

# **City of Independence, Ohio**

## **Comprehensive Annual Financial Report**

**For the year ended  
December 31, 2020**





OHIO AUDITOR OF STATE  
KEITH FABER



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Honorable Mayor and Members of Council  
City of Independence  
6800 Brecksville Road  
Independence, Ohio 44131

We have reviewed the *Independent Auditor's Report* of the City of Independence, Cuyahoga County, prepared by Ciuni & Panichi, Inc., for the audit period January 1, 2020 through December 31, 2020. 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 cursive script that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

**July 13, 2021**

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**CITY OF INDEPENDENCE, OHIO**

**COMPREHENSIVE**

**ANNUAL FINANCIAL REPORT**

**For the Year Ended December 31, 2020**

Prepared by the City Finance Department



# **Introductory Section**







**City of Independence, Ohio**  
*Comprehensive Annual Financial Report*  
*For the Year Ended December 31, 2020*  
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# City of Independence, Ohio

"THE HEART OF CUYAHOGA COUNTY"

6800 BRECKSVILLE ROAD

INDEPENDENCE, OHIO 44131

(216) 524-4131

June 30, 2021

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

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

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

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, 2020. The Independent Auditor's Report is located at the front of the financial section of this report.

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

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

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

The current population is estimated to be 7,175 (2019 Census estimate) indicating a comfortable average of approximately 737 persons per square mile in this City of 9.73 square miles (6,138.3 acres). Independence has the lowest property tax rate of any city in Cuyahoga County.

Independence City Hall and Police Facility was dedicated in 1982, and the Fire Station was dedicated in 1995. The Fire Dept. is staffed by 27 full-time and 4 part-time firefighters. The Police Dept. is staffed with 33 full-time and one part-time police officer.

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

According to the Charter, the City of Independence's Chief Executive Officer is the Mayor, who is elected by the voters for a four-year term to begin on the first day of January following the election. No person shall serve as Mayor for more than two (2) consecutive terms of office. Terms shall be considered consecutive unless separated by a period of four (4) or more years.

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

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

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

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

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

Council sets maximum pay grade limits for each officer, employee and member of any board or commission of the City. The compensation of the Mayor, Director of Finance and Council shall be fixed not less than one hundred twenty (120) days prior to the term next beginning.

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

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

### ***Local Economy***

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

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

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

More than 800 businesses call Independence home, including prestigious corporations and organizations like Cleveland Clinic, Kichler Lighting, Cleveland Cavaliers NBA Team, Travelers Insurance, CBIZ, Airgas, SIRVA, iHeart Media, Independence Excavating, Novar Controls-Honeywell International Inc, CSA International, Wegman, Hessler, and Vanderburg, Hylant Group, Dayton Heidelberg Distributing, Fedeli Group Inc, Kent State University College of Podiatric Medicine, and All Erection Crane Rental Co, just to name a few.

Even though the City's resident population is relatively small (7,175 as of the 2019 Census estimate), the daytime population approaches 25,000 during the work week; and when the vendor, customer, client, patient, and flow-through activity during the daytime are included, the commercial population can reach 35,000-40,000.

### ***Major Initiatives***

The City completed a process that resulted in the adoption of an Economic Development Strategic Plan (EDSP) in 2013. The EDSP provides specific strategies, action items, and performance targets to help guide local officials by providing the tools necessary to strengthen the local economy.

One of the EDSP action items was land banking vacant property in the Rockside Road corridor. Acting on this recommendation, the City purchased 33 acres of vacant commercial property adjacent to Rockside Road in May 2014.

Another result of the EDSP were recommendations for the City's downtown area. The City took title to the former middle school and surrounding land in 2005. The site is strategically located in the downtown area, and has the potential to be a catalyst for area-wide redevelopment. At the end of 2016, City leadership determined that the former middle school building was a detriment to redeveloping downtown Independence, so the decision was made to demolish the structure. The City continues to pursue opportunities to enhance the historic nature of its downtown, and took additional steps in 2020 to acquire additional strategically located downtown properties.

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

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

The City diligently utilizes Tax Increment Financing (TIF) as an economic development tool. The City currently has 19 TIF Districts and received over \$19 million of payments in lieu of taxes since the inception of the pilots program.

### ***Long-Term Planning***

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

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

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

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

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

A key recommendation from the Area Plans was for the City to consider creating zoning that would enable limited mixed-use development in the Rockside Road Corridor and Downtown areas. Following this recommendation, City Council approved the creation of Planned Unit Development (PUD) Districts for the Downtown area in 2015.



***Relevant Financial Policies***

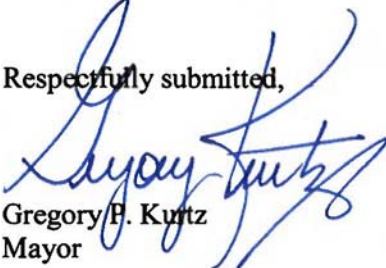
The City has been able to minimize its debt by borrowing only for large capital/infrastructure improvements due to the departmental forecasting on the City’s Five-Year Capital Improvement Plan and the Tax Increment Financing that has assisted with some of the payments for the debt infrastructure projects.

***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 11 consecutive years including the fiscal year ended December 31, 2019. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, the City has to publish an easily readable and efficiently organized comprehensive annual financial report that satisfies both generally accepted accounting principles (GAAP) and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The City believes the current report continues to meet the Certificate of Achievement Program’s requirements, and it has been submitted to the GFOA to determine its eligibility for another certificate.

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

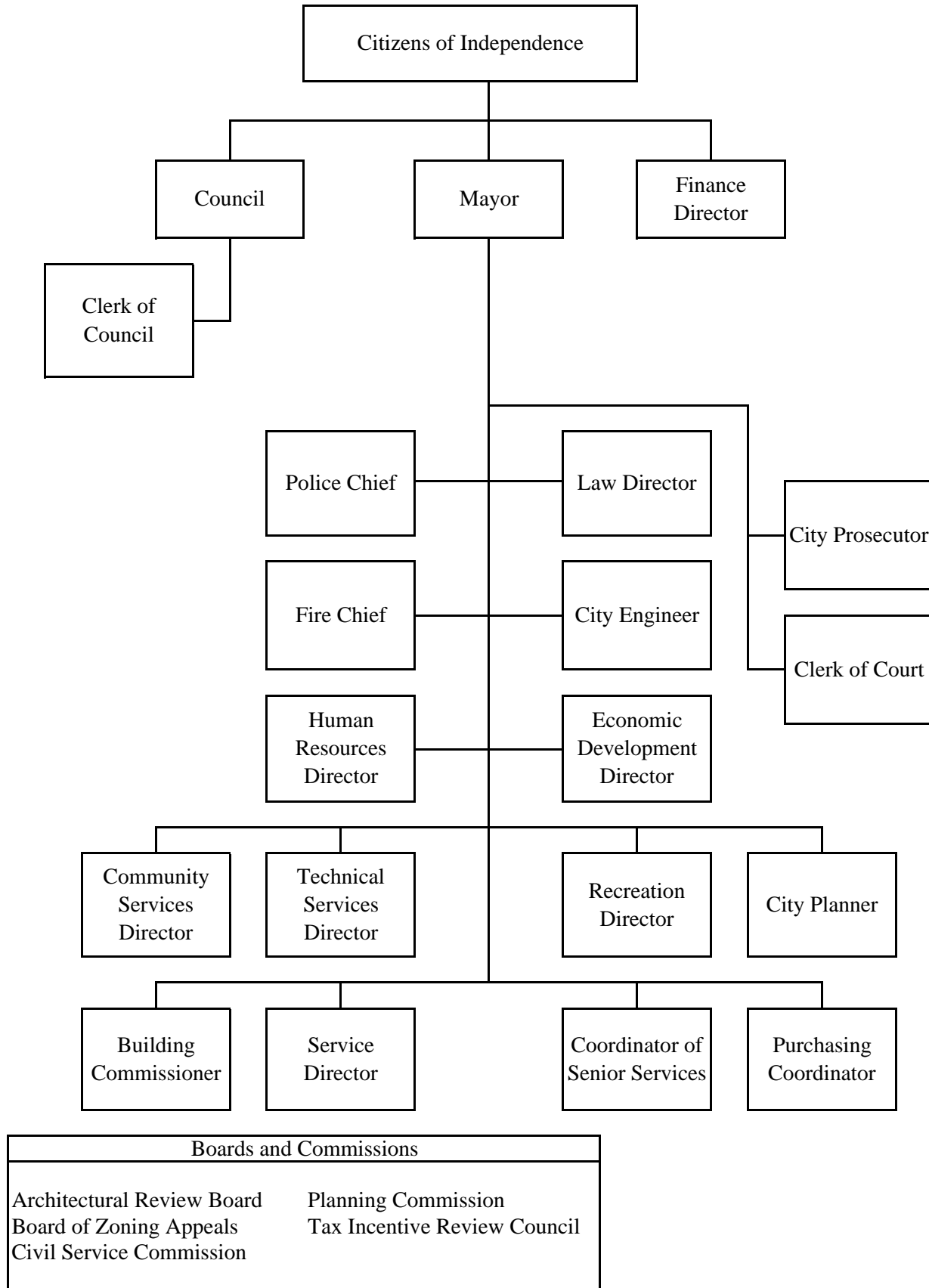
This Comprehensive Annual Financial Report was prepared by the Finance Department with the efficient and dedicated service of its entire staff. Sincere appreciation is offered to each of them and all other employees contributing to this effort.

Respectfully submitted,  
  
Gregory F. Kurtz  
Mayor

  
Vernon Blaze  
Finance Director

# City of Independence

## Organizational Chart



**City of Independence, Ohio**

*List of Principal Officials*

*December 31, 2020*

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***Elected Officials***

Mayor.....Gregory P. Kurtz  
Finance Director..... Vernon Blaze  
Vice Mayor .....David Grendel  
Council Member ..... Kathleen Kapusta  
Council Member ..... Thomas Narduzzi  
Council Member ..... Kenn Synek  
Council Member ..... James Trakas  
Council Member ..... Dale Veverka  
Council Member ..... Chris Walchanowicz

***Appointed Officials***

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

***Administration***

Human Resources Director ..... Letitia Linker  
Community Services Director..... Vacant  
Police Chief.....Michael Kilbane  
City Engineer ..... Don Ramm  
City Planner ..... Jeffrey S. Markley  
Service Director ..... Leon Karas  
Recreation Director..... Tom Walchanowicz  
Fire Chief ..... Steve Rega  
Building Official ..... Michael Gero  
Technical Services Director..... David Snyderburn  
Economic Development Director.....Jessica Hyser  
Purchasing Coordinator ..... Dennis Zdolshek  
Clerk of Court ..... Angela T. Zidanic

Government Finance Officers Association

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

Presented to

**City of Independence  
Ohio**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

December 31, 2019

*Christopher P. Morill*

Executive Director/CEO

# **Financial Section**





## Independent Auditor's Report

To the Members of the City Council  
City of Independence, Ohio

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Independence, Ohio (the "City"), as of and for the year ended December 31, 2020, 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.

To the Members of the City Council  
City of 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, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and High Intensity Drug Trafficking Area Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

#### *Implementation of New Accounting Standard*

As described in Note 20 to the basic financial statements, in 2020, the City adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 83, *Certain Asset Retirement Obligations*, and as a result restated their December 31, 2019 net position of the governmental activities. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### *Required Supplementary Information*

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

#### *Other Information*

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



To the Members of the City Council  
City of Independence, Ohio

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Ciampi & Panichi, Inc.*

Cleveland, Ohio  
June 30, 2021

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**City of Independence, Ohio**  
Management's Discussion and Analysis  
*For the Year Ended December 31, 2020*  
*Unaudited*

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The discussion and analysis of the City of Independence's (the City) financial performance provides an overall review of the City's financial activities for the year ended December 31, 2020. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers are encouraged to consider the information presented here in conjunction with the transmittal letter, the basic financial statements, and the accompanying notes to those financial statements to enhance their understanding of the City's financial performance.

### **Financial Highlights**

Key financial highlights are as follows:

- ❖ The City remains vigilant and department heads and employees work together to find ways to create more efficiency to ensure that the City's mission *"To provide essential services and to enhance the quality of community life in the most economic and efficient manner possible"* is carried out and implemented each and every day.
- ❖ The City has established several tax incremental financing (TIF) districts within the City under which the City has granted property tax exemptions and agreed to construct certain public infrastructure improvements. A taxpayer whose operations are located within the TIF districts continues to make payments to the jurisdiction in an amount equal to the real property tax liability that otherwise would have been due had the property not been exempted; however, the portion of the property tax on the incremental increase in value that would have gone to the County comes to the City to help pay for those public infrastructure improvements. Over the past ten years the City has received more than \$14.0 million in payments in lieu of taxes (PILOT) revenue on a full accrual basis.
- ❖ The City has many continuing road projects that will be completed in future years. The City always strives to improve and repair its roads for the safety of its citizens.
- ❖ On March 9, 2020, Ohio Governor, Mike DeWine, signed Executive Order 2020-01D declaring a state of emergency in Ohio to protect the well-being of Ohioans from the dangerous and unknown effects of COVID-19. This order prompted the City to take various protective and financial measures.

