17,105	19,026
<i>Net Change in Fund Balance</i>	(24,131)	(24,131)	(12,038)	12,093
<i>Fund Balance Beginning of Year</i>	47,008	47,008	47,008	0
Prior Year Encumbrances Appropriated	5,131	5,131	5,131	0
<i>Fund Balance End of Year</i>	<u>\$28,008</u>	<u>\$28,008</u>	<u>\$40,101</u>	<u>\$12,093</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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$500	\$44,400	\$43,903	(\$497)
Expenditures				
Current:				
Security of Persons and Property:				
Fire Department:				
Other	500	50,500	47,603	2,897
<i>Excess of Revenues Over (Under) Expenditures</i>	0	(6,100)	(3,700)	2,400
Other Financing Sources				
Transfers In	0	6,100	6,100	0
<i>Net Change in Fund Balance</i>	0	0	2,400	2,400
<i>Fund Balance Beginning of Year</i>	559	559	559	0
<i>Fund Balance End of Year</i>	\$559	\$559	\$2,959	\$2,400

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeitures	\$1,000	\$1,000	\$450	(\$550)
Expenditures				
Current:				
General Government:				
Other General Government:				
Other	10,000	10,000	0	10,000
<i>Net Change in Fund Balance</i>	(9,000)	(9,000)	450	9,450
<i>Fund Balance Beginning of Year</i>	23,642	23,642	23,642	0
<i>Fund Balance End of Year</i>	<u>\$14,642</u>	<u>\$14,642</u>	<u>\$24,092</u>	<u>\$9,450</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, 2013

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

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Twenty-Five and Alive Fund
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Miscellaneous	\$4,100	\$2,100	\$2,024	(\$76)
Expenditures				
Current:				
General Government:				
Other General Government:				
Other	5,500	5,500	3,036	2,464
<i>Excess of Revenues</i>				
<i>Under Expenditures</i>	(1,400)	(3,400)	(1,012)	2,388
Other Financing Sources				
Transfers In	0	2,000	2,000	0
<i>Net Change in Fund Balance</i>	(1,400)	(1,400)	988	2,388
<i>Fund Balance Beginning of Year</i>	11,269	11,269	11,269	0
<i>Fund Balance End of Year</i>	\$9,869	\$9,869	\$12,257	\$2,388

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Miscellaneous	\$47,500	\$47,500	\$45,829	(\$1,671)
Expenditures				
Current:				
General Government:				
Other General Government:				
Other	47,512	47,512	44,469	3,043
<i>Net Change in Fund Balance</i>	(12)	(12)	1,360	1,372
<i>Fund Balance Beginning of Year</i>	9,681	9,681	9,681	0
<i>Fund Balance End of Year</i>	<u>\$9,669</u>	<u>\$9,669</u>	<u>\$11,041</u>	<u>\$1,372</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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Miscellaneous	\$4,000	\$4,000	\$2,963	(\$1,037)
Expenditures				
Current:				
General Government:				
Other General Government:				
Other	7,440	7,440	4,690	2,750
<i>Excess of Revenues</i>				
<i>Under Expenditures</i>	(3,440)	(3,440)	(1,727)	1,713
Other Financing Sources				
Transfers In	2,000	2,000	2,000	0
<i>Net Change in Fund Balance</i>	(1,440)	(1,440)	273	1,713
<i>Fund Balance Beginning of Year</i>	9,396	9,396	9,396	0
Prior Year Encumbrances Appropriated	440	440	440	0
<i>Fund Balance End of Year</i>	\$8,396	\$8,396	\$10,109	\$1,713

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Current:				
General Government:				
Other General Government:				
Other	11,114	11,114	4,814	6,300
<i>Excess of Revenues Under Expenditures</i>	(11,114)	(11,114)	(4,814)	6,300
Other Financing Sources				
Transfers In	6,000	6,000	6,000	0
<i>Net Change in Fund Balance</i>	(5,114)	(5,114)	1,186	6,300
<i>Fund Balance Beginning of Year</i>	13,876	13,876	13,876	0
Prior Year Encumbrances Appropriated	4,814	4,814	4,814	0
<i>Fund Balance End of Year</i>	<u>\$13,576</u>	<u>\$13,576</u>	<u>\$19,876</u>	<u>\$6,300</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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$25,000	\$25,000	\$19,780	(\$5,220)
Expenditures				
Current:				
Public Health and Welfare:				
Cemetery:				
Other	96,176	106,176	105,021	1,155
<i>Excess of Revenues Under Expenditures</i>	(71,176)	(81,176)	(85,241)	(4,065)
Other Financing Sources				
Transfers In	85,000	85,000	85,000	0
<i>Net Change in Fund Balance</i>	13,824	3,824	(241)	(4,065)
<i>Fund Balance Beginning of Year</i>	39,444	39,444	39,444	0
Prior Year Encumbrances Appropriated	1,176	1,176	1,176	0
<i>Fund Balance End of Year</i>	<u>\$54,444</u>	<u>\$44,444</u>	<u>\$40,379</u>	<u>(\$4,065)</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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fees, Licenses and Permits	\$350,000	\$350,000	\$346,329	(\$3,671)
Miscellaneous	0	0	7,297	7,297
<i>Total Revenues</i>	350,000	350,000	353,626	3,626
Expenditures				
Current:				
Leisure Time Activities				
Recreation:				
Other	594,872	594,872	594,872	0
<i>Excess of Revenues Under Expenditures</i>	(244,872)	(244,872)	(241,246)	3,626
Other Financing Sources				
Transfers In	200,000	200,000	200,000	0
<i>Net Change in Fund Balance</i>	(44,872)	(44,872)	(41,246)	3,626
<i>Fund Balance Beginning of Year</i>	128,478	128,478	128,478	0
Prior Year Encumbrances Appropriated	44,872	44,872	44,872	0
<i>Fund Balance End of Year</i>	<u>\$128,478</u>	<u>\$128,478</u>	<u>\$132,104</u>	<u>\$3,626</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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$120,939	\$120,939	\$130,335	\$9,396
Intergovernmental	5,305	5,305	5,305	0
<i>Total Revenues</i>	126,244	126,244	135,640	9,396
Expenditures				
Current:				
Security of Persons and Property:				
Police Department:				
Other	700,000	700,000	578,342	121,658
<i>Excess of Revenues Under Expenditures</i>	(573,756)	(573,756)	(442,702)	131,054
Other Financing Sources				
Transfers In	400,000	400,000	400,000	0
<i>Net Change in Fund Balance</i>	(173,756)	(173,756)	(42,702)	131,054
<i>Fund Balance Beginning of Year</i>	537,953	537,953	537,953	0
<i>Fund Balance End of Year</i>	\$364,197	\$364,197	\$495,251	\$131,054

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Current:				
Salaries and Wages				
Other	50,000	50,000	48,808	1,192
<i>Net Change in Fund Balance</i>	(50,000)	(50,000)	(48,808)	1,192
<i>Fund Balance Beginning of Year</i>	712,342	712,342	712,342	0
<i>Fund Balance End of Year</i>	\$662,342	\$662,342	\$663,534	\$1,192

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures	0	0	0	0
<i>Excess of Revenues Over Expenditures</i>	0	0	0	0
Other Financing Sources				
Transfers In	600,000	600,000	600,000	0
<i>Net Change in Fund Balance</i>	600,000	600,000	600,000	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	<u>\$600,000</u>	<u>\$600,000</u>	<u>\$600,000</u>	<u>\$0</u>