### **Using this Annual Financial Report**

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

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

**City of Independence, Ohio**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2020  
*Unaudited*

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

### *Statement of Net Position and the Statement of Activities*

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

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

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

### *Fund Financial Statements*

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

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

## **The City of Independence as a Whole**

### *Statement of Net Position*

As noted earlier, the statement of net position looks at the City as a whole and can prove to be a useful indicator of the City's financial position. Table 1 provides a summary of the City's net position for 2020 and 2019.

**City of Independence, Ohio**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2020  
Unaudited

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

	2020	Restated 2019	Change
<b>Assets</b>			
Current and Other Assets	\$53,800,602	\$56,685,851	(\$2,885,249)
Noncurrent Assets:			
Net Pension Asset	106,129	71,224	34,905
Capital Assets, Net	138,321,279	125,764,481	12,556,798
Total Assets	192,228,010	182,521,556	9,706,454
<b>Deferred Outflows of Resources</b>			
Deferred Charge on Refunding	217,092	246,467	(29,375)
Pension	3,742,105	9,433,546	(5,691,441)
OPEB	2,596,751	2,024,699	572,052
Asset Retirement Obligation	55,000	60,500	(5,500)
Total Deferred Outflows of Resources	6,610,948	11,765,212	(5,154,264)
<b>Liabilities</b>			
Current and Other Liabilities	5,341,465	23,874,089	18,532,624
Long-Term Liabilities:			
Due Within One Year	2,397,138	1,283,990	(1,113,148)
Due in More than One Year:			
Net Pension Liability	25,063,872	33,998,691	8,934,819
Net OPEB Liability	9,501,302	9,834,665	333,363
Other Amounts	29,667,412	14,781,421	(14,885,991)
Total Liabilities	71,971,189	83,772,856	11,801,667
<b>Deferred Inflows of Resources</b>			
Property Taxes	951,825	968,235	16,410
Payments in Lieu of Taxes	2,002,698	2,124,598	121,900
Pension	4,660,954	379,386	(4,281,568)
OPEB	2,451,010	728,622	(1,722,388)
Total Deferred Inflows of Resources	10,066,487	4,200,841	(5,865,646)
<b>Net Position</b>			
Net Investment in Capital Assets	106,232,967	90,680,280	15,552,687
Restricted:			
Capital Projects	16,430,739	18,022,928	(1,592,189)
State Highway	140,732	125,892	14,840
Street Construction, Maintenance and Repair	724,278	977,347	(253,069)
Police Pension	305,087	770,741	(465,654)
Other Purposes	314,542	279,520	35,022
Unrestricted	(7,347,063)	(4,543,637)	(2,803,426)
Total Net Position	\$116,801,282	\$106,313,071	\$10,488,211

**City of Independence, Ohio**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2020  
*Unaudited*

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The net pension liability (NPL) is the largest single liability reported by the City at December 31, 2020. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the “employment exchange” – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, City is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

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

As of December 31, 2020, the City's overall net position increased by \$10,488,211 from the prior year. Total assets increased by \$9.7 million. Current and other assets, primarily cash, was reduced by almost \$3 million as the City was affected by the pandemic and used available cash to help supplement programs and to pay for construction projects. Capital assets increased by just over \$12.5 million as additions exceeded depreciation and the City keeps a focus on improvements. The decrease in total deferred outflows of resources was due to adjustments in the current year calculations specific to the net pension liability. Liabilities decreased mainly due to changes in the net pension/OPEB liabilities as well as bonding the note liability and the continued repayment of the City's long term debt obligations. Deferred inflows increased due to changes in the deferred inflows of resources related to pension and OPEB. Further details of the changes in net position between 2020 and 2019 can be observed in Table 2.

**City of Independence, Ohio**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2020  
Unaudited

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

	2020	2019	Change
<b>Revenues</b>			
Program Revenues			
Charges for Services and Sales	\$1,424,533	\$2,388,094	(\$963,561)
Operating Grants and Contributions	8,677,082	6,859,993	1,817,089
Capital Grants, Contributions and Assessments	1,308,456	1,838,283	(529,827)
<i>Total Program Revenues</i>	<u>11,410,071</u>	<u>11,086,370</u>	<u>323,701</u>
General Revenues			
Property Taxes	983,735	968,525	15,210
Municipal Income Taxes	33,573,510	33,313,603	259,907
Hotel/Motel Taxes	648,140	1,321,108	(672,968)
Amusement Taxes	217,515	22,972	194,543
Grant and Entitlements Not Restricted to Specific Programs	364,692	322,822	41,870
Investment Income	389,269	705,271	(316,002)
Payments in Lieu of Taxes	2,097,681	2,084,777	12,904
Gain on Sale of Capital Assets	39,283	25,381	13,902
Miscellaneous	2,274,954	1,031,477	1,243,477
<i>Total General Revenues</i>	<u>40,588,779</u>	<u>39,795,936</u>	<u>792,843</u>
<i>Total Revenues</i>	<u>51,998,850</u>	<u>50,882,306</u>	<u>1,116,544</u>
<b>Program Expenses</b>			
General Government	18,699,177	19,039,488	340,311
Security of Persons and Property	10,968,040	1,295,610	(9,672,430)
Public Health and Welfare	78,053	93,402	15,349
Leisure Time Activities	3,081,336	4,336,089	1,254,753
Community Environment	3,823,600	4,700,395	876,795
Basic Utility Services	1,037,179	1,071,857	34,678
Transportation	3,188,190	3,796,646	608,456
Interest and Fiscal Charges	635,064	741,662	106,598
<i>Total Expenses</i>	<u>41,510,639</u>	<u>35,075,149</u>	<u>(6,435,490)</u>
<i>Increase in Net Position</i>	10,488,211	15,807,157	(5,318,946)
<i>Net Position Beginning of Year -     Restated (See Note 20)</i>	<u>106,313,071</u>	<u>90,505,914</u>	<u>15,807,157</u>
<i>Net Position End of Year</i>	<u>\$116,801,282</u>	<u>\$106,313,071</u>	<u>\$10,488,211</u>

**Governmental Activities**

Several revenue sources fund governmental activities with income tax revenue being the largest source. The City levies a municipal income tax of two percent on all income earned within the City as well as on income of residents earned outside of the City. In the latter case, the City allows a credit of 100 percent, up to two percent, on the income earned outside of the City and paid to another municipality.

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

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Management's Discussion and Analysis  
*For the Year Ended December 31, 2020*  
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The overall financial strength and the net position of the City improved in 2020 from 2019. During these uncertain times and the ongoing global health pandemic, the City made a conscious effort to live within its financial means, follow its financial plan and take corrective measures, when necessary.

The governmental activities charges for services program revenue decreased as a result of reported amounts involving less building and recreation related fee revenues. The governmental activities operating grants and contributions program revenues increased as a result of the City receiving CARES Act funding. This funding was used to protect the well-being of constituents from the dangerous and unknown effects of COVID-19 in accordance with the guidelines set forth by the United States Department of Treasury. The governmental activities capital grants and contributions program revenue decreased due to the City receiving less funding for construction related projects from the pandemic.

The City received a large dividend distribution from the State of Ohio Bureau of Worker's Compensation Fund. Interest revenues decreased substantially in 2020 from 2019 as a result of the Federal Reserve's decision to lower interest rates to near zero and numerous called investments. The City's revenues specific to Hotel/Motel tax collections dropped significantly as a result of the pandemic.

Security of persons and property generally represents the highest program expense for the City by a large margin. However, during 2019, these expenses were significantly reduced as a result of reported OPEB expense amounts pursuant to GASB 75. The large difference between years was a direct result of actions taken by the Ohio Police and Fire Pension Fund when they no longer offered a self-insured health care plan to its retired members in 2019 coupled with a change in the discount rate. This action was not dictated nor controlled by the City and was reflected in the financial statements to comply with GASB 75. This expense category is made up of all of the expenses and related activities of the Police and Fire Divisions. The goal of these two divisions is to provide the best possible safety services to the community. For 2020, the City spent the majority of the CARES Act funding on eligible wages and benefit costs of front line responders who battled COVID-19. The receipt of the CARES Act funding resulted in positive budget variances and increased fund balances in both the fire and police departments.

In an effort to curb the rising costs of health care, the City established a City-wide Joint Medical/Hospitalization Committee (the Healthcare Committee). The Healthcare Committee is composed of one representative from each of the City's bargaining units, four non-bargaining representatives from other City departments, and one representative from Council. The primary goal of the Healthcare Committee is to work with City administration and Council to manage overall healthcare costs and promote healthier lifestyles.

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

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



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

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

	Total Cost of Services		Net Cost of Services	
	2020	2019	2020	2019
General Government	\$18,699,177	\$19,039,488	\$10,862,434	\$12,105,949
Security of Persons and Property	10,968,040	1,295,610	10,012,600	609,546
Public Health and Welfare	78,053	93,402	74,665	70,412
Leisure Time Activities	3,081,336	4,336,089	2,696,373	3,720,789
Community Environment	3,823,600	4,700,395	3,653,345	4,449,231
Basic Utility Services	1,037,179	1,071,857	914,629	946,257
Transportation	3,188,190	3,796,646	1,251,458	1,344,933
Interest and Fiscal Charges	635,064	741,662	635,064	741,662
<b>Total Expenses</b>	<b>\$41,510,639</b>	<b>\$35,075,149</b>	<b>\$30,100,568</b>	<b>\$23,988,779</b>

**The City's Funds**

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

As of the end of 2020, the City's governmental funds reported a positive combined ending fund balance. Unassigned fund balance is available for appropriation at the City's discretion within certain legal constraints and purpose restrictions within the City's general fund. The remainder of the fund balance is either nonspendable, restricted, committed or assigned to indicate that it is not available for future unrestricted spending.

The increase in the general fund balance is primarily a result of revenues outpacing expenditures and the transfer subsidies to other funds. The City continues to put a premium on City services without reducing the City's workforce. In order to keep this premium on jobs, the City has worked to minimize overtime and has 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 High Intensity Drug Trafficking Area (HIDTA) special revenue fund had an increase in fund balance due to existing cash balances being sufficient to cover outstanding payables at year end. Overall the revenues and expenditures increased from prior years as the program continues to grow in 2020.

The quadrant tax increment financing (TIF) capital projects fund saw an increase in fund balance primarily due to the bonding of notes payable. The negative balance reflected in the quadrant TIF fund is a result of interfund borrowing.

The street resurfacing capital projects fund had a decrease in fund balance due to capital expenditures for infrastructure improvements outpacing transfers in from the general fund as the City continues to prioritize improvement and repair of its roads for the safety of its citizens.

**City of Independence, Ohio**  
Management's Discussion and Analysis  
*For the Year Ended December 31, 2020*  
*Unaudited*

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Other governmental funds had an increase in fund balance. The City continues to seek out and utilize grant monies. Revenues and transfers in for subsidies were higher than expenditures.

### **General Fund Budgeting Highlights**

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

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

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

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

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

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

In 2020, the City made a land purchase, various building and land improvements, purchased equipment and vehicles for the City's various departments and also made improvements to numerous roads throughout the City. See Note 9 to the basic financial statements for more information regarding the City's capital assets.

#### ***Long-Term Debt***

The outstanding long-term debt is as follows: The various quadrant tax increment financing (TIF) bonds will be paid from the TIF projects debt service fund. The various purpose refunding serial bonds will be retired from the TIF projects and the non-TIF Project debt service funds. The various purpose general obligation bonds will be paid from the TIF project debt service fund. The special assessment bonds will be retired from the TIF projects debt service fund. The OPWC loans will be retired from the TIF projects debt service fund and the Route 21 and Pleasant Valley capital projects fund.

The City's overall legal debt limit is \$50,858,305. The amount of debt subject to the debt limit was \$19,310,000 leaving an overall debt margin of \$31,548,305. The legal debt margin is determined by multiplying the total assessed value of taxable real property in the City by 10.50 percent minus non-exempted debt outstanding.

**City of Independence, Ohio**  
Management's Discussion and Analysis  
*For the Year Ended December 31, 2020*  
*Unaudited*

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

**Current Financial Related Activities**

The City has continued to maintain the highest standards of services to its residents while diligently planning expenses to stay within the City's revenues. During 2020, the City leadership team closely monitored revenues and expenditures to preserve the integrity of the general fund's unencumbered cash balance. As with all municipalities in the State of Ohio, State funding and State legal issues are constantly monitored to determine the impact on the City. One major funding issue for cities and villages in Ohio during 2020 was the question of the constitutionality of a local community to tax the wages of someone who neither resides in nor physically works out of a location in said community. The answer to this question could have a material impact on the future revenue streams of many Ohio cities and villages.

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

**Contacting the City's Finance Department**

This financial report is designed to provide a general overview of the City's finances and to show the City's accountability for the money it receives. Any questions about this report or the need for additional financial information can be obtained by contacting the Finance Department at the City of Independence, 6800 Brecksville Road, Independence, Ohio 44131-5045, (216) 524-4131.

**City of Independence, Ohio**  
*Statement of Net Position*  
*December 31, 2020*

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$38,456,002
Cash and Cash Equivalents in Segregated Accounts	4,133
Accounts Receivable	57,983
Hotel/Motel Taxes Receivable	58,574
Amusement Taxes Receivable	54,543
Intergovernmental Receivable	1,118,835
Prepaid Items	335,933
Municipal Income Taxes Receivable	7,392,866
Property Taxes Receivable	996,591
Accrued Interest Receivable	17,187
Special Assessments Receivable	3,168,282
Payments in Lieu of Taxes Receivable	2,139,673
Net Pension Asset (See Note 11)	106,129
Nondepreciable Capital Assets	48,979,724
Depreciable Capital Assets, Net	89,341,555
<i>Total Assets</i>	192,228,010
<b>Deferred Outflows of Resources</b>	
Deferred Charge on Refunding	217,092
Pension	3,742,105
OPEB	2,596,751
Asset Retirement Obligation	55,000
<i>Total Deferred Outflows of Resources</i>	6,610,948
<b>Liabilities</b>	
Accounts Payable	1,265,322
Accrued Wages	191,547
Contracts Payable	2,197,585
Intergovernmental Payable	210,583
Deposits Held Payable	379,337
Accrued Interest Payable	90,726
Retainage Payable	1,006,365
Long-Term Liabilities:	
Due Within One Year	2,397,138
Due in More Than One Year	
Net Pension Liability (See Note 11)	25,063,872
Net OPEB Liability (See Note 12)	9,501,302
Other Amounts Due in More than One Year	29,667,412
<i>Total Liabilities</i>	71,971,189
<b>Deferred Inflows of Resources</b>	
Property Taxes	951,825
Payments in Lieu of Taxes	2,002,698
Pension	4,660,954
OPEB	2,451,010
<i>Total Deferred Inflows of Resources</i>	10,066,487
<b>Net Position</b>	
Net Investment in Capital Assets	106,232,967
Restricted for:	
Capital Projects	16,430,739
State Highway	140,732
Street Construction, Maintenance and Repair	724,278
Police Pension	305,087
Other Purposes	314,542
Unrestricted	(7,347,063)
<i>Total Net Position</i>	\$116,801,282

See accompanying notes to the basic financial statements

**City of Independence, Ohio**  
*Statement of Activities*  
For the Year Ended December 31, 2020

	Expenses	Program Revenues			Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants, Contributions and Assessments	Revenue and Changes in Net Position
<b>Governmental Activities:</b>					<b>Governmental Activities</b>
General Government	\$18,699,177	\$323,442	\$7,508,301	\$5,000	(\$10,862,434)
Security of Persons and Property	10,968,040	466,272	489,168	0	(10,012,600)
Public Health and Welfare	78,053	3,388	0	0	(74,665)
Leisure Time Activities	3,081,336	384,963	0	0	(2,696,373)
Community Environment	3,823,600	170,255	0	0	(3,653,345)
Basic Utility Services	1,037,179	44,200	0	78,350	(914,629)
Transportation	3,188,190	32,013	679,613	1,225,106	(1,251,458)
Interest and Fiscal Charges	635,064	0	0	0	(635,064)
<i>Totals</i>	<u>\$41,510,639</u>	<u>\$1,424,533</u>	<u>\$8,677,082</u>	<u>\$1,308,456</u>	<u>(30,100,568)</u>
<b>General Revenues</b>					
Property Taxes Levied for:					
General Purposes					855,374
Police Pension					128,361
Municipal Income Tax Levied for General Purposes					33,573,510
Hotel/Motel Tax Levied for General Purposes					648,140
Amusement Tax Levied For General Purposes					217,515
Grants and Entitlements Not Restricted to Specific Programs					364,692
Investment Income					389,269
Payments in Lieu of Taxes					2,097,681
Gain on Sale of Capital Asset					39,283
Miscellaneous					2,274,954
<i>Total General Revenues</i>					<u>40,588,779</u>
Change in Net Position					10,488,211
<i>Net Position Beginning of Year - Restated (See Note 20)</i>					<u>106,313,071</u>
<i>Net Position End of Year</i>					<u>\$116,801,282</u>

See accompanying notes to the basic financial statements

**City of Independence, Ohio**

*Balance Sheet*

*Governmental Funds*

*December 31, 2020*

	General	HIDTA	Quadrant Tax Increment Financing	Street Resurfacing	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$13,428,491	\$94,195	\$5,257,365	\$5,328,353	\$12,077,358	\$36,185,762
Cash and Cash Equivalents						
In Segregated Accounts	4,133	0	0	0	0	4,133
Accounts Receivable	57,983	0	0	0	0	57,983
Hotel/Motel Taxes Receivable	58,574	0	0	0	0	58,574
Amusement Taxes Receivable	54,543	0	0	0	0	54,543
Interfund Receivable	24,656,224	0	0	0	530,000	25,186,224
Intergovernmental Receivable	107,041	0	569,664	14,970	427,160	1,118,835
Prepaid Items	335,087	0	0	0	846	335,933
Accrued Interest Receivable	12,907	0	0	4,138	142	17,187
Special Assessments Receivable	0	0	0	0	3,168,282	3,168,282
Payments in Lieu of Taxes Receivable	0	0	2,139,673	0	0	2,139,673
Property Taxes Receivable	860,692	0	0	0	135,899	996,591
Municipal Income Taxes Receivable	7,392,866	0	0	0	0	7,392,866
Restricted Assets:						
Equity in Pooled Cash and Cash Equivalents	899,144	0	0	0	0	899,144
<b>Total Assets</b>	<b>\$47,867,685</b>	<b>\$94,195</b>	<b>\$7,966,702</b>	<b>\$5,347,461</b>	<b>\$16,339,687</b>	<b>\$77,615,730</b>
<b>Liabilities</b>						
Accounts Payable	\$441,458	\$3,688	\$13,576	\$0	\$182,143	\$640,865
Accrued Wages	167,794	17,650	0	0	6,103	191,547
Contracts Payable	25,742	0	67,425	499,395	1,546,747	2,139,309
Intergovernmental Payable	130,335	13,507	0	0	66,741	210,583
Retainage Payable	0	0	394,458	591,842	20,065	1,006,365
Interfund Payable	0	0	24,432,000	450,000	304,224	25,186,224
Payables from Restricted Assets:						
Accounts Payable	511,669	0	0	0	0	511,669
Deposits Held and Due to Others	379,337	0	0	0	0	379,337
<b>Total Liabilities</b>	<b>1,656,335</b>	<b>34,845</b>	<b>24,907,459</b>	<b>1,541,237</b>	<b>2,126,023</b>	<b>30,265,899</b>
<b>Deferred Inflows of Resources</b>						
Property Taxes	822,030	0	0	0	129,795	951,825
Payments in Lieu of Taxes	0	0	2,002,698	0	0	2,002,698
Unavailable Revenue	5,224,337	0	706,639	0	3,550,982	9,481,958
<b>Total Deferred Inflows of Resources</b>	<b>6,046,367</b>	<b>0</b>	<b>2,709,337</b>	<b>0</b>	<b>3,680,777</b>	<b>12,436,481</b>
<b>Fund Balances</b>						
Nonspendable	24,245,225	0	0	0	846	24,246,071
Restricted	0	59,350	0	3,806,224	9,337,612	13,203,186
Committed	0	0	0	0	549,842	549,842
Assigned	6,244,527	0	0	0	766,858	7,011,385
Unassigned (Deficit)	9,675,231	0	(19,650,094)	0	(122,271)	(10,097,134)
<b>Total Fund Balances (Deficit)</b>	<b>40,164,983</b>	<b>59,350</b>	<b>(19,650,094)</b>	<b>3,806,224</b>	<b>10,532,887</b>	<b>34,913,350</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$47,867,685</b>	<b>\$94,195</b>	<b>\$7,966,702</b>	<b>\$5,347,461</b>	<b>\$16,339,687</b>	<b>\$77,615,730</b>

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, 2020*

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**Total Governmental Funds Balances** \$34,913,350

*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. 138,321,279

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	44,766	
Municipal Income Taxes	5,019,168	
Hotel Taxes	19,322	
Amusement Taxes	54,543	
Intergovernmental	1,037,004	
Rentals	396	
Special Assessments	3,168,282	
Payments in Lieu of Taxes	136,975	
Miscellaneous	1,502	
<b>Total</b>		<b>9,481,958</b>

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

Net Pension Asset	106,129	
Deferred Outflows - Pension	3,742,105	
Net Pension Liability	(25,063,872)	
Deferred Inflows - Pension	(4,660,954)	
Deferred Outflows - OPEB	2,596,751	
Net OPEB Liability	(9,501,302)	
Deferred Inflows - OPEB	(2,451,010)	
<b>Total</b>		<b>(35,232,153)</b>

In the statement of net position, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (90,726)

An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. 1,200,032

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. 217,092

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

General Obligation Bonds	(24,436,536)	
Special Assessment Bonds	(3,138,890)	
OPWC Loan	(3,466,329)	
Compensated Absences	(802,795)	
Deferred Outflows Asset Retirement	55,000	
Asset Retirement Obligation	(220,000)	
<b>Total</b>		<b>(32,009,550)</b>

*Net Position of Governmental Activities* \$116,801,282

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, 2020*

	General	HIDTA	Quadrant Tax Increment Financing	Street Resurfacing	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Property Taxes	\$838,234	\$0	\$0	\$0	\$125,655	\$963,889
Municipal Income Taxes	33,212,107	0	0	0	0	33,212,107
Hotel/Motel Taxes	635,186	0	0	0	0	635,186
Amusement Taxes	162,972	0	0	0	0	162,972
Intergovernmental	356,662	5,975,149	37,152	1,477,728	2,676,302	10,522,993
Investment Income	337,945	0	0	45,710	5,614	389,269
Fees, Licenses and Permits	222,538	0	0	0	261,948	484,486
Fines and Forfeitures	91,488	0	0	0	72,674	164,162
Charges for Services	608,859	9,956	0	0	0	618,815
Rentals	149,171	0	0	0	9,550	158,721
Special Assessments	0	0	0	0	304,187	304,187
Payments in Lieu of Taxes	0	0	1,999,806	0	0	1,999,806
Contributions and Donations	0	0	0	0	5,000	5,000
Miscellaneous	2,161,870	0	45,575	0	13,118	2,220,563
<i>Total Revenues</i>	<u>38,777,032</u>	<u>5,985,105</u>	<u>2,082,533</u>	<u>1,523,438</u>	<u>3,474,048</u>	<u>51,842,156</u>
<b>Expenditures</b>						
Current:						
General Government	6,209,578	5,936,528	0	0	1,550,528	13,696,634
Security of Persons and Property	8,303,506	0	0	0	1,154,777	9,458,283
Public Health and Welfare	70,497	0	0	0	0	70,497
Leisure Time Activities	2,559,366	0	0	0	275,007	2,834,373
Community Environment	3,537,045	0	0	0	0	3,537,045
Basic Utility Services	917,501	0	0	0	0	917,501
Transportation	665,913	0	0	0	1,340,003	2,005,916
Capital Outlay	0	0	5,164,202	9,413,018	3,371,502	17,948,722
Debt Service:						
Principal Retirement	0	0	0	0	924,729	924,729
Interest and Fiscal Charges	0	0	205,798	0	387,644	593,442
Debt Issuance Costs	0	0	0	0	258,089	258,089
<i>Total Expenditures</i>	<u>22,263,406</u>	<u>5,936,528</u>	<u>5,370,000</u>	<u>9,413,018</u>	<u>9,262,279</u>	<u>52,245,231</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>16,513,626</u>	<u>48,577</u>	<u>(3,287,467)</u>	<u>(7,889,580)</u>	<u>(5,788,231)</u>	<u>(403,075)</u>
<b>Other Financing Sources (Uses)</b>						
Sale of Capital Assets	39,283	0	0	0	0	39,283
General Obligation Bonds Issued	0	0	15,250,000	0	0	15,250,000
Premium on Bonds	0	0	0	0	1,726,066	1,726,066
Transfers In	79,431	0	7,000	3,200,000	6,635,219	9,921,650
Transfers Out	(8,345,250)	0	(1,227,200)	0	(349,200)	(9,921,650)
<i>Total Other Financing Sources (Uses)</i>	<u>(8,226,536)</u>	<u>0</u>	<u>14,029,800</u>	<u>3,200,000</u>	<u>8,012,085</u>	<u>17,015,349</u>
<i>Net Change in Fund Balances</i>	<u>8,287,090</u>	<u>48,577</u>	<u>10,742,333</u>	<u>(4,689,580)</u>	<u>2,223,854</u>	<u>16,612,274</u>
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>31,877,893</u>	<u>10,773</u>	<u>(30,392,427)</u>	<u>8,495,804</u>	<u>8,309,033</u>	<u>18,301,076</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$40,164,983</u>	<u>\$59,350</u>	<u>(\$19,650,094)</u>	<u>\$3,806,224</u>	<u>\$10,532,887</u>	<u>\$34,913,350</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, 2020*