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Bond Retirement Fund
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Debt Service:				
Principal Retirement	30,000	0	0	0
<i>Net Change in Fund Balance</i>	(30,000)	0	0	0
<i>Fund Balance Beginning of Year</i>	51,312	51,312	51,312	0
<i>Fund Balance End of Year</i>	\$21,312	\$51,312	\$51,312	\$0

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Other	\$0	\$0	\$20,825	\$20,825
Expenditures				
Capital Outlay:				
Capital Outlay	316,519	546,514	528,384	18,130
Debt Service:				
Principal Retirement	10,400	10,400	10,182	218
Interest and Fiscal Charges	1,300	1,304	1,284	20
Total Debt Service	11,700	11,704	11,466	238
<i>Total Expenditures</i>	328,219	558,218	539,850	18,368
<i>Excess of Revenues Under Expenditures</i>	(328,219)	(558,218)	(519,025)	39,193
Other Financing Sources				
Transfers In	225,000	365,000	365,000	0
<i>Net Change in Fund Balance</i>	(103,219)	(193,218)	(154,025)	39,193
<i>Fund Balance Beginning of Year</i>	71,140	71,140	71,140	0
Prior Year Encumbrances Appropriated	136,519	136,519	136,519	0
<i>Fund Balance End of Year</i>	<u>\$104,440</u>	<u>\$14,441</u>	<u>\$53,634</u>	<u>\$39,193</u>

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Rockside Woods Fund
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Special Assessments	\$4,000	\$0	\$0	\$0
Expenditures				
Capital Outlay:				
Capital Outlay	1,000	900	275	625
<i>Excess of Revenues Over (Under) Expenditures</i>	3,000	(900)	(275)	625
Other Financing Uses				
Advances Out	(2,500)	0	0	0
<i>Net Change in Fund Balance</i>	500	(900)	(275)	625
<i>Fund Balance Beginning of Year</i>	939	939	939	0
<i>Fund Balance End of Year</i>	<u>\$1,439</u>	<u>\$39</u>	<u>\$664</u>	<u>\$625</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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Special Assessments	\$50,000	\$50,000	\$50,442	\$442
Expenditures				
Capital Outlay:				
Capital Outlay	1,000	1,000	499	501
Debt Service:				
Principal Retirement	32,500	32,500	32,498	2
Interest and Fiscal Charges	15,100	15,100	15,023	77
Total Debt Service	47,600	47,600	47,521	79
<i>Total Expenditures</i>	48,600	48,600	48,020	580
<i>Net Change in Fund Balance</i>	1,400	1,400	2,422	1,022
<i>Fund Balance Beginning of Year</i>	43,931	43,931	43,931	0
<i>Fund Balance End of Year</i>	\$45,331	\$45,331	\$46,353	\$1,022

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay:				
Capital Outlay	723,801	723,801	721,905	1,896
<i>Excess of Revenues Under Expenditures</i>	(723,801)	(723,801)	(721,905)	1,896
Other Financing Sources				
Transfers In	275,000	275,000	275,000	0
<i>Net Change in Fund Balance</i>	(448,801)	(448,801)	(446,905)	1,896
<i>Fund Balance Beginning of Year</i>	11,795	11,795	11,795	0
Prior Year Encumbrances Appropriated	443,901	443,901	443,901	0
<i>Fund Balance End of Year</i>	<u>\$6,895</u>	<u>\$6,895</u>	<u>\$8,791</u>	<u>\$1,896</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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Debt Service:				
Principal Retirement	11,300	11,300	11,250	50
<i>Excess of Revenues Under Expenditures</i>	(11,300)	(11,300)	(11,250)	50
Other Financing Sources				
Transfers In	7,000	7,000	7,000	0
<i>Net Change in Fund Balance</i>	(4,300)	(4,300)	(4,250)	50
<i>Fund Balance Beginning of Year</i>	11,845	11,845	11,845	0
<i>Fund Balance End of Year</i>	<u>\$7,545</u>	<u>\$7,545</u>	<u>\$7,595</u>	<u>\$50</u>

City of Independence, Ohio
Schedule of Revenues, Expenses and Changes
in Fund Equity - Budget (Non-GAAP Basis) and Actual
Insurance Fund
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Investment Income	\$22,533	\$22,533	\$22,533	\$0
Miscellaneous	27,467	27,467	36,922	9,455
<i>Total Revenues</i>	50,000	50,000	59,455	9,455
Expenses				
Contractual Services	0	6,890	6,890	0
Claims	346,975	475,085	402,376	72,709
<i>Total Expenses</i>	346,975	481,975	409,266	72,709
<i>Net Change in Fund Equity</i>	(296,975)	(431,975)	(349,811)	82,164
<i>Fund Equity Beginning of Year</i>	2,059,445	2,059,445	2,059,445	0
Prior Year Encumbrances Appropriated	196,975	196,975	196,975	0
<i>Fund Equity End of Year</i>	\$1,959,445	\$1,824,445	\$1,906,609	\$82,164

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Statistical Section



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Statistical Section

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

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

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

City of Independence, Ohio

Net Position By Component

Last Ten Years

(Accrual Basis of Accounting)

	<u>2013 (1)</u>	<u>2012 (1)</u>	<u>2011 (1)</u>	<u>2010 (1)</u>
Governmental Activities				
Net Investment in Capital Assets	\$64,925,722	\$62,244,507	\$61,396,249	\$60,224,288
Restricted:				
Capital Projects	7,231,782	6,332,527	5,970,224	5,626,721
State Highway	103,078	63,120	50,709	47,440
Street Construction, Maintenance and Repair	913,005	785,419	488,409	417,443
Police Pension	547,751	493,713	266,244	178,065
Other Purposes	275,126	612,104	382,347	376,685
Unrestricted (Deficit)	<u>18,400,388</u>	<u>16,064,345</u>	<u>13,997,009</u>	<u>8,859,361</u>
<i>Total Governmental Activities Net Position</i>	<u>\$92,396,852</u>	<u>\$86,595,735</u>	<u>\$82,551,191</u>	<u>\$75,730,003</u>

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

2009	2008	2007	2006	2005	2004
\$58,812,856	\$58,712,220	\$55,982,088	\$51,169,988	\$44,444,252	\$53,026,762
5,682,081	5,045,601	4,749,445	4,666,275	8,822,024	4,847,751
160,172	128,179	252,401	102,812	68,799	183,949
370,883	229,877	349,348	319,972	335,249	263,556
0	0	0	0	0	0
729,207	479,632	235,472	313,121	31,478	306,066
9,641,596	7,570,792	7,132,575	10,334,270	11,502,487	10,617,441
<u>\$75,396,795</u>	<u>\$72,166,301</u>	<u>\$68,701,329</u>	<u>\$66,906,438</u>	<u>\$65,204,289</u>	<u>\$69,245,525</u>

City of Independence, Ohio

Changes in Net Position

Last Ten Years

(Accrual Basis of Accounting)

	2013	2012	2011	2010
Program Revenues				
Governmental Activities:				
Charges for Services and Sales:				
General Government	\$414,541	\$306,760	\$292,763	\$458,491
Security of Persons and Property	516,590	537,653	491,945	660,947
Public Health and Welfare	20,244	24,625	32,305	29,091
Leisure Time Activities	67,118	456,211	447,776	544,419
Community Environment	194,238	125,813	99,303	164,973
Basic Utility Services	36,172	28,388	23,449	38,713
Transportation	548,161	76,006	33,168	56,584
Operating Grants and Contributions	603,478	534,869	448,183	503,565
Capital Grants and Assessments	114,562	95,572	387,666	126,493
<i>Total Government Activities Program Revenues</i>	<u>2,515,104</u>	<u>2,185,897</u>	<u>2,256,558</u>	<u>2,583,276</u>
Expenses				
Governmental Activities:				
General Government	8,587,665	8,505,708	8,703,896	8,438,678
Security of Persons and Property	8,389,502	8,572,099	8,350,722	8,589,758
Public Health and Welfare	110,014	96,354	93,610	92,233
Leisure Time Activities	3,463,666	3,470,342	3,345,289	3,290,294
Community Environment	2,739,330	2,492,457	2,130,225	2,297,512
Basic Utility Services	570,714	578,200	913,604	899,624
Transportation	3,199,635	3,754,236	4,546,613	3,748,132
Intergovernmental	0	0	0	0
Interest and Fiscal Charges	764,052	1,098,008	386,620	1,225,360
<i>Total Governmental Activities Expenses</i>	<u>27,824,578</u>	<u>28,567,404</u>	<u>28,470,579</u>	<u>28,581,591</u>
Net (Expense)/Revenue				
Governmental Activities	<u>(25,309,474)</u>	<u>(26,381,507)</u>	<u>(26,214,021)</u>	<u>(25,998,315)</u>
General Revenues and Other Changes in Net Position				
Governmental Activities				
Property and Other Local Taxes Levied For (1):				
General Purposes	955,515	877,092	900,223	719,362
Debt Service	0	0	0	220,812
Other Purposes	145,576	149,560	128,505	111,137
Municipal Income Tax levied for General Purposes	26,429,663	25,743,991	24,050,310	21,115,584
Estate Taxes (2)	0	0	4,785,946	550,909
Hotel/Motel Tax Levied for General Purposes	1,293,185	1,188,902	1,072,995	981,164
Amusement Tax Levied for General Purposes	0	11,078	8,268	15,273
Grants and Entitlements not Restricted to Specific Programs	757,689	404,523	457,658	747,657
Investment Income	68,148	89,027	75,505	120,620
Payments in Lieu of Taxes	1,094,482	1,289,281	934,263	1,279,283
Miscellaneous	366,333	683,675	621,536	469,722
<i>Total Governmental Activities General Revenues</i>	<u>31,110,591</u>	<u>30,437,129</u>	<u>33,035,209</u>	<u>26,331,523</u>
Change in Governmental Activities Net Position	<u>\$5,801,117</u>	<u>\$4,055,622</u>	<u>\$6,821,188</u>	<u>\$333,208</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.

2009	2008	2007	2006	2005	2004
\$306,346	\$228,665	\$163,975	\$186,680	\$165,776	\$192,538
427,036	426,786	285,474	380,208	322,733	479,047
35,615	80,519	1,605	5,601	4,084	3,963
467,713	497,839	449,308	388,899	428,089	442,750
100,143	110,965	73,080	74,654	98,546	109,565
26,540	24,477	19,201	19,305	21,415	21,994
33,412	38,807	28,045	28,936	35,394	37,771
471,385	509,418	594,026	474,954	506,166	511,867
161,639	32,489	6,871,738	425,251	254,184	2,730,500
<u>2,029,829</u>	<u>1,949,965</u>	<u>8,486,452</u>	<u>1,984,488</u>	<u>1,836,387</u>	<u>4,529,995</u>
7,220,679	6,550,823	6,994,963	8,191,861	9,116,223	4,985,297
8,391,597	8,812,839	8,396,575	7,642,209	8,103,488	8,054,485
86,508	146,451	51,713	150,106	99,259	86,338
3,236,299	3,350,070	3,178,450	2,780,531	3,224,755	2,979,761
2,193,992	2,514,940	2,375,832	2,020,142	2,412,397	2,413,794
735,732	705,039	699,018	938,050	1,031,008	992,297
4,375,394	4,669,006	6,222,871	3,459,425	5,101,022	5,340,467
0	0	6,777,393	0	0	0
1,279,989	1,418,440	1,578,292	1,618,688	1,489,443	1,244,926
<u>27,520,190</u>	<u>28,167,608</u>	<u>36,275,107</u>	<u>26,801,012</u>	<u>30,577,595</u>	<u>26,097,365</u>
<u>(25,490,361)</u>	<u>(26,217,643)</u>	<u>(27,788,655)</u>	<u>(24,816,524)</u>	<u>(28,741,208)</u>	<u>(21,567,370)</u>
1,167,611	1,016,192	1,151,317	2,024,599	1,685,417	1,846,133
368,719	318,699	326,369	313,916	271,231	288,416
184,358	170,232	203,220	160,227	103,473	142,208
23,982,611	22,488,246	23,387,075	21,378,552	19,588,902	19,452,865
0	0	0	0	0	0
939,861	1,150,342	1,088,235	0	0	0
18,078	18,027	19,796	0	0	0
789,889	1,548,168	796,657	859,930	939,083	892,046
143,810	368,767	770,803	604,679	992,603	516,584
669,941	1,880,535	876,043	226,583	0	0
455,977	723,407	964,031	950,187	1,119,263	613,729
<u>28,720,855</u>	<u>29,682,615</u>	<u>29,583,546</u>	<u>26,518,673</u>	<u>24,699,972</u>	<u>23,751,981</u>
<u>\$3,230,494</u>	<u>\$3,464,972</u>	<u>\$1,794,891</u>	<u>\$1,702,149</u>	<u>(\$4,041,236)</u>	<u>\$2,184,611</u>

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

	2013	2012	2011	2010
General Fund				
Reserved	\$0	\$0	\$0	\$0
Unreserved	0	0	0	0
Nonspendable	9,658,313	9,604,531	9,683,982	8,136,230
Restricted	0	0	0	0
Committed	0	0	0	0
Assigned	2,848,726	3,081,515	1,409,336	643,004
Unassigned	8,228,235	6,656,522	9,057,536	5,680,452
Total General Fund	20,735,274	19,342,568	20,150,854	14,459,686
All Other Governmental Funds				
Reserved	0	0	0	0
Unreserved, Undesignated (Deficit), Reported in:				
Special Revenue funds	0	0	0	0
Debt Service funds	0	0	0	0
Capital Projects funds	0	0	0	0
Nonspendable	0	0	1,875,000	1,875,000
Restricted	7,812,603	4,772,796	4,415,800	4,152,964
Committed	307,434	253,832	203,276	161,907
Unassigned (Deficit)	(9,149,791)	(8,628,368)	(10,369,372)	(9,255,698)
Total All Other Governmental Funds	(1,029,754)	(3,601,740)	(3,875,296)	(3,065,827)
Total Governmental Funds	\$19,705,520	\$15,740,828	\$16,275,558	\$11,393,859

Note: The City implemented GASB 54 in 2011

2009	2008	2007	2006	2005	2004
\$6,970,514	\$6,469,398	\$5,685,909	\$2,319,792	\$2,155,243	\$422,535
5,821,100	4,810,920	5,234,359	8,859,983	7,156,832	7,382,659
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
12,791,614	11,280,318	10,920,268	11,179,775	9,312,075	7,805,194
4,302,965	4,004,877	6,058,850	3,077,867	3,851,968	9,977,491
956,246	573,411	364,175	457,896	251,256	311,525
(7,647,339)	(7,267,284)	(6,531,435)	364,832	278,323	285,846
(393,020)	(32,682)	(2,108,901)	(2,719,260)	3,913,934	1,688,663
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
(2,781,148)	(2,721,678)	(2,217,311)	1,181,335	8,295,481	12,263,525
\$10,010,466	\$8,558,640	\$8,702,957	\$12,361,110	\$17,607,556	\$20,068,719