**Net Change in Fund Balances - Total Governmental Funds** \$16,612,274

*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	17,072,144	
Depreciation	(4,515,346)	
Total		12,556,798

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

Delinquent Property Taxes	19,846	
Municipal Income Taxes	361,403	
Hotel Taxes	12,954	
Amusement Taxes	54,543	
Intergovernmental	(363,075)	
Fees, Licenses and Permits	(200)	
Fines and Forfeitures	(275)	
Charges for Services	(650)	
Rentals	(526)	
Special Assessments	(118,875)	
Payments in Lieu of Taxes	97,875	
Miscellaneous	861	
Total		63,881

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	(72,125)	
Amortization of Deferred Charge on Refunding	(29,375)	
Amortization of Bond Premium	59,878	
Total		(41,622)

Amortization of deferred outflows related to the asset retirement obligation is reported as an expense in the statement of activities. (5,500)

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (7,680)

Repayment of long-term obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:

Payment on General Obligation Bonds	725,000	
Payment on Special Assessment Bonds	90,000	
Payment on OPWC Loans	109,729	
Total		924,729

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

General Obligation Bonds Issued	(15,250,000)	
Premium on General Obligation Bonds Issued	(1,726,066)	
Total		(16,976,066)

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. (818,345)

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

Pension	2,068,654	
OPEB	52,003	
Total		2,120,657

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

Pension	(3,071,939)	
OPEB	(868,976)	
Total		(3,940,915)

*Change in Net Position of Governmental Activities* \$10,488,211

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, 2020*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$767,114	\$790,795	\$838,234	\$47,439
Municipal Income Taxes	31,229,382	32,109,569	33,872,825	1,763,256
Hotel/Motel Taxes	614,511	631,831	666,527	34,696
Amusement Taxes	156,526	160,937	169,775	8,838
Intergovernmental	329,789	337,023	351,517	14,494
Investment Income	349,726	359,583	379,329	19,746
Fees, Licenses and Permits	205,355	211,143	222,738	11,595
Fines and Forfeitures	96,306	99,020	104,458	5,438
Charges for Services	544,557	559,906	590,652	30,746
Rentals	146,383	150,509	158,774	8,265
Miscellaneous	1,780,270	1,830,377	1,930,754	100,377
<i>Total Revenues</i>	36,219,919	37,240,693	39,285,583	2,044,890
<b>Expenditures</b>				
Current:				
General Government	7,370,627	7,370,627	6,677,007	693,620
Security of Persons and Property	9,789,754	9,779,854	8,802,328	977,526
Public Health and Welfare	91,800	91,800	68,906	22,894
Leisure Time Activities	3,284,874	3,284,874	2,676,944	607,930
Community Environment	4,939,163	4,939,163	3,858,001	1,081,162
Basic Utility Services	1,051,022	1,051,022	1,011,994	39,028
Transportation	799,402	799,402	746,445	52,957
<i>Total Expenditures</i>	27,326,642	27,316,742	23,841,625	3,475,117
<i>Excess of Revenues Over (Under) Expenditures</i>	8,893,277	9,923,951	15,443,958	5,520,007
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	39,283	39,283	39,283	0
Advances In	2,677,500	2,677,500	2,373,276	(304,224)
Advances Out	(5,636,000)	(5,636,000)	(5,636,000)	0
Transfers In	79,431	79,431	79,431	0
Transfers Out	(9,145,250)	(9,145,250)	(9,145,250)	0
<i>Total Other Financing Sources (Uses)</i>	(11,985,036)	(11,985,036)	(12,289,260)	(304,224)
<i>Net Change in Fund Balance</i>	(3,091,759)	(2,061,085)	3,154,698	5,215,783
<i>Fund Balance Beginning of Year</i>	4,632,087	4,632,087	4,632,087	0
Prior Year Encumbrances Appropriated	1,274,492	1,274,492	1,274,492	0
<i>Fund Balance End of Year</i>	\$2,814,820	\$3,845,494	\$9,061,277	\$5,215,783

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  
High Intensity Drug Trafficking Area Fund  
For the Year Ended December 31, 2020*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$5,490,000	\$6,490,000	\$5,975,149	(\$514,851)
Charges for Services	10,000	10,000	9,956	(44)
<i>Total Revenues</i>	5,500,000	6,500,000	5,985,105	(514,895)
<b>Expenditures</b>				
Current:				
General Government	5,507,035	6,507,035	6,272,177	234,858
<i>Net Change in Fund Balance</i>	(7,035)	(7,035)	(287,072)	(280,037)
<i>Fund Balance Beginning of Year</i>	284,717	284,717	284,717	0
Prior Year Encumbrances Appropriated	7,035	7,035	7,035	0
<i>Fund Balance End of Year</i>	\$284,717	\$284,717	\$4,680	(\$280,037)

See accompanying notes to the basic financial statements

**City of Independence, Ohio**  
*Statement of Fund Net Position*  
*Internal Service Fund*  
*December 31, 2020*

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	<u>Insurance</u>
<b>Assets</b>	
<i>Current Assets:</i>	
Equity in Pooled Cash and Cash Equivalents	\$1,371,096
<b>Liabilities</b>	
<i>Current Liabilities:</i>	
Accounts Payable	112,788
Contracts Payable	<u>58,276</u>
<i>Total Liabilities</i>	<u>171,064</u>
<b>Net Position</b>	
Unrestricted	<u><u>\$1,200,032</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, 2020*

	Insurance
<b>Operating Revenues</b>	
Other	\$53,530
<b>Operating Expenses</b>	
Contractual Services	845,662
Claims	26,213
<i>Total Operating Expenses</i>	871,875
<i>Change in Net Position</i>	(818,345)
<i>Net Position Beginning of Year</i>	2,018,377
<i>Net Position End of Year</i>	\$1,200,032

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, 2020

	Insurance
<i><b>Increase (Decrease) in Cash and Cash Equivalents</b></i>	
<b>Cash Flows from Operating Activities</b>	
Cash Received from Other Services	\$53,530
Cash Payments for Services	(685,972)
Cash Payments for Claims	(26,213)
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(658,655)
<i>Cash and Cash Equivalents Beginning of Year</i>	2,029,751
<i>Cash and Cash Equivalents End of Year</i>	\$1,371,096
 <b>Reconciliation of Operating Loss to Net Cash Used in Operating Activities</b>	
<i>Operating Income (Loss)</i>	(\$818,345)
Adjustments:	
(Increase) Decrease in Assets:	
Prepaid Items	7,640
Increase (Decrease) in Liabilities:	
Accounts Payable	112,788
Contracts Payable	39,262
<i>Net Cash Provided by (Used for) Operating Activities</i>	(\$658,655)
See accompanying notes to the basic financial statements	

**City of Independence, Ohio**  
*Statement of Fiduciary Net Position*  
*Custodial Fund*  
*December 31, 2020*

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	<u>Mayor's Court</u>
<b>Assets</b>	
Cash and Cash Equivalents in Segregated Accounts	\$14,104
<b>Liabilities</b>	
Accounts Payable	<u>6,772</u>
<b>Net Position</b>	
Restricted for Individuals, Organizations and Other Governments	<u><u>\$7,332</u></u>

See accompanying notes to the basic financial statements

**City of Independence, Ohio**  
*Statement of Changes in Fiduciary Net Position*  
*Custodial Fund*  
*For the Year Ended December 31, 2020*

	<u>Mayor's Court</u>
<b>Additions</b>	
Fines and Forfeitures Collected for Other Governments	\$37,278
Miscellaneous	<u>30,354</u>
<i>Total Additions</i>	<u>67,632</u>
<b>Deductions</b>	
Fines and Forfeitures Distributions for Other Governments	38,292
Fee Distributions to Others	845
Miscellaneous	<u>29,340</u>
<i>Total Deductions</i>	<u>68,477</u>
<i>Change in Net Position</i>	(845)
<i>Net Position Beginning of Year</i>	<u>8,177</u>
<i>Net Position End of Year</i>	<u><u>\$7,332</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, 2020*

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**Note 1 – Reporting Entity**

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

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

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

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

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

The City participates in five jointly governed organizations, the Southwest Council of Governments, the Northeast Ohio Public Energy Council, the Cuyahoga Valley Regional Council of Governments, the Chagrin Valley Dispatch Council and the Regional Income Tax Agency. These organizations are presented in Note 14 of the basic financial statements.

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

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

***Basis of Presentation***

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

**City of Independence, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*

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

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

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

**Fund Accounting**

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

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

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

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

**City of Independence, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*

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

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

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

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

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

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

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

***Measurement Focus***

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

***Fund Financial Statements*** All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources, generally, are included on the balance sheet. 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

**City of Independence, Ohio**  
*Notes to the Basic Financial Statements*  
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government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, the internal service fund and the fiduciary fund are accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of fund net position. In the fiduciary fund, a liability to the beneficiaries of fiduciary activity is recognized when an event has occurred that compels the government to disburse fiduciary resources. Fiduciary fund liabilities other than those to beneficiaries are recognized using the economic resources measurement focus.

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

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

***Basis of Accounting***

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

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

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

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, grants and entitlements.

**City of Independence, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*

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

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, payments in lieu of taxes, pension, OPEB and unavailable revenue. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of December 31, 2020, but which were levied to finance 2021 operations. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes delinquent property taxes, income taxes, hotel taxes, amusement taxes, delinquent payments in lieu of taxes, special assessments, rentals, intergovernmental grants and miscellaneous revenue. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities found on page 17. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 11 and 12)

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

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

***Pensions/Other Postemployment Benefits (OPEB)***

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

***Budgetary Process***

All funds, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations

**City of Independence, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*

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

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

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

#### ***Cash and Cash Equivalents***

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

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

During 2020, investments were limited to State Treasury Asset Reserve of Ohio (STAR Ohio), municipal securities and negotiable certificates of deposit. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The City measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2020, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

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

**City of Independence, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*

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Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2020 amounted to \$337,945, which includes \$187,526 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, 2020, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which the services are consumed.

***Restricted Assets***

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

***Capital Assets***

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The City was able to estimate the historical cost for the initial reporting of infrastructure by backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their acquisition values as of the date received. 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:

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

**City of Independence, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*

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

***Interfund Balances***

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

***Compensated Absences***

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. Based on City policy, no vacation accrual was recorded.

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

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

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

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

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

***Fund Balance***

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

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



**City of Independence, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*

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

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

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

**Assigned** Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by City Council. In the general fund, assigned amounts represent intended uses established by City Council or a City official delegated that authority by City Charter or ordinance, or by State statute. State statute authorizes the Director of Finance to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. City Council assigned fund balance for compensated absences, for economic development and to cover a gap between estimated revenues and appropriations in 2021's budget. All remaining assigned amounts in the general fund were established by City Council.

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

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

***Net Position***

Net position represents the difference between all other elements in the statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets.

**City of Independence, Ohio**  
*Notes to the Basic Financial Statements*  
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Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include law enforcement, mayor's court computer, drug enforcement and education, and unclaimed funds.

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

***Operating Revenues and Expenses***

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

***Deferred Charge on Refunding***

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

***Bond Premiums***

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

***Interfund Activity***

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

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

***Estimates***

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

**City of Independence, Ohio**  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2020

**Note 3 – Fund Balances**

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

Fund Balances	General	HIDTA	Quadrant Tax Increment Financing	Street Resurfacing	Other Governmental Funds	Total
<b><i>Nonspendable</i></b>						
Prepays	\$335,087	\$0	\$0	\$0	\$846	\$335,933
Interfund Loans	23,902,000	0	0	0	0	23,902,000
Unclaimed Funds	8,138	0	0	0	0	8,138
<b><i>Total Nonspendable</i></b>	<b>24,245,225</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>846</b>	<b>24,246,071</b>
<b><i>Restricted for</i></b>						
Road Improvements	0	0	0	0	681,820	681,820
Capital Improvements	0	0	0	3,806,224	6,376,618	10,182,842
Police Programs	0	0	0	0	86,843	86,843
Law Enforcement and Education	0	0	0	0	53,784	53,784
HIDTA Program	0	59,350	0	0	0	59,350
Mayor's Court Computer	0	0	0	0	34,060	34,060
Police Pension	0	0	0	0	293,213	293,213
Debt Service Payments	0	0	0	0	1,811,274	1,811,274
<b><i>Total Restricted</i></b>	<b>0</b>	<b>59,350</b>	<b>0</b>	<b>3,806,224</b>	<b>9,337,612</b>	<b>13,203,186</b>
<b><i>Committed to</i></b>						
Handicap Parking	0	0	0	0	28,233	28,233
Citizen-Focused Activities	0	0	0	0	46,564	46,564
City Upkeep	0	0	0	0	39,052	39,052
Recreation	0	0	0	0	435,993	435,993
<b><i>Total Committed</i></b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>549,842</b>	<b>549,842</b>
<b><i>Assigned to</i></b>						
2021 Operations	4,057,992	0	0	0	0	4,057,992
Compensated Absences	785,862	0	0	0	0	785,862
Economic Development	346,342	0	0	0	0	346,342
Purchases on Order:						
City Administration	526,016	0	0	0	0	526,016
Buildings and Land Maintenance	114,626	0	0	0	0	114,626
Engineering and Building Services	25,544	0	0	0	0	25,544
Fire & Police Department	221,134	0	0	0	0	221,134
Recreation	41,621	0	0	0	0	41,621
Economic Development	2,633	0	0	0	0	2,633
Transportation and Utility Services	122,757	0	0	0	0	122,757
Debt Service Payments	0	0	0	0	5,937	5,937
Capital Improvements	0	0	0	0	760,921	760,921
<b><i>Total Assigned</i></b>	<b>6,244,527</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>766,858</b>	<b>7,011,385</b>
<b><i>Unassigned (Deficit)</i></b>	<b>9,675,231</b>	<b>0</b>	<b>(19,650,094)</b>	<b>0</b>	<b>(122,271)</b>	<b>(10,097,134)</b>
<b><i>Total Fund Balances (Deficit)</i></b>	<b>\$40,164,983</b>	<b>\$59,350</b>	<b>(\$19,650,094)</b>	<b>\$3,806,224</b>	<b>\$10,532,887</b>	<b>\$34,913,350</b>

**City of Independence, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*

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The City has a general fund budget stabilization arrangement that does not meet the criteria to be classified as restricted or committed. Pursuant to Ohio Revised Code Section 5705.13, the City established a budget stabilization by ordinance to stabilize against cyclical changes in revenues. Additions are limited by State statute to five percent of the revenue credited in the preceding year to the general fund. These dollars will only be spent if there are significant reductions in revenue related to unexpected income tax refunds. The balance in the reserve at December 31, 2020, is \$1,600,000.

**Note 4 – Accountability**

The fund deficit in the Quadrant Tax Increment Financing capital projects fund of \$19,650,094 is due to interfund payables for various tax increment financing projects. The fund deficit in the strike force special revenue fund of \$122,271 was due to accrued liabilities. The general fund is liable for any deficit in these funds and provides transfers when cash is required, rather than when accruals occur.

**Note 5 – Budgetary Basis of Accounting**

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

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

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

**City of Independence, Ohio**  
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Net Change in Fund Balance		
	General	HIDTA
GAAP Basis	\$8,287,090	\$48,577
Net Adjustment for Revenue Accruals	1,495,489	0
Advances In	2,373,276	0
Advances Out	(5,636,000)	0
Net Adjustment for Expenditure Accruals	(1,888,763)	(246,134)
Perspective Differences:		
Compensated Absences Fund	33,528	0
Economic Development Fund	(225,768)	0
Encumbrances	(1,284,154)	(89,515)
Budget Basis	\$3,154,698	(\$287,072)

**Note 6 – Deposits and Investments**

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

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

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

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

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

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

**City of Independence, Ohio**  
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3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

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

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

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

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

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**Deposits**

**Custodial credit risk** for deposits is the risk that in the event of a bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$28,266,563 of the City's bank balance of \$29,016,563 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution.

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

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

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

**Investments**

Investments are reported at fair value. As of December 31, 2020, the City had the following investments:

Measurement/Investment	Measurement Amount	Maturity	Standard & Poor's Rating	Percent of Total Investments
Net Asset Value Per Share				
STAR Ohio	\$7,632,573	55.8 Days	AAAm	N/A
Fair Value - Level Two Inputs				
Municipal Securities	2,511,225	Less than One Year	AAAm	24.34%
Negotiable Certificates of Deposit	<u>172,812</u>	Less than One Year	N/A	1.68%
Total	<u><u>\$10,316,610</u></u>			

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the City's recurring fair value measurements as of December 31, 2020. The City's investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs).

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

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

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

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

## **Note 7 – Receivables**

Receivables at December 31, 2020, 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 payments in lieu of taxes, property taxes, and special assessments are expected to be received within one year. Payments in lieu of taxes and property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

Special assessments expected to be collected in more than one year amount to \$3,026,982. At December 31, 2020, The City had \$22,425 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 2020 for real and public utility property taxes represents collections of 2019 taxes.

2020 real property taxes are levied after October 1, 2020, on the assessed value as of January 1, 2020, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2020 real property taxes are collected in and intended to finance 2021.

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. 2020 public utility property taxes which became a lien December 31, 2019, are levied after October 1, 2020, and are collected in 2021 with real property taxes.



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The full tax rate for all City operations for the year ended December 31, 2020, 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 2020 property tax receipts were based are as follows:

Real Property:	
Residential/Agricultural	\$276,147,370
Other Real Estate	176,434,890
Public Utility Personal Property	31,782,550
Total	\$484,364,810

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, 2020, and for which there is an enforceable legal claim. In the governmental funds, the portion of the receivable not levied to finance 2020 operations is offset to deferred inflows of resources – property taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

***Income Tax***

The City levies a municipal income tax of two percent on all wages, salaries, commissions and other compensation and net profits earned within the City as well as on incomes of residents earned outside the City. In the latter case, the City allows a credit of 100 percent of the tax paid to another municipality, not to exceed the amount owed. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the Regional Income Tax Agency (RITA) at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually. Taxes collected by RITA in one month are remitted to the City on the first and tenth business days of the following month. In 2020, the proceeds were allocated entirely to the general fund.

The Regional Income Tax Agency administers and-collects income taxes for the City. Payments are remitted monthly net of collection fees of approximately 1.06 percent.

***Intergovernmental Receivable***

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

	Amount
Kent State University	\$569,664
Gasoline Excise Tax	233,308
Department of the Treasury	108,666
Auto Registration	67,865
Local Government	62,285
Homestead and Rollback	42,316
NEORS	14,970
Permissive Tax	11,551
Bureau of Workers' Compensation	4,574
State of Ohio	2,747
City of Seven Hills	889
Total Intergovernmental Receivables	\$1,118,835

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***Payments in Lieu of Taxes***

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

**Note 8 – Risk Management**

***Property and Liability***

The City is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2020, the City contracted with Traveler' Insurance Company for various types of insurance as follows:

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

Settled claims have not exceeded this coverage in any of the last three years. There has not been 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, 2020. Changes in the fund's claims liability amount for 2019 and 2020 were:

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2019	\$0	\$192,665	\$192,665	\$0
2020	0	26,213	26,213	0

***Workers' Compensation***

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

**City of Independence, Ohio**  
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**Note 9 – Capital Assets**

Capital asset activity for the year ended December 31, 2020, was as follows:

	Balance 12/31/19	Additions	Reductions	Balance 12/31/20
<b>Governmental Activities:</b>				
<b>Nondepreciable Capital Assets</b>				
Land	\$20,234,702	\$136,933	\$0	\$20,371,635
Construction in Progress	21,472,031	15,695,416	(8,559,358)	28,608,089
<i>Total Nondepreciable Capital Assets</i>	<u>41,706,733</u>	<u>15,832,349</u>	<u>(8,559,358)</u>	<u>48,979,724</u>
<b>Depreciable Capital Assets</b>				
Buildings and Improvements	41,867,731	134,982	0	42,002,713
Land Improvements	680,758	0	0	680,758
Machinery and Equipment	7,655,254	523,481	(1,705)	8,177,030
Furniture and Fixtures	1,833,108	0	0	1,833,108
Vehicles	10,184,603	581,332	(61,968)	10,703,967
Infrastructure				
Roads	69,238,379	8,559,358	0	77,797,737
Water Lines	5,432,820	0	0	5,432,820
Sanitary Sewers	6,715,499	0	0	6,715,499
Storm Sewers	10,849,706	0	0	10,849,706
<i>Total Depreciable Capital Assets</i>	<u>154,457,858</u>	<u>9,799,153</u>	<u>(63,673)</u>	<u>164,193,338</u>
Buildings and Improvements	(18,056,029)	(940,451)	0	(18,996,480)
Land Improvements	(89,037)	(39,027)	0	(128,064)
Machinery and Equipment	(5,341,825)	(339,301)	1,705	(5,679,421)
Furniture and Fixtures	(1,728,504)	(9,806)	0	(1,738,310)
Vehicles	(6,070,320)	(514,352)	61,968	(6,522,704)
Infrastructure				
Roads	(31,466,517)	(2,333,932)	0	(33,800,449)
Water Lines	(1,533,387)	(54,328)	0	(1,587,715)
Sanitary Sewers	(1,066,113)	(67,155)	0	(1,133,268)
Storm Sewers	(5,048,378)	(216,994)	0	(5,265,372)
<i>Total Accumulated Depreciation</i>	<u>(70,400,110)</u>	<u>(4,515,346) *</u>	<u>63,673</u>	<u>(74,851,783)</u>
Total Depreciable Capital Assets, Net	<u>84,057,748</u>	<u>5,283,807</u>	<u>0</u>	<u>89,341,555</u>
Governmental Activities Capital Assets, Net	<u>\$125,764,481</u>	<u>\$21,116,156</u>	<u>(\$8,559,358)</u>	<u>\$138,321,279</u>

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

General Government	\$4,289,834
Security of Persons and Property	69,872
Leisure Time Activities	23,989
Community Environment	12,465
Basic Utility Services	4,766
Transportation	114,420
Total	<u>\$4,515,346</u>

**City of Independence, Ohio**  
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**Note 10 – Contingencies**

***Grants***

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

***Litigation***

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

**Note 11 - Defined Benefit Pension Plans**

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

***Net Pension Liability (Asset) /Net OPEB Liability***

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

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

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each

**City of Independence, Ohio**  
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retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a *net pension asset* or a long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 12 for the required OPEB disclosures.

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

City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

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

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

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<b>Group A</b> Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	<b>Group B</b> 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	<b>Group C</b> Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

When a traditional plan benefit recipient has received benefits for 12 months, current law provides for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost of living adjustment is 3 percent. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

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

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Beginning in 2022, the Combined Plan will be consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option will no longer be available for new hires beginning in 2022.

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

	State and Local
<b>2020 Statutory Maximum Contribution Rates</b>	
Employer	14.0 %
Employee *	10.0 %
 <b>2020 Actual Contribution Rates</b>	
Employer:	
Pension **	14.0 %
Post-employment Health Care Benefits **	0.0
Total Employer	14.0 %
 Employee	 10.0 %

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

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

For 2020, The City’s contractually required contribution was \$950,943 for the traditional plan, \$22,322 for the combined plan and \$64,345 for the member-directed plan. Of these amounts, \$87,512 is reported as an intergovernmental payable for the traditional plan, \$2,055 for the combined plan, and \$8,289 for the member-directed plan.

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

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

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

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

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit (see OP&F Comprehensive Annual Financial Report referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

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

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percent increase, if any, in the consumer price index over the 12 month period ending on September 30<sup>th</sup> of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013, is equal to 3 percent of their base pension or disability benefit.

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

	Police	Firefighters
<b>2020 Statutory Maximum Contribution Rates</b>		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
<b>2020 Actual Contribution Rates</b>		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
Total Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %



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Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$1,095,389 for 2020. Of this amount, \$100,257 is reported as an intergovernmental payable.

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

The net pension liability (asset) for OPERS was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2019, and was determined by rolling forward the total pension liability as of January 1, 2019, to December 31, 2019. The City's proportion of the net pension liability (asset) was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense of the City's defined benefit pension plans:

	OPERS <u>Traditional Plan</u>	OPERS <u>Combined Plan</u>	<u>OP&amp;F</u>	<u>Total</u>
Proportion of the Net Pension Liability/Asset:				
Current Measurement Date	0.0502830%	0.0508960%	0.2245234%	
Prior Measurement Date	<u>0.0568610%</u>	<u>0.0636930%</u>	<u>0.2257310%</u>	
Change in Proportionate Share	<u>-0.0065780%</u>	<u>-0.0127970%</u>	<u>-0.0012076%</u>	
Proportionate Share of the:				
Net Pension Liability	\$9,938,776	\$0	\$15,125,096	\$25,063,872
Net Pension Asset	0	106,129	0	106,129
Pension Expense	1,041,142	11,813	2,018,984	3,071,939

2020 pension expense for the member-directed defined contribution plan was \$64,345. The aggregate pension expense for all pension plans was \$3,136,284 for 2020.