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

	2013	2012	2011	2010	2009
Revenues					
Taxes (1)	\$28,297,945	\$27,059,648	\$30,438,989	\$24,505,900	\$24,760,639
Intergovernmental	1,338,264	821,712	1,453,994	1,802,980	1,463,683
Investment Income	65,759	65,720	75,505	67,424	75,323
Fees, Licenses and Permits	674,645	665,541	674,082	749,258	639,937
Fines and Forfeitures	304,447	323,332	320,814	552,602	462,930
Charges for Services	590,273	312,093	275,753	393,243	50,765
Rentals	227,699	221,322	150,060	258,115	243,173
Special Assessments	50,442	54,732	51,439	58,064	89,812
Payment in Lieu of Taxes	1,307,885	914,807	1,388,145	1,033,254	1,272,801
Miscellaneous	366,333	683,675	621,536	469,722	446,465
<i>Total Revenues</i>	<u>33,223,692</u>	<u>31,122,582</u>	<u>35,450,317</u>	<u>29,890,562</u>	<u>29,505,528</u>
Expenditures					
Current:					
General Government	6,165,368	5,689,973	6,057,103	5,832,145	5,785,603
Security of Persons and Property	7,164,583	8,078,230	8,049,439	8,343,766	8,100,541
Public Health and Welfare	101,608	95,769	92,369	92,021	86,508
Leisure Time Activities	3,310,319	3,297,852	3,268,970	3,237,635	3,187,729
Community Environment	2,687,884	2,430,958	2,057,304	2,241,800	2,136,723
Basic Utility Services	499,164	546,855	496,390	526,243	565,095
Transportation:					
Intergovernmental	0	0	0	0	0
Other	2,599,750	2,359,506	2,301,417	2,534,624	2,390,799
Capital Outlay	4,963,406	5,413,460	6,633,360	3,693,599	1,905,592
Debt Service:					
Principal Retirement	1,128,199	248,277	1,485,600	1,445,553	1,390,398
Refunded Notes Redeemed	4,500,000	7,100,000	0	0	1,200,000
Interest and Fiscal Charges	840,930	931,817	900,657	1,260,627	1,330,508
Debt Issuance Costs	33,979	39,867	231,073	43,200	0
<i>Total Expenditures</i>	<u>33,995,190</u>	<u>36,232,564</u>	<u>31,573,682</u>	<u>29,251,213</u>	<u>28,079,496</u>
<i>Excess of Revenues Over</i> <i>(Under) Expenditures</i>	<u>(771,498)</u>	<u>(5,109,982)</u>	<u>3,876,635</u>	<u>639,349</u>	<u>1,426,032</u>
Other Financing Sources (Uses)					
Sale of Capital Assets	0	0	0	0	20,125
Bond Anticipation Notes Issued	0	0	0	0	0
Current Refunding	0	0	(6,600,000)	(5,900,000)	(5,900,000)
Refunding Notes Issued	0	4,500,000	7,100,000	6,600,000	5,900,000
General Obligation Bonds Issued	0	0	16,935,000	0	0
Proceeds of Notes	4,700,000	0	0	0	0
OPWC Loan Issued	0	0	225,000	0	0
OWDA Loan Issued	0	42,852	9,668	0	0
Premium on General Obligation Bonds	0	0	959,129	44,044	5,669
Premium on Refunding Notes	36,190	32,400	82,573	0	0
Payment to Refunded Bond Escrow Agent	0	0	(17,706,306)	0	0
Inception of Capital Lease	0	0	0	0	0
Transfers In	9,631,100	9,817,000	8,375,800	8,376,500	5,576,485
Transfers Out	(9,631,100)	(9,817,000)	(8,375,800)	(8,376,500)	(5,576,485)
<i>Total Other Financing Sources (Uses)</i>	<u>4,736,190</u>	<u>4,575,252</u>	<u>1,005,064</u>	<u>744,044</u>	<u>25,794</u>
<i>Net Change in Fund Balances</i>	<u>\$3,964,692</u>	<u>(\$534,730)</u>	<u>\$4,881,699</u>	<u>\$1,383,393</u>	<u>\$1,451,826</u>
Debt Service as a Percentage of Noncapital Expenditures	21.5%	25.7%	8.7%	10.1%	10.1%

(1) Includes All Taxes

2008	2007	2006	2005	2004
\$25,645,624	\$25,700,104	\$23,702,165	\$22,112,467	\$21,450,696
2,028,911	8,039,065	1,819,536	1,656,582	4,096,896
245,344	590,439	466,309	913,835	472,951
691,127	709,936	681,069	662,272	735,203
378,855	298,541	394,785	363,501	515,736
83,205	12,211	18,021	38,864	36,689
254,871	0	1,808	0	0
54,539	88,289	54,674	38,970	25,000
770,376	712,048	226,583	0	0
723,407	873,393	950,187	1,119,263	613,729
<u>30,876,259</u>	<u>37,024,026</u>	<u>28,315,137</u>	<u>26,905,754</u>	<u>27,946,900</u>
5,356,297	5,534,996	5,233,963	4,048,540	4,833,510
8,450,592	8,024,379	7,684,493	7,773,464	7,676,970
96,797	49,480	156,935	99,105	86,338
3,313,837	3,065,576	2,843,285	3,165,517	2,946,376
2,472,765	2,315,832	2,098,700	2,394,982	2,391,832
552,082	592,856	540,928	519,660	475,860
0	6,777,393	0	0	0
2,725,884	2,450,069	2,118,211	2,514,550	2,129,507
4,511,425	8,292,293	9,286,939	11,188,741	17,660,524
1,365,248	1,359,148	1,247,070	1,172,783	11,529,050
600,000	600,000	600,000	500,000	0
1,579,585	1,620,157	1,751,059	1,301,228	1,224,777
0	0	0	157,525	0
<u>31,024,512</u>	<u>40,682,179</u>	<u>33,561,583</u>	<u>34,836,095</u>	<u>50,954,744</u>
<u>(148,253)</u>	<u>(3,658,153)</u>	<u>(5,246,446)</u>	<u>(7,930,341)</u>	<u>(23,007,844)</u>
3,936	0	0	0	0
0	0	0	8,400,000	9,900,000
(7,100,000)	(7,700,000)	(8,300,000)	(8,900,000)	0
7,100,000	7,700,000	8,300,000	0	0
0	0	0	5,800,000	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	147,601	0
0	0	0	0	0
0	0	0	0	0
0	0	0	21,577	60,984
7,669,000	11,268,134	5,557,000	10,543,376	5,006,541
<u>(7,669,000)</u>	<u>(11,268,134)</u>	<u>(5,557,000)</u>	<u>(10,543,376)</u>	<u>(5,006,541)</u>
<u>3,936</u>	<u>0</u>	<u>0</u>	<u>5,469,178</u>	<u>9,960,984</u>
<u>(\$144,317)</u>	<u>(\$3,658,153)</u>	<u>(\$5,246,446)</u>	<u>(\$2,461,163)</u>	<u>(\$13,046,860)</u>
13.4%	10.4%	14.3%	12.5%	36.0%

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
2013	\$239,083,160	\$199,757,400	\$1,253,830,171	\$17,533,550	\$19,924,489
2012	239,574,100	200,039,350	1,256,038,429	16,106,220	18,302,523
2011	247,790,560	216,815,880	1,327,446,971	14,613,270	16,605,989
2010	246,724,180	219,933,400	1,333,307,371	13,884,090	15,777,375
2009	247,400,130	233,371,680	1,373,633,743	11,424,750	12,982,670
2008	246,146,200	249,354,240	1,415,715,543	11,074,010	12,584,102
2007	243,061,090	242,628,230	1,387,683,771	19,920,220	22,636,614
2006	219,661,670	244,877,290	1,327,254,171	20,241,990	23,002,261
2005	217,259,750	255,391,400	1,350,431,857	25,368,400	28,827,727
2004	212,846,750	253,773,710	1,333,201,314	22,120,190	25,136,580

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

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

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

Source: Cuyahoga County, Ohio; County Fiscal Officer

<u>Tangible Personal Property</u>					
<u>General Business</u>		<u>Total</u>			
<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Ratio</u>	<u>Tax Rate</u>
\$0	\$0	\$456,374,110	\$1,273,754,660	35.83%	\$2.20
0	0	455,719,670	1,274,340,951	35.76	2.20
0	0	479,219,710	1,344,052,960	35.65	2.20
0	0	480,541,670	1,349,084,746	35.62	2.60
8,866,450	141,863,200	501,063,010	1,528,479,613	32.78	2.80
32,265,242	258,121,936	538,839,692	1,686,421,581	31.95	2.80
31,350,145	167,200,773	536,959,685	1,577,521,158	34.04	2.80
40,970,389	163,881,556	525,751,339	1,514,137,989	34.72	2.80
42,971,606	171,886,424	540,991,156	1,551,146,008	34.88	2.80
49,910,985	199,643,940	538,651,635	1,557,981,834	34.57	2.80

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

	2013	2012	2011	2010
Unvoted Millage				
Operating	\$1.9000	\$1.9000	\$1.9000	\$1.9000
Police Pension	0.3000	0.3000	0.3000	0.3000
<i>Total Unvoted Millage</i>	2.2000	2.2000	2.2000	2.2000
Charter Millage				
1990 Civic Center	0.0000	0.0000	0.0000	0.4000
Total Millage	\$2.2000	\$2.2000	\$2.2000	\$2.6000
Overlapping Rates by Taxing District				
Independence Local School District				
Residential/Agricultural Real	\$36.0000	\$33.7028	\$32.9393	\$29.8969
Commerical/Industrial and Public Utility Real	34.5646	35.2000	34.0233	30.9096
General Business and Public Utility Personal	36.0000	35.2000	34.9000	31.9000
Cuyahoga Valley Career Center				
Residential/Agricultural Real	2.0000	2.0000	2.0000	2.0000
Commerical/Industrial and Public Utility Real	2.0000	2.0000	2.0000	2.0000
General Business and Public Utility Personal	2.0000	2.0000	2.0000	2.0000
Cuyahoga County				
Residential/Agricultural Real	14.0500	13.2200	13.1866	13.1866
Commerical/Industrial and Public Utility Real	14.0500	12.9968	12.8413	12.8413
General Business and Public Utility Personal	13.9495	13.2200	13.3200	13.3200
Special Taxing Districts (1)				
Residential/Agricultural Real	10.4800	7.5635	7.5041	7.4900
Commerical/Industrial and Public Utility Real	10.4639	7.4621	7.3648	7.3450
General Business and Public Utility Personal	10.3843	7.5800	7.5800	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

2009	2008	2007	2006	2005	2004
\$1.9000	\$1.9000	\$1.9000	\$1.9000	\$1.9000	\$1.9000
0.3000	0.3000	0.3000	0.3000	0.3000	0.3000
2.2000	2.2000	2.2000	2.2000	2.2000	2.2000
0.6000	0.6000	0.6000	0.6000	0.6000	0.6000
\$2.8000	\$2.8000	\$2.8000	\$2.8000	\$2.8000	\$2.8000

\$30.0066	\$29.2736	\$29.3470	\$28.5895	\$28.7260	\$23.1340
30.8481	29.7397	29.8339	29.9017	29.3792	23.3597
32.0000	31.4000	31.5000	31.5000	31.5000	26.0000

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	2.0000

13.1789	12.6607	11.8688	11.7227	11.7227	10.9754
12.8457	12.8153	12.4535	12.5880	12.5762	11.9846
13.3200	13.3200	13.4200	13.5200	13.5200	13.5200

7.0068	6.6597	5.9676	6.2900	6.2900	6.2880
6.9119	6.8911	6.2519	6.5596	6.5552	6.5067
7.2800	7.2800	6.7800	6.7800	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
2013	\$3,296,249	\$2,223,225	67.45%	\$68,364
2012	2,959,604	2,046,598	69.15	79,049
2011	3,169,416	2,125,508	67.06	229,454
2010	3,266,698	2,180,929	66.76	193,620
2009	2,522,246	2,352,209	93.26	235,807
2008	2,734,423	2,076,969	75.96	32,721
2007	2,561,471	2,091,154	81.64	86,313
2006	1,588,927	1,514,941	95.34	66,720
2005	1,760,464	1,601,235	90.96	36,810
2004	1,670,293	1,432,500	85.76	64,124

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 traced 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.
- (2) Penalties and interest are included, since by Ohio law they become part of the tax obligation as assessment occurs.

<u>Total Tax Collections (1)</u>	<u>Percent of Total Tax Collections To Tax Levy</u>	<u>Accumulated Outstanding Delinquent Taxes</u>	<u>Percentage of Delinquent Taxes to Total Tax Levy</u>
\$2,291,589	69.52%	\$970,830	29.45%
2,125,647	71.82	837,915	28.31
2,354,962	74.30	808,231	25.50
2,374,549	72.69	939,371	28.76
2,588,016	102.61	1,145,874	45.43
2,109,690	77.15	668,816	24.46
2,177,467	85.01	420,910	16.43
1,581,661	99.54	237,114	14.92
1,638,045	93.05	223,009	12.67
1,496,624	89.60	173,430	10.38

City of Independence, Ohio
Principal Real Property Taxpayers
 2013 and 2007 (1)

Taxpayer	2013	
	Real Property Assessed Valuation	Percentage of Total Assessed Valuation
FMC Investment Opportunities	\$25,607,900	5.84 %
Cleveland Clinic	13,708,040	3.12
Investors Warranty of America Inc.	12,938,500	2.95
Cleveland-Cuyahoga County Port Authority	12,145,000	2.77
Rockside-77 Properties LTD	11,365,520	2.59
Cleveland Electric Illuminating Company	11,329,960	2.58
City of Independence	7,464,460	1.70
AP/AM Independence Suites	6,064,450	1.38
JDI Oak Tree Holdings LLC	5,982,410	1.36
Independence Research	5,474,080	1.25
Total	\$112,080,320	25.54 %
Total Real Property Assessed Valuation	\$438,840,560	

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

Source: Cuyahoga County Fiscal Officer

(1) Information prior to 2007 is not available.