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to defined benefit pensions from the following sources:

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	OPERS <u>Traditional Plan</u>	OPERS <u>Combined Plan</u>	<u>OP&amp;F</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>				
Differences between expected and actual experience	\$0	\$0	\$572,534	\$572,534
Changes of assumptions	530,847	10,943	371,282	913,072
Changes in proportion and differences between City contributions and proportionate share of contributions	11,122	13,071	163,652	187,845
City contributions subsequent to the measurement date	<u>950,943</u>	<u>22,322</u>	<u>1,095,389</u>	<u>2,068,654</u>
Total Deferred Outflows of Resources	<u>\$1,492,912</u>	<u>\$46,336</u>	<u>\$2,202,857</u>	<u>\$3,742,105</u>
<b>Deferred Inflows of Resources</b>				
Differences between expected and actual experience	\$125,662	\$24,916	\$780,062	\$930,640
Net difference between projected and actual earnings on pension plan investments	1,982,563	13,765	730,664	2,726,992
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>866,647</u>	<u>12,227</u>	<u>124,448</u>	<u>1,003,322</u>
Total Deferred Inflows of Resources	<u>\$2,974,872</u>	<u>\$50,908</u>	<u>\$1,635,174</u>	<u>\$4,660,954</u>

\$2,068,654 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS <u>Traditional Plan</u>	OPERS <u>Combined Plan</u>	<u>OP&amp;F</u>	<u>Total</u>
Year Ending December 31:				
2021	(\$778,006)	(\$6,917)	(\$72,790)	(\$857,713)
2022	(949,787)	(6,658)	8,973	(947,472)
2023	82,096	(2,820)	288,189	367,465
2024	(787,206)	(7,861)	(679,547)	(1,474,614)
2025	0	(1,592)	(72,531)	(74,123)
Thereafter	<u>0</u>	<u>(1,046)</u>	<u>0</u>	<u>(1,046)</u>
Total	<u>(\$2,432,903)</u>	<u>(\$26,894)</u>	<u>(\$527,706)</u>	<u>(\$2,987,503)</u>

**Actuarial Assumptions - OPERS**

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

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Projections of benefits for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2019, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2019, are presented below.

	<u>OPERS Traditional Plan</u>	<u>OPERS Combined Plan</u>
Wage Inflation	3.25 percent	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	3.25 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	1.4 percent, simple through 2020, then 2.15 percent, simple	1.4 percent, simple through 2020, then 2.15 percent, simple
Investment Rate of Return	7.2 percent	7.2 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

In October 2019, the OPERS Board adopted a change in COLA for Post-January 7, 2013 retirees, changing it from 3 percent simple through 2018 then 2.15 simple to 1.4 percent simple through 2020 then 2.15 percent simple.

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

During 2019, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 17.2 percent for 2019.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of

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return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2019, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	25.00 %	1.83 %
Domestic Equities	19.00	5.75
Real Estate	10.00	5.20
Private Equity	12.00	10.70
International Equities	21.00	7.66
Other investments	13.00	4.98
<b>Total</b>	<b>100.00 %</b>	<b>5.61 %</b>

**Discount Rate** The discount rate used to measure the total pension liability was 7.2 percent for the traditional plan and the combined plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the traditional pension plan, combined plan and member-directed plan was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the City's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate** The following table presents the City's proportionate share of the net pension liability (asset) calculated using the current period discount rate assumption of 7.2 percent, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (6.2 percent) or one-percentage-point higher (8.2 percent) than the current rate:

	<u>1% Decrease (6.20%)</u>	<u>Discount Rate (7.20%)</u>	<u>1% Increase (8.20%)</u>
<b>City's proportionate share of the net pension liability (asset)</b>			
OPERS Traditional Plan	\$16,392,258	\$9,938,776	\$4,137,285
OPERS Combined Plan	(64,129)	(106,129)	(136,401)

**Actuarial Assumptions – OP&F**

OP&F's total pension liability as of December 31, 2019, is based on the results of an actuarial valuation date of January 1, 2019, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions

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about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of January 1, 2019, are presented below.

Valuation Date	January 1, 2019, with actuarial liabilities rolled forward to December 31, 2019
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	3.25 percent per annum, compounded annually, consisting of Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increases based on the lesser of the increase in CPI and 3 percent

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

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

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

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

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

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The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2019, are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and Cash Equivalents	- %	1.00 %
Domestic Equity	16.00	5.40
Non-US Equity	16.00	5.80
Private Markets	8.00	8.00
Core Fixed Income *	23.00	2.70
High Yield Fixed Income	7.00	4.70
Private Credit	5.00	5.50
U.S. Inflation Linked Bonds*	17.00	2.50
Master Limited Partnerships	8.00	6.60
Real Assets	8.00	7.40
Private Real Estate	12.00	6.40
Total	<u>120.00 %</u>	

Note: Assumptions are geometric.

\* levered 2x

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

**Discount Rate** The total pension liability was calculated using the discount rate of 8.00 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return of 8.00 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact, the following table presents the net pension liability calculated using the discount rate of 8.00 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.00 percent), or one percentage point higher (9.00 percent) than the current rate.

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	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	\$20,962,857	\$15,125,096	\$10,242,387

**Note 12 - Defined Benefit OPEB Plans**

See Note 11 for a description of the net OPEB liability

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

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

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

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS Comprehensive Annual Financial Report referenced below for additional information.

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

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

Funding Policy - The Ohio Revised Code provides the statutory authority allowing public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and the combined plan.

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Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2020, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2020, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2020 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$25,738 for 2020. Of this amount, \$2,368 is reported as an intergovernmental payable.

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

The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment health care plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. On January 1, 2019, OP&F implemented a new model for health care. Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements.

A retiree is eligible for the OP&F health care stipend unless they have access to any other group coverage including employer and retirement coverage. The eligibility of spouses and dependent children could increase the stipend amount. If the spouse or dependents have access to any other group coverage including employer or retirement coverage, they are not eligible for stipend support from OP&F. Even if an OP&F member or their dependents are not eligible for a stipend, they can use the services of the third-party administrator to select and enroll in a plan. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75.

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

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



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

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2020, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

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 contractually required contribution to OP&F was \$26,265 for 2020. Of this amount, \$2,396 is reported as an intergovernmental payable.

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

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2019, and was determined by rolling forward the total OPEB liability as of January 1, 2019, to December 31, 2019. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>	<u>OP&amp;F</u>	
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.0527310%	0.2245234%	
Prior Measurement Date	<u>0.0596660%</u>	<u>0.2257310%</u>	
Change in Proportionate Share	<u>-0.0069350%</u>	<u>-0.0012076%</u>	
			<u>Total</u>
Proportionate Share of the Net OPEB Liability	\$7,283,521	\$2,217,781	\$9,501,302
OPEB Expense	\$653,751	\$215,225	\$868,976

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At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$195	\$0	\$195
Changes of assumptions	1,152,904	1,296,601	2,449,505
Changes in proportion and differences between City contributions and proportionate share of contributions	66,203	28,845	95,048
City contributions subsequent to the measurement date	<u>25,738</u>	<u>26,265</u>	<u>52,003</u>
Total Deferred Outflows of Resources	<u>\$1,245,040</u>	<u>\$1,351,711</u>	<u>\$2,596,751</u>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$666,112	\$238,501	\$904,613
Changes of assumptions	0	472,642	472,642
Net difference between projected and actual earnings on OPEB plan investments	370,875	102,054	472,929
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>524,849</u>	<u>75,977</u>	<u>600,826</u>
Total Deferred Inflows of Resources	<u>\$1,561,836</u>	<u>\$889,174</u>	<u>\$2,451,010</u>

\$52,003 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
2021	(\$59,624)	\$75,761	\$16,137
2022	(124,726)	75,761	(48,965)
2023	293	96,695	96,988
2024	(158,477)	63,691	(94,786)
2025	0	78,235	78,235
Thereafter	<u>0</u>	<u>46,129</u>	<u>46,129</u>
Total	<u>(\$342,534)</u>	<u>\$436,272</u>	<u>\$93,738</u>

**Actuarial Assumptions – OPERS**

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

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Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	3.16 percent
Prior Measurement date	3.96 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate:	
Current measurement date	2.75 percent
Prior Measurement date	3.71 percent
Health Care Cost Trend Rate:	
Current measurement date	10.0 percent, initial 3.50 percent, ultimate in 2030
Prior Measurement date	7.25 percent, initial 3.25 percent, ultimate in 2029
Actuarial Cost Method	Individual Entry Age Normal

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

During 2019, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, if any contribution are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. Health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was 19.7 percent for 2019.

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The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2019, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	36.00 %	1.53 %
Domestic Equities	21.00	5.75
Real Estate Investment Trust	6.00	5.69
International Equities	23.00	7.66
Other investments	14.00	4.90
Total	<u>100.00 %</u>	<u>4.55 %</u>

**Discount Rate** A single discount rate of 3.16 percent was used to measure the OPEB liability on the measurement date of December 31, 2019. A single discount rate of 3.96 percent was used to measure the OPEB liability on the measurement date of December 31, 2018. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 2.75 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

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

The following table presents the City's proportionate share of the net OPEB liability calculated using the single discount rate of 3.16 percent, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.16 percent) or one-percentage-point higher (4.16 percent) than the current rate:

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	1% Decrease (2.16%)	Current Discount Rate (3.16%)	1% Increase (4.16%)
City's proportionate share of the net OPEB liability	\$9,531,656	\$7,283,521	\$5,483,497

***Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate*** Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2020 is 10.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability	\$7,068,591	\$7,283,521	\$7,495,712

***Changes between Measurement Date and Reporting Date***

On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and pre-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for pre-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are not reflected in the current year financial statements but are expected to decrease the associated OPEB liability.

***Actuarial Assumptions – OP&F***

OP&F's total OPEB liability as of December 31, 2019, is based on the results of an actuarial valuation date of January 1, 2019, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

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

Valuation Date	January 1, 2019, with actuarial liabilities rolled forward to December 31, 2019
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	3.25 percent
Single discount rate:	
Current measurement date	3.56 percent
Prior measurement date	4.66 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent

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

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

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

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

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

The OP&F health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 11.

**Discount Rate** For 2019, the total OPEB liability was calculated using the discount rate of 3.56 percent. For 2018, the total OPEB liability was calculated using the discount rate of 4.66 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return of 8 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 2.75 percent at December 31, 2019 and 4.13 percent at December 31, 2018, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 3.56 percent for 2019 and 4.66 percent for 2018. The municipal bond rate was determined using the Bond Buyers General Obligation 20-year Municipal Bond Index Rate. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2034. The long-term expected rate of return on health care investments was applied to projected costs through 2034, and the municipal bond rate was applied to all health care costs after that date.

**Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate** Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 3.56 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.56 percent), or one percentage point higher (4.56 percent) than the current rate.

	1% Decrease (2.56%)	Current Discount Rate (3.56%)	1% Increase (4.56%)
City's proportionate share of the net OPEB liability	\$2,749,906	\$2,217,781	\$1,775,623

**Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate** The total OPEB liability is based on a medical benefit that is a flat dollar amount; therefore, it is unaffected by a health care cost trend rate. An increase or decrease in the trend rate would have no effect on the total OPEB liability.

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**Note 13 – Compensated Absences**

Non-union employees earn five to twenty-five days of vacation per year, depending upon length of service. Employees, who are part of a bargaining unit, earn vacation as outlined in the bargaining unit contract. Upon termination, employees are paid for accrued unused vacation and holidays. Based on City policy, there is no vacation accrual as of December 31, 2020. Employees earn sick leave at different rates depending upon length of service and type of employment. Sick leave accrual is continuous, without limit. Upon retirement, a non-union employee can be paid a maximum of one fourth of 960 hours of accumulated, unused sick leave. Retiring employees, who are part of a bargaining unit, are paid unused sick leave as outlined in the bargaining unit contract.

**Note 14 – Jointly Governed Organizations**

***Southwest Council of Governments***

The Southwest Council of Governments helps foster cooperation between municipalities in areas affecting health, safety, welfare, education, economic conditions and regional development. The Board is composed of one member from each of the 19 participating entities. The Board exercises total control over the operation of the Council including budgeting, appropriating, contracting and designating management. Budgets are adopted by the Board. Each City's degree of control is limited to its representation on the Board. The City made contributions of \$22,500 during 2020.