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

<u>Tax Year</u>	<u>Tax Rate (1)</u>	<u>Total Tax Collected (2)</u>	<u>Taxes from Withholding</u>	<u>Percentage of Taxes from Withholding</u>	<u>Taxes From Net Profits</u>	<u>Percentage of Taxes from Net Profits</u>	<u>Taxes From Individuals</u>	<u>Percentage of Taxes from Individuals</u>
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	21,595,445	18,809,365	87.10	1,987,395	9.20	798,685	3.70
2009	2.00	23,982,611	20,306,077	84.67	2,724,424	11.36	952,110	3.97
2008	2.00	22,488,246	19,307,516	85.86	2,228,793	9.91	951,937	4.23
2007	2.00	23,387,075	20,393,529	87.20	2,128,224	9.10	865,322	3.70
2006	2.00	21,378,552	18,218,802	85.22	2,261,851	10.58	897,899	4.20
2005	2.00	19,588,902	16,901,304	86.28	1,951,055	9.96	736,543	3.76
2004	2.00	19,452,865	16,674,996	85.72	2,089,238	10.74	688,631	3.54

(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 2013 and 2008

Tax Year 2013 (1)				
Income Range	Number of Filers	Percent of Filers	Taxable Income	Percent of Taxable Income
Over \$100,000	718	25.62 %	\$138,774,288	65.42 %
75,001-100,000	280	9.88	24,350,480	11.48
50,001-75,000	385	14.54	23,875,472	11.25
25,000-50,000	448	16.44	16,629,198	7.84
Under 25,000	899	33.52	8,513,305	4.01
Total	<u>2,730</u>	<u>100.00 %</u>	<u>\$212,142,743</u>	<u>100.00 %</u>

Tax Year 2008 (2)				
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.

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
2013	\$21,540,762	\$1,273,754,660	1.69%	\$3,019
2012	22,706,384	1,274,340,951	1.78	3,206
2011	22,947,006	1,344,052,960	1.71	3,217
2010	23,983,905	1,349,084,746	1.78	3,362
2009	25,439,723	1,528,479,613	1.66	3,579
2008	26,840,541	1,686,421,581	1.59	3,776
2007	28,216,359	1,577,521,158	1.79	3,969
2006	29,567,177	1,514,137,989	1.95	4,159
2005	30,797,995	1,551,146,008	1.99	4,332
2004	26,011,213	1,557,981,834	1.67	3,659

Note: Population is presented on page S25.

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
2013	\$21,540,762	\$0	\$211,509	\$32,494	\$4,712,069
2012	22,706,384	0	229,526	42,676	4,510,800
2011	22,947,006	0	241,918	4,785	7,127,524
2010	23,983,905	522,222	23,685	0	6,614,681
2009	25,439,723	554,074	30,452	0	5,901,889
2008	26,840,541	585,926	37,219	0	7,100,000
2007	28,216,359	617,778	43,986	0	7,700,000
2006	29,567,177	649,630	50,753	0	8,300,000
2005	30,797,995	681,482	57,520	0	8,900,000
2004	26,011,213	708,334	64,287	0	9,400,000

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

Capital Leases	Total	Percentage of Personal Income	Per Capita
\$0	\$26,496,834	11.45 %	\$3,713
0	27,489,386	11.08	3,881
0	30,321,233	13.10	4,251
0	31,144,493	13.94	4,366
0	31,926,138	11.20	4,491
0	34,563,686	12.13	4,862
0	36,578,123	12.83	5,145
19,042	38,586,602	13.54	5,428
46,144	40,483,141	14.34	5,695
52,514	36,236,348	12.91	5,097

City of Independence, Ohio

Legal Debt Margin

Last Ten Years

	2013	2012	2011	2010
Total Assessed Property Value	<u>\$456,374,110</u>	<u>\$455,719,670</u>	<u>\$479,219,710</u>	<u>\$480,541,670</u>
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	<u>\$47,919,282</u>	<u>\$47,850,565</u>	<u>\$50,318,070</u>	<u>\$50,456,875</u>
Debt Outstanding:				
General Obligation Bonds	20,620,000	21,720,000	21,895,000	23,235,000
Special Assessment Bonds	0	0	0	500,000
OPWC Loans	211,509	229,526	241,918	23,685
Notes	<u>5,450,000</u>	<u>6,800,000</u>	<u>7,100,000</u>	<u>7,700,000</u>
Total Gross Indebtedness	26,281,509	28,749,526	29,236,918	31,458,685
Less:				
General Obligation Bonds	(4,605,000)	(4,785,000)	(4,960,000)	(12,255,000)
Special Assessment Bonds	<u>0</u>	<u>0</u>	<u>0</u>	<u>(500,000)</u>
Total Net Debt Applicable to Debt Limit	<u>21,676,509</u>	<u>23,964,526</u>	<u>24,276,918</u>	<u>18,703,685</u>
Legal Debt Margin Within 10 ½ % Limitations	<u>\$26,242,773</u>	<u>\$23,886,039</u>	<u>\$26,041,152</u>	<u>\$31,753,190</u>
Legal Debt Margin as a Percentage of the Debt Limit	54.76%	49.92%	51.75%	62.93%
Unvoted Debt Limitation (5 ½ % of Assessed Valuation)	<u>\$25,100,576</u>	<u>\$25,064,582</u>	<u>\$26,357,084</u>	<u>\$26,429,792</u>
Gross Indebtedness	26,281,509	28,749,526	29,236,918	31,458,685
Less:				
General Obligation Bonds	(4,605,000)	(4,785,000)	(4,960,000)	(12,255,000)
Special Assessment Bonds	<u>0</u>	<u>0</u>	<u>0</u>	<u>(500,000)</u>
Net Debt Within 5 ½ % Limitations	<u>21,676,509</u>	<u>23,964,526</u>	<u>24,276,918</u>	<u>18,703,685</u>
Unvoted Legal Debt Margin Within 5 ½ % Limitations	<u>\$3,424,067</u>	<u>\$1,100,056</u>	<u>\$2,080,166</u>	<u>\$7,726,107</u>
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	13.64%	4.39%	7.89%	29.23%

Source: City Financial Records

2009	2008	2007	2006	2005	2004
<u>\$501,063,010</u>	<u>\$538,839,692</u>	<u>\$536,959,685</u>	<u>\$525,751,339</u>	<u>\$540,991,156</u>	<u>\$538,651,635</u>
<u>\$52,611,616</u>	<u>\$56,578,168</u>	<u>\$56,380,767</u>	<u>\$55,203,891</u>	<u>\$56,804,071</u>	<u>\$56,558,422</u>
24,640,000	25,990,000	27,315,000	28,615,000	29,795,000	25,105,000
530,000	560,000	590,000	620,000	650,000	675,000
30,452	37,219	43,986	50,753	57,520	64,287
<u>7,100,000</u>	<u>7,700,000</u>	<u>8,300,000</u>	<u>8,900,000</u>	<u>9,400,000</u>	<u>9,900,000</u>
32,300,452	34,287,219	36,248,986	38,185,753	39,902,520	35,744,287
(12,675,000)	(13,075,000)	(13,470,000)	(13,860,000)	(14,145,000)	(8,575,000)
<u>(530,000)</u>	<u>(560,000)</u>	<u>(590,000)</u>	<u>(620,000)</u>	<u>(650,000)</u>	<u>(675,000)</u>
<u>19,095,452</u>	<u>20,652,219</u>	<u>22,188,986</u>	<u>23,705,753</u>	<u>25,107,520</u>	<u>26,494,287</u>
<u>\$33,516,164</u>	<u>\$35,925,949</u>	<u>\$34,191,781</u>	<u>\$31,498,138</u>	<u>\$31,696,551</u>	<u>\$30,064,135</u>
63.70%	63.50%	60.64%	57.06%	55.80%	53.16%
<u>\$27,558,466</u>	<u>\$29,636,183</u>	<u>\$29,532,783</u>	<u>\$28,916,324</u>	<u>\$29,754,514</u>	<u>\$29,625,840</u>
32,300,452	34,287,219	36,248,986	38,185,753	39,902,520	35,744,287
(12,675,000)	(13,075,000)	(13,470,000)	(13,860,000)	(14,145,000)	(8,575,000)
<u>(530,000)</u>	<u>(560,000)</u>	<u>(590,000)</u>	<u>(620,000)</u>	<u>(650,000)</u>	<u>(675,000)</u>
<u>19,095,452</u>	<u>20,652,219</u>	<u>22,188,986</u>	<u>23,705,753</u>	<u>25,107,520</u>	<u>26,494,287</u>
<u>\$8,463,014</u>	<u>\$8,983,964</u>	<u>\$7,343,797</u>	<u>\$5,210,571</u>	<u>\$4,646,994</u>	<u>\$3,131,553</u>
30.71%	30.31%	24.87%	18.02%	15.62%	10.57%

City of Independence, Ohio
*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
December 31, 2013*

	Debt Attributable to Governmental Activities	Percentage Applicable to City (1)	Amount of Direct and Overlapping Debt
Direct Debt:			
City of Independence			
General Obligation Bonds	\$21,540,762	100.00 %	\$21,540,762
OWDA Loans	32,494	100.00	32,494
OPWC Loans	211,509	100.00	211,509
Notes Payable	<u>4,712,069</u>	100.00	<u>4,712,069</u>
<i>Total Direct Debt</i>	<u>26,496,834</u>		<u>26,496,834</u>
Overlapping Debt:			
Independence Local School District Bonds	14,051,963	100.00	14,051,963
Cuyahoga County			
General Obligation Bonds	338,757,118	1.61	5,453,990
Revenue Bonds	427,434,477	1.61	6,881,695
Loans Payable	19,022,956	1.61	306,270
Notes Payable	5,100,000	1.61	82,110
Capital Lease Obligations	372,101,958	1.61	5,990,842
Greater Cleveland Regional Transit Authority			
General Obligation Bonds	148,938,217	1.61	2,397,905
Capital Lease Obligations	<u>16,149,572</u>	1.61	<u>260,008</u>
<i>Total Overlapping Debt</i>	<u>1,341,556,261</u>		<u>35,424,782</u>
<i>Total Direct and Overlapping Debt</i>	<u><u>\$1,368,053,095</u></u>		<u><u>\$61,921,616</u></u>

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

(1) Percentages were determined by dividing the assessed valuation of the overlapping government located within the boundaries of the City by the total assessed valuation of the government. The valuations used were for the 2012 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	
2013	7,136	\$231,484,704	\$32,439	\$73,403	7.2%	7.1%	9.73
2012	7,083	248,117,490	35,030	70,432	6.6	6.8	9.73
2011	7,133	231,387,387	32,439	73,403	7.1	8.7	9.73
2010	7,133	223,448,358	31,326	69,727	8.6	10.1	9.73
2009	7,109	285,000,000	40,090	65,059	9.0	10.2	9.73
2008	7,109	285,000,000	40,090	65,059	7.1	6.5	9.73
2007	7,109	285,000,000	40,090	65,059	6.1	5.6	9.73
2006	7,109	285,000,000	40,090	65,059	5.5	5.6	9.73
2005	7,109	282,239,200	39,702	65,059	5.9	5.9	9.73
2004	7,109	280,698,500	39,485	65,059	6.3	5.9	9.73

(1) Years 2004-2009 - U.S. Census Bureau 2000; 2010-2011 - U.S. Census Bureau 2010; 2012 City estimate

(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

2013 and 2008

2013			
Employer	Nature of Activity	Employees	Percentage of Total City Employment
Cleveland Clinic Foundation	Health Care	2,149	66.72 %
City of Independence	Municipality	479	14.87
L D Kichler Co	Lighting Products	445	13.82
Farmers Group Incorporated	Insurance Company	413	12.82
Airgas USA LLC	Gas Industry	260	8.07
Travelers Indemnity Company	Insurance Company	237	7.36
CBIZ Operations	Insurance Company	86	2.67
Cavaliers Holdings LLC	Basketball Clubs	76	2.36
Total		<u>4,145</u>	<u>128.69 %</u>
Total Employment within the City		<u>3,221</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 Incorporated	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	0.68
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	2013	2012	2011	2010
General Government				
Council	4.50	5.00	5.00	5.00
Mayor	2.50	2.50	2.50	2.50
Finance	3.50	3.50	3.50	4.00
Purchasing	1.00	1.50	1.50	1.00
Mayor's Court	3.00	3.00	3.00	3.00
Technology	2.00	2.00	1.00	1.00
Engineering	4.00	4.00	4.00	3.00
Administrative Support	5.00	4.50	4.00	4.00
Security of Persons and Property				
Police	47.50	48.00	50.00	51.00
Fire	24.50	26.50	28.00	28.00
Leisure Time Activities				
Recreation Center	50.00	45.00	49.00	42.50
Community Services	14.00	15.00	16.00	23.50
Community Environment				
Building Inspection	4.00	5.50	3.00	3.00
Transportation				
Service and Technical Service	42.00	45.00	50.50	51.00
Totals:	<u>207.50</u>	<u>211.00</u>	<u>221.00</u>	<u>222.50</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

2009	2008	2007	2006	2005	2004
5.00	5.50	5.50	5.50	5.50	5.50
2.50	2.50	2.50	2.50	2.50	3.00
4.00	4.00	3.50	3.50	3.50	4.50
1.00	1.00	1.50	1.50	1.50	1.50
3.00	3.00	3.50	3.50	3.50	3.00
1.00	1.00	1.00	1.00	1.00	1.00
3.00	1.50	0.50	0.50	0.50	0.50
4.00	4.00	3.50	3.50	3.50	3.50
51.00	53.50	56.50	54.00	53.00	57.00
28.00	27.00	28.00	28.00	27.50	27.50
42.50	47.00	43.00	40.50	35.00	34.50
23.50	22.00	22.50	21.00	20.50	17.50
3.00	5.00	6.00	6.00	6.00	5.50
51.00	47.00	50.00	50.00	51.00	49.00
<u>222.50</u>	<u>224.00</u>	<u>227.50</u>	<u>221.00</u>	<u>214.50</u>	<u>213.50</u>

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

Function/Program	2013	2012	2011	2010
General Government				
Square Footage of Building (1)	35,200	35,200	35,200	35,200
Building Department Vehicles	4	4	3	3
Other Department Vehicles	5	5	8	0
Police				
Stations	1	1	1	1
Square Footage of Building (1)	35,200	35,200	35,200	35,200
Vehicles	39	39	37	37
Fire				
Stations	1	1	1	1
Square Footage of Building	19,350	19,350	19,350	19,350
Vehicles	13	13	12	11
Service Department				
Streets (miles)	52	52	52	52
Vehicles	53	53	56	55
Recreation				
Recreation Centers	2	2	2	2
New Recreation Center Square Footage (2)	82,000	82,000	82,000	82,000
Old Recreation Facility Square Footage	7,570	7,570	7,570	7,570
Number of Parks	1	1	1	1
Number of Baseball Diamonds	6	6	6	6
Number of Playgrounds	2	2	2	2
Number of Tennis Courts	5	5	5	5
Number of Full Sized Soccer Fields	3	3	3	3
Vehicles	3	3	3	3
Community Services				
Community Services Center Square Footage (2)	82,000	82,000	82,000	82,000
Vehicles	7	7	6	6