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

***Northeast Ohio Public Energy Council (NOPEC)***

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

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives on the governing board from each county then elect one person to serve on the nine-member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. The City did not contribute to NOPEC during 2020. Financial information can be obtained by contacting Chuck Keiper, Executive Director, 31360 Solon Road, Suite 23, Solon, Ohio 44139 or at the website [www.nopecinfo.org](http://www.nopecinfo.org).



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***Cuyahoga Valley Regional Council of Governments***

The City participates in the Cuyahoga Valley Regional Council of Governments (the Council). The Council was formed to share jail and community services, foster municipal service, and coordinate action among its members in matters relating to public safety dispatch operations. The Council may also, at its discretion, promote cooperative agreements and contracts among its members or other governmental agencies and private persons, corporations, or agencies. The Council is controlled by an executive Board which is composed of a President, Vice President, Secretary and Fiscal Officer, who serves as Treasurer. The elected officers shall serve for a period of two years. Each member's control over the operation of the Council is limited to its representation on the Board. In 2020, the City made no contributions. Complete financial statements can be obtained from the Cuyahoga Valley Council of Governments, Cuyahoga County, Ohio.

***Chagrin Valley Dispatch Council***

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

The CVDC is provided with legislative oversight from the Majors and City Managers of the various communities. The Administrative Board consists of the chiefs of police and fire of each member municipality. The Administrative Board oversees and manages the operation of the program. The degree of control exercised by a participating government is limited to its representation on the Administrative Board. The City made contributions of \$784,526 to the CVDC during 2020. Financial information can be obtained by contacting Vic Nogalo, Administrator, 9018 Brecksville Road, Brecksville, Ohio 44141.

***Regional Income Tax Agency***

The Regional Income Tax Agency (RITA) is a regional council of governments formed to establish a central collection facility for the purpose of administering the income tax laws of the members and for the purpose of collection income taxes on behalf of each member. RITA currently has approximately 345 members in the council of governments. Each member has one representative to the council of governments and is entitled to one vote on items under consideration. RITA is administered by a nine-member board of trustees elected by the members of the council of governments. The board exercises total control over RITA's operation including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the council. For 2020, the City paid RITA \$333,759 for income tax collection services.

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

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

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Under the terms of the contribution agreement, the City contributed \$15,000,000 to the School District which included the acquisition of the former middle school property on Brecksville Road. The cost of the shared facility project included the cost of constructing, equipping and furnishing the shared facility; the cost of constructing, equipping and furnishing related joint use areas; and the costs of related design and other professional services. In 2003, the City issued \$15,000,000 in general obligation bonds to meet its obligations. These bonds were refunded in 2011 as a portion of the 2011 various purpose refunding bonds. In 2019, the City defeased a portion of the 2011 various purpose refunding bonds using existing resources. The land, community center and community field house are owned by the City; the high school facility and community auditorium are owned by the School District.

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

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

**Note 16 – Long-Term Obligations**

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

Debt Issue	Interest Rate	Original Issue Amount	Date of Maturity
<b>General Obligation Bonds</b>			
2014 Northeast Quadrant TIF Refunding	1.00-4.00 %	\$4,305,000	December 1, 2030
2011 Various Purpose Refunding	1.75-5.00	16,935,000	December 1, 2028
2020 Various Purpose General Obligation	2.00-5.00	15,250,000	December 1, 2035
<b>Special Assessment Bonds</b>			
2018 Rockside Woods N. Sanitary Sewer Bonds	2.50-4.00	3,190,000	December 1, 2043
<b>Ohio Public Works Commission Loans from Direct Borrowings</b>			
2011 Pleasant Valley Intersection	0.00	225,000	January 1, 2032
2015 Pleasant Valley Widening	0.00	4,164,161	January 1, 2036

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

	Balance 12/31/19	Additions	Reductions	Balance 12/31/20	Amounts Due in One Year
<b>Governmental Activities</b>					
<b>General Obligation Bonds</b>					
2014 Northeast Quadrant TIF Refunding					
Serial Bonds	\$3,255,000	\$0	(\$255,000)	\$3,000,000	\$260,000
Unamortized Premium	202,838	0	(18,440)	184,398	0
Total 2014 Northeast Quadrant TIF	3,457,838	0	(273,440)	3,184,398	260,000
2011 Various Purpose Refunding					
Serial Bonds	4,530,000	0	(470,000)	4,060,000	480,000
Unamortized Premium	253,195	0	(28,133)	225,062	0
Total 2011 Various Purpose Refunding	4,783,195	0	(498,133)	4,285,062	480,000
2020 Various Purpose GO					
Serial Bonds	0	15,250,000	0	15,250,000	870,000
Unamortized Premium	0	1,726,066	(8,990)	1,717,076	0
Total 2020 Various Purpose GO	0	16,976,066	(8,990)	16,967,076	870,000
<i>Total General Obligation Bonds</i>	8,241,033	16,976,066	(780,563)	24,436,536	1,610,000
<b>Special Assessment Bonds</b>					
2018 Rockside Woods N. Sanitary Sewer					
Serial Bonds	780,000	0	(90,000)	690,000	90,000
Term Bonds	2,350,000	0	0	2,350,000	0
Unamortized Premium	103,205	0	(4,315)	98,890	0
<i>Total Special Assessment Bonds</i>	3,233,205	0	(94,315)	3,138,890	90,000
<b>OPWC Loans from Direct Borrowings</b>					
2011 Pleasant Valley Intersection	140,625	0	(5,625)	135,000	16,875
2015 Pleasant Valley Widening	3,435,433	0	(104,104)	3,331,329	312,312
<i>Total OPWC Loans</i>	3,576,058	0	(109,729)	3,466,329	329,187
<b>Other Long-term Obligations</b>					
Net Pension Liability					
OPERS	15,573,075	0	(5,634,299)	9,938,776	0
OP&F	18,425,616	0	(3,300,520)	15,125,096	0
Total Net Pension Liability	33,998,691	0	(8,934,819)	25,063,872	0
Net OPEB Liability					
OPERS	7,779,038	0	(495,517)	7,283,521	0
OP&F	2,055,627	162,154	0	2,217,781	0
Total Net OPEB Liability	9,834,665	162,154	(495,517)	9,501,302	0
Compensated Absences	795,115	366,941	(359,261)	802,795	367,951
Asset Retirement Obligation	220,000	0	0	220,000	0
<i>Total Other Long-term Obligations</i>	44,848,471	529,095	(9,789,597)	35,587,969	367,951
<i>Total General Long-term Obligations</i>	\$59,898,767	\$17,505,161	(\$10,774,204)	\$66,629,724	\$2,397,138

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In 2011, the City issued general obligation bonds, in the amount of \$16,935,000, to refund bonds previously issued in fiscal year 2003 for various purposes. The bonds are being retired through the issue II capital project fund, the non-TIF project and the TIF projects debt service funds. Proceeds were deposited in an irrevocable trust with an escrow agent to provide for all future debt payments on the refunded 2003 Various Purpose bonds. As of December 31, 2020, \$3,985,000 of the defeased bonds are still outstanding.

During 2019, the City used funds available to defease a portion of its 2011 various purpose refunding Bonds. The funds were used to advance refund \$4,305,000 of outstanding 2011, various purpose refunding bonds, which had interest rates ranging from 3.00 to 5.00 percent. The portion of the 2011 various purpose refunding bonds defeased included the issue of 2003 various purpose general obligation bond issue. Proceeds of \$4,464,877 were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the \$4,305,000 of principal \$243,196 of premium and (\$83,319) of the accounting loss associated with the 2011 various purpose refunding bonds are considered defeased and the liability for those bonds has been removed from the Statement of Net Position. As of December 31, 2020, \$2,215,000 of the defeased bonds are still outstanding.

The reacquisition price exceeded the net carrying amount of the old debt by \$18,436. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt. The advance refunding of the 2011 various purpose refunding bonds reduced its total debt service payments over 4 years by \$4,629,250 and obtained an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$164,373.

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

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

Net proceeds of \$4,503,365 (including a \$299,647 premium and after payment of \$101,282 in issuance costs) were deposited in an irrevocable trust with an escrow agent to provide for all future debt payments on the refunded 2005 Northeast Quadrant TIF bonds. As a result, \$4,220,000 of these bonds was considered defeased and the liability for the refunded bonds has been removed from the City's financial statements. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statements. As of December 31, 2020, \$3,130,000 of the defeased bonds are still outstanding.

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

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

The City's outstanding OPWC loans from direct borrowings related to governmental activities of \$3,466,329 contain provisions that in the event of default (1) OPWC may apply late fees of 8 percent per year, (2) loans more than 60 days late will be turned over to the Attorney General's office for collection, and as provided by law, OPWC may require that such payment be taken from the City's share of the county undivided local government fund, and (3) the outstanding amounts shall, at OPWC's option, become immediately due and payable.

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

The City's overall legal debt margin was \$50,858,305 at December 31, 2020. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2020, are as follows:

	<u>General Obligation Bonds</u>		<u>Special Assessment Bonds</u>		<u>From Direct</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Borrowings</u>
					<u>OPWC Loan</u>
					<u>Principal</u>
2021	\$1,610,000	\$819,223	\$90,000	\$109,269	\$329,187
2022	1,680,000	726,925	100,000	107,019	219,458
2023	1,655,000	658,525	100,000	104,519	219,458
2024	1,700,000	589,312	100,000	102,019	219,458
2025	1,750,000	515,788	100,000	99,394	219,458
2026-2030	8,320,000	1,438,974	540,000	448,817	1,097,290
2031-2035	5,595,000	340,200	650,000	335,218	1,057,915
2036-2040	0	0	805,000	193,838	104,105
2041-2043	0	0	555,000	40,601	0
Total	<u>\$22,310,000</u>	<u>\$5,088,947</u>	<u>\$3,040,000</u>	<u>\$1,540,694</u>	<u>\$3,466,329</u>

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**Note 17 – Notes Payable**

Changes in the City’s note activity for the year ended December 31, 2020, were as follows:

<u>Types / Issues</u>	<u>Balance 12/31/2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/2020</u>
Selig Drive Improvements	\$1,525,000	\$0	(\$1,525,000)	\$0
Premium on Notes	10,065	0	(10,065)	0
Southwest Quadrant Improvements	3,300,000	0	(3,300,000)	0
Premium on Notes	21,780	0	(21,780)	0
Northwest Quadrant Improvements	1,300,000	0	(1,300,000)	0
Premium on Notes	8,580	0	(8,580)	0
Northeast Quadrant Improvements	11,250,000	0	(11,250,000)	0
Premium on Notes	74,250	0	(74,250)	0
<b>Total Short-Term Notes</b>	<b>\$17,489,675</b>	<b>\$0</b>	<b>(\$17,489,675)</b>	<b>\$0</b>

All the notes are backed by the full faith and credit of the City of Independence and mature within one year. The maturity date for all outstanding notes was December 4, 2020, with the City issuing general obligations bonds in 2020 to retire the notes in full.

**Note 18 – Interfund Transactions**

**Interfund Balances**

<u>Interfund Payable</u>	<u>Interfund Receivable</u>		<u>Totals</u>
	<u>General</u>	<u>Other Governmental Funds</u>	
Quadrant Tax Increment Financing	\$23,902,000	\$530,000	\$24,432,000
Street Resurfacing	450,000	0	450,000
Other Governmental Funds	304,224	0	304,224
<b>Total</b>	<b>\$24,656,224</b>	<b>\$530,000</b>	<b>\$25,186,224</b>

The interfund receivables and payables are advances for grant monies and payment in lieu of tax revenue that were not repaid by year end. The City advances grant monies in the event that the award was not received when expected. The City advances money to fund the various TIF projects. All interfund balances, except the balance of \$23,902,000, are expected to be repaid within one year.