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

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

Source: City Records

2009	2008	2007	2006	2005	2004
35,200	35,200	35,200	35,200	35,200	35,200
3	3	3	3	3	3
0	0	0	0	1	1
1	1	1	1	1	1
35,200	35,200	35,200	35,200	35,200	35,200
44	45	44	44	40	40
1	1	1	1	1	1
19,350	19,350	19,350	19,350	19,350	19,350
12	12	12	12	13	13
52	52	52	52	52	52
60	62	59	59	66	66
2	2	2	2	2	2
82,000	82,000	82,000	82,000	82,000	82,000
7,570	7,570	7,570	7,570	7,570	7,570
1	1	1	1	1	1
6	6	6	6	6	6
2	2	2	2	2	2
5	5	5	5	5	5
3	3	3	3	3	3
4	4	3	3	1	1
82,000	82,000	82,000	82,000	82,000	82,000
9	9	6	6	7	7

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

Function/Program	2013	2012	2011	2010
General Government				
Law Expenditures (in thousands)	\$244	\$250	\$175	\$243
Engineering Expenditures (in thousands)	360	244	73	71
Finance Expenditures (in thousands)	400	388	362	366
Mayor's Office Expenditures (in thousands)	546	510	564	544
Council Expenditures (in thousands)	221	260	238	242
Security of Persons and Property				
Police Expenditures (in thousands)	\$4,483	\$4,495	\$4,584	\$4,749
Total Arrests	3,023	2,257	5,337	5,337
Part One Offenses	231	222	166	166
OVI Arrests	151	65	83	83
Prisoners	393	353	543	543
Motor Vehicle Accidents	547	578	407	407
Calls for Service	29,342	22,434	28,220	28,220
Incidents per Citizen	4.1400	3.1600	3.9600	3.9600
Cost per Citizen	\$631.34	\$634.62	\$642.65	\$665.78
Fire Expenditures (in thousands)	\$2,851	\$2,796	\$2,798	\$2,878
Emergency Responses	1,658	1,714	1,503	1,607
Fire Safety Inspections	459	601	503	502
Fire Protection Systems Inspected	209	237	53	187
Building Fire Protection Plans Reviewed	19	67	68	22
Percentage of Business Inspected	63%	96%	74%	87%
Number of Community Programs	20	14	14	12
Emergency Responses per Citizen	0.2210	0.2420	0.2116	0.2300
Cost per Citizen	\$401.59	\$394.75	\$392.26	\$409.00
Fire Safety Education - Business	5	6	6	29
Street Lights Expenditures (in thousands)	\$220	\$236	\$184	\$158

2009	2008	2007	2006	2005	2004
\$248	\$217	\$282	\$274	\$264	\$184
71	70	287	294	227	364
445	425	405	397	386	394
530	460	454	431	414	412
263	312	306	287	285	281
\$4,839	\$4,782	\$4,618	\$4,411	\$4,583	\$4,381
4,811	4,326	3,453	4,377	4,895	4,605
197	248	248	275	287	335
102	108	103	94	112	146
572	681	813	780	897	851
490	572	558	544	634	646
30,022	31,104	26,491	29,001	32,889	36,811
4.2900	4.3753	3.7264	4.0795	4.6264	5.1781
\$680.69	\$672.67	\$649.60	\$620.48	\$644.68	\$616.26
\$2,978	\$2,916	\$2,800	\$2,702	\$2,592	\$2,458
1,607	1,637	1,530	1,482	1,433	1,258
502	575	590	604	576	619
187	239	258	251	242	268
22	11	10	18	16	14
87%	94%	100%	100%	100%	100%
12	13	13	12	11	10
0.2300	0.2303	0.2152	0.2085	0.2016	0.1770
\$418.91	\$410.18	\$393.87	\$380.08	\$364.61	\$345.76
29	46	48	44	48	59
\$190	\$190	\$183	\$203	\$193	\$178

(continued)

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

Function/Program	2013	2012	2011	2010
Leisure Time Activities				
Recreational Expenditures (in thousands)	\$1,948	\$1,969	\$1,927	\$1,911
Civic Center Expenditures (in thousands)	855	828	825	788
Totals	\$2,803	\$2,797	\$2,752	\$2,699
Cost per Citizen	\$394.71	\$394.89	\$385.81	\$378.38
Civic Center Square Feet	82,000	82,000	82,000	82,000
Square Feet per Citizen	11.55	11.58	11.50	11.50
Total Recreational Revenue (in thousands)	\$519	\$631	\$663	\$695
Civic Center Members	7,208	2,740	2,840	1,676
Total Participations	103,243	170,399	175,750	98,362
Participations of Members Over Age 60	20,513	21,236	19,798	467
Community Environment				
Building Department Expenditures (in thousands)	\$338	\$464	\$564	\$523
Cost per Citizen	\$47.59	\$65.51	\$79.07	\$73.32
Building Permits - Residential	65	61	48	86
Dollar Value of Permits (in thousands)	\$5,839	\$2,500	\$2,300	\$5,500
Building Permits - Commercial	45	47	56	53
Dollar Value of Permits (in thousands)	\$8,082	\$8,000	\$8,200	\$12,100
Transportation				
Service Department Expenditures (in thousands)	\$3,295	\$3,198	\$3,239	\$3,617
Street Construction Maintenance and Repair Expenditures (in thousands)	\$654	\$547	\$538	\$1,088
Snow and Ice Removal Expenditures (in thousands)	\$421	\$237	\$346	\$431
Leaves, grass, chipped material (in cubic yards)	10,295	12,428	11,600	11,600

Source: City Records

2009	2008	2007	2006	2005	2004
\$1,874	\$1,584	\$1,585	\$1,553	\$1,580	\$1,398
859	1,076	1,098	944	1,099	1,070
\$2,733	\$2,660	\$2,683	\$2,497	\$2,679	\$2,468
\$384.44	\$374.17	\$377.41	\$351.24	\$376.85	\$347.17
82,000	82,000	82,000	82,000	82,000	82,000
12.00	11.53	11.53	11.53	11.53	11.53
\$645	\$99	\$93	\$95	\$101	\$106
2,445	3,798	2,563	2,586	2,881	2,616
2,454	83,636	93,227	94,673	100,238	93,675
678	18,790	18,869	19,790	19,626	19,856
\$487	\$497	\$510	\$489	\$455	\$455
\$68.50	\$69.91	\$71.74	\$68.79	\$64.00	\$64.00
58	68	91	97	92	84
\$3,100	\$2,000	\$3,300	\$4,500	\$4,800	\$4,500
45	91	62	72	62	81
\$3,300	\$3,300	\$7,100	\$17,100	\$8,600	\$12,700
\$947	\$3,975	\$2,970	\$2,732	\$3,015	\$2,834
\$2,652	\$1,835	\$1,490	\$1,374	\$1,517	\$1,180
\$362	\$376	\$289	\$148	\$357	\$267
11,000	10,000	14,428	12,744	13,520	10,216

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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
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, 2013, 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 26, 2014.

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.

Cini & Paricki, Inc.

Cleveland, Ohio
June 26, 2014



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 9, 2014**