**City of Independence, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*

***Interfund Transfers***

Interfund transfers for the year ended December 31, 2020, consisted of the following:

Transfer To	Transfer From			Total
	General	Quadrant Tax Increment Financing	Other Governmental	
<b>Major Funds:</b>				
General	\$0	\$0	\$79,431	\$79,431
Quadrant Tax Increment Financing	7,000	0	0	7,000
Street Resurfacing	3,200,000	0	0	3,200,000
<b>Total Major Funds</b>	<b>3,207,000</b>	<b>0</b>	<b>79,431</b>	<b>3,286,431</b>
<b>Other Governmental Funds:</b>				
Street Construction, Maintenance and Repair	400,000	0	0	400,000
Twenty-Five and Alive	2,000	0	0	2,000
Non-TIF Project	0	0	269,769	269,769
TIF Projects	0	1,202,432	0	1,202,432
Capital Improvements	3,500,000	0	0	3,500,000
Drain Water	875,000	0	0	875,000
Rockside Woods	0	24,768	0	24,768
Public Safety Equipment	350,000	0	0	350,000
Route 21 and Pleasant Valley	11,250	0	0	11,250
<b>Total Other Governmental Funds</b>	<b>5,138,250</b>	<b>1,227,200</b>	<b>269,769</b>	<b>6,635,219</b>
<b>Total</b>	<b>\$8,345,250</b>	<b>\$1,227,200</b>	<b>\$349,200</b>	<b>\$9,921,650</b>

The general fund transfer to the street resurfacing capital projects fund and street construction, maintenance and repair special revenue fund were made to pay for street improvement and maintenance costs. The general fund transfer to the twenty-five and alive special revenue fund was to provide additional support for various programs and services. The general fund transfer to the capital improvements capital projects fund were made to pay for capital acquisition costs. The general fund transfer to the quadrant tax increment financing, drain water and route 21 and pleasant valley capital project funds were to pay for capital improvements and debt service requirements. The general fund transfer to the public safety equipment capital projects fund was to move EMS revenue to be used for the purchase of public safety equipment. The quadrant tax increment financing transfer to the TIF projects debt service fund was to pay for debt service requirements. The quadrant tax increment financing transfer to the rockside woods capital projects fund was to support project costs. The other governmental transfers to the general fund was to close out those funds. The other governmental transfers to the non-TIF project debt service fund was to pay for debt service requirements.

**City of Independence, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*

**Note 19 – Significant Commitments**

***Encumbrances***

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

<i>Governmental Funds:</i>	
General	\$1,284,154
HIDTA	89,515
Quadrant Tax Increment Financing	4,312,816
Street Resurfacing	4,977,982
Other Governmental Funds	9,159,015
<i>Total Governmental Funds</i>	<u>\$19,823,482</u>
Internal Service Fund	<u>\$163,444</u>

***Contractual Commitments***

As of December 31, 2020, the City had the following contract balances for various construction projects:

Project	Original Contract	Amount Paid to Date	Remaining Amount
Brecksville Road (21 to Cloverleaf)	\$1,349,293	\$593,184	\$756,109
Brookside/Bramley	6,208,903	5,451,331	757,572
Hillside Road East Sidewalks	694,610	47,291	647,319
Hillside Road West Sidewalks	128,442	90,918	37,524
Lafayette Subdivision	3,937,897	3,492,436	445,461
Lower Rockside Road Bridge Lighting	80,000	36,100	43,900
Old Rockside Road Bridge	1,732,524	1,371,164	361,360
Rockside Road and I-77 Ramp	807,855	234,465	573,390
Rockside Woods Boulevard North and Brecksville Road	11,409,561	11,248,876	160,685
Upper Brookside	2,377,224	2,086,199	291,025
<b>Total</b>	<u>\$28,726,309</u>	<u>\$24,651,964</u>	<u>\$4,074,345</u>

Remaining commitment amounts were encumbered at year end.



**City of Independence, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 20 – Changes in Accounting Principle and Restatement of Net Position**

***Changes in Accounting Principles***

For 2020, the City implemented the Governmental Accounting Standard Board’s (GASB) Statement No. 83, Certain Asset Retirement Obligations. GASB Statement 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset.

***Restatement of Net Position***

The implementation of GASB Statement No. 83 had the following effect on net position as of December 31, 2019:

	<u>Governmental Activities</u>
Net Position December 31, 2019	<u>\$106,472,571</u>
Adjustments:	
GASB Statement 83	<u>(159,500)</u>
Restated Net Position December 31, 2019	<u><u>\$106,313,071</u></u>

**Note 21 – Asset Retirement Obligations**

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

**Note 22 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the City. The City’s investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the City’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated. Additional funding will be available through the Consolidated Appropriations Act, 2021, passed by Congress on December 21, 2020 and/or the American Rescue Plan Act, passed by Congress on March 11, 2021.

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

	2020	2019	2018	2017
City's Proportion of the Net Pension Liability	0.0502830%	0.0568610%	0.0566550%	0.0572990%
City's Proportionate Share of the Net Pension Liability	\$9,938,776	\$15,573,075	\$8,888,072	\$13,011,628
City's Covered Payroll	\$7,074,786	\$6,828,821	\$7,486,608	\$7,407,167
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	140.48%	228.05%	118.72%	175.66%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.17%	74.70%	84.66%	77.25%

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

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

See accompanying notes to the required supplementary information.

2016	2015	2014
0.0584940%	0.0582290%	0.0582290%
\$10,131,898	\$7,023,068	\$6,864,440
\$7,280,083	\$7,139,083	\$7,003,438
139.17%	98.37%	98.02%
81.08%	86.45%	86.36%

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

	2020	2019	2018
City's Proportion of the Net Pension Asset	0.0508960%	0.0636930%	0.0553870%
City's Proportionate Share of the Net Pension Asset	\$106,129	\$71,224	\$75,399
City's Covered Payroll	\$226,564	\$240,443	\$226,838
City's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	-46.84%	-29.62%	-33.24%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset	145.28%	126.64%	137.28%

(1) Amounts for the combined plan are not presented prior to 2018 as the City's participation in this plan was considered immaterial in previous years.

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

See accompanying notes to the required supplementary information.

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

	2020	2019	2018	2017
City's Proportion of the Net OPEB Liability	0.0527310%	0.0596660%	0.0580400%	0.0560000%
City's Proportionate Share of the Net OPEB Liability	\$7,283,521	\$7,779,038	\$6,302,718	\$5,656,190
City's Covered Payroll	\$7,966,625	\$7,689,389	\$8,220,296	\$7,738,900
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	91.43%	101.17%	76.67%	73.09%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	47.80%	46.33%	54.14%	54.04%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available. An additional column will be added each year.

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

See accompanying notes to the required supplementary information.

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

	2020	2019	2018	2017
City's Proportion of the Net Pension Liability	0.2245234%	0.2257310%	0.2249630%	0.2269520%
City's Proportionate Share of the Net Pension Liability	\$15,125,096	\$18,425,616	\$13,806,996	\$14,374,911
City's Covered Payroll	\$5,437,928	\$5,213,083	\$4,974,812	\$4,776,754
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	278.14%	353.45%	277.54%	300.93%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.89%	63.07%	70.91%	68.36%

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

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

See accompanying notes to the required supplementary information.

2016	2015	2014
0.2205880%	0.2187702%	0.2187702%
\$14,190,580	\$11,333,209	\$10,654,795
\$4,561,994	\$4,415,260	\$4,301,102
311.06%	256.68%	247.72%
66.77%	71.71%	73.00%

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

	2020	2019	2018	2017
City's Proportion of the Net OPEB Liability	0.2245234%	0.2257310%	0.2249630%	0.2269520%
City's Proportionate Share of the Net OPEB Liability	\$2,217,781	\$2,055,627	\$12,746,089	\$10,772,901
City's Covered Payroll	\$5,437,928	\$5,213,083	\$4,974,812	\$4,776,754
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	40.78%	39.43%	256.21%	225.53%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	47.08%	46.57%	14.13%	15.96%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available. An additional column will be added each year.

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

See accompanying notes to the required supplementary information.



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

	2020	2019	2018
<b>Net Pension Liability - Traditional Plan</b>			
Contractually Required Contribution	\$950,943	\$990,470	\$956,035
Contributions in Relation to the Contractually Required Contribution	<u>(950,943)</u>	<u>(990,470)</u>	<u>(956,035)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$6,792,450	\$7,074,786	\$6,828,821
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
<b>Net Pension Liability - Combined Plan</b>			
Contractually Required Contribution	\$22,322	\$31,719	\$33,662
Contributions in Relation to the Contractually Required Contribution	<u>(22,322)</u>	<u>(31,719)</u>	<u>(33,662)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$159,443	\$226,564	\$240,443
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
<b>Net OPEB Liability - OPEB Plan (2)</b>			
Contractually Required Contribution	\$25,738	\$26,611	\$24,805
Contributions in Relation to the Contractually Required Contribution	<u>(25,738)</u>	<u>(26,611)</u>	<u>(24,805)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll (3)	\$7,595,343	\$7,966,625	\$7,689,389
OPEB Contributions as a Percentage of Covered Payroll	<u>0.34%</u>	<u>0.33%</u>	<u>0.32%</u>

(1) Information prior to 2013 is not available for traditional and combined plans.

(2) Information prior to 2016 is not available for the OPEB plan.

(3) The OPEB plan includes the members from the traditional plan, the combined plan and the member directed plan. The member directed pension plan is a defined contribution pension plan; therefore, the pension side is not included above.

See accompanying notes to the required supplementary information.

2017	2016	2015	2014	2013
\$973,259	\$888,860	\$873,610	\$856,690	\$910,447
<u>(973,259)</u>	<u>(888,860)</u>	<u>(873,610)</u>	<u>(856,690)</u>	<u>(910,447)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$7,486,608	\$7,407,167	\$7,280,083	\$7,139,083	\$7,003,438
<u>13.00%</u>	<u>12.00%</u>	<u>12.00%</u>	<u>12.00%</u>	<u>13.00%</u>
\$29,489	\$17,455	\$9,447	\$8,643	\$8,901
<u>(29,489)</u>	<u>(17,455)</u>	<u>(9,447)</u>	<u>(8,643)</u>	<u>(8,901)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$226,838	\$145,458	\$78,725	\$72,025	\$68,469
<u>13.00%</u>	<u>12.00%</u>	<u>12.00%</u>	<u>12.00%</u>	<u>13.00%</u>
\$97,408	\$158,504			
<u>(97,408)</u>	<u>(158,504)</u>			
<u>\$0</u>	<u>\$0</u>			
\$8,220,296	\$7,738,900			
<u>1.18%</u>	<u>2.05%</u>			

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Net Pension Liability</b>				
Contractually Required Contribution	\$1,095,389	\$1,127,482	\$1,079,917	\$1,033,612
Contributions in Relation to the Contractually Required Contribution	<u>(1,095,389)</u>	<u>(1,127,482)</u>	<u>(1,079,917)</u>	<u>(1,033,612)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll (1)	\$5,252,996	\$5,437,928	\$5,213,083	\$4,974,812
Pension Contributions as a Percentage of Covered Payroll	<u>20.85%</u>	<u>20.73%</u>	<u>20.72%</u>	<u>20.78%</u>
<b>Net OPEB Liability</b>				
Contractually Required Contribution	\$26,265	\$27,190	\$26,066	\$24,874
Contributions in Relation to the Contractually Required Contribution	<u>(26,265)</u>	<u>(27,190)</u>	<u>(26,066)</u>	<u>(24,874)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>0.50%</u>	<u>0.50%</u>	<u>0.50%</u>	<u>0.50%</u>
Total Contributions as a Percentage of Covered Payroll	<u>21.35%</u>	<u>21.23%</u>	<u>21.22%</u>	<u>21.28%</u>

(1) The City's Covered payroll is the same for Pension and OPEB.

See accompanying notes to the required supplementary information.

2016	2015	2014	2013	2012	2011
\$991,894	\$946,316	\$915,539	\$756,233	\$619,797	\$631,679
<u>(991,894)</u>	<u>(946,316)</u>	<u>(915,539)</u>	<u>(756,233)</u>	<u>(619,797)</u>	<u>(631,679)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$4,776,754	\$4,561,994	\$4,415,260	\$4,301,102	\$4,293,869	\$4,359,499
<u>20.77%</u>	<u>20.74%</u>	<u>20.74%</u>	<u>17.58%</u>	<u>14.43%</u>	<u>14.49%</u>
\$23,884	\$22,810	\$22,077	\$155,557	\$289,836	\$294,266
<u>(23,884)</u>	<u>(22,810)</u>	<u>(22,077)</u>	<u>(155,557)</u>	<u>(289,836)</u>	<u>(294,266)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>0.50%</u>	<u>0.50%</u>	<u>0.50%</u>	<u>3.62%</u>	<u>6.75%</u>	<u>6.75%</u>
<u>21.27%</u>	<u>21.24%</u>	<u>21.24%</u>	<u>21.20%</u>	<u>21.18%</u>	<u>21.24%</u>

**City of Independence, Ohio**  
*Notes to the Required Supplementary Information*  
For the year ended December 31, 2020

**Changes in Assumptions – OPERS Pension– Traditional Plan**

Amounts reported beginning in 2019 incorporate changes in assumptions used by OPERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in prior years are presented below:

	2019	2018 and 2017	2016 and prior
Wage Inflation	3.25 percent	3.25 percent	3.75 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	3.25 to 10.75 percent including wage inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA:			
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	see below	see below	see below
Investment Rate of Return	7.2 percent	7.5 percent	8 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age	Individual Entry Age

The assumptions related COLA or Ad Hoc COLA for Post-January 7, 2013 Retirees are as follows:

COLA or Ad Hoc COLA, Post-January 7, 2013 Retirees:

2020	1.4 percent, simple through 2020 then 2.15 percent, simple
2017 through 2019	3.0 percent, simple through 2018 then 2.15 percent, simple
2016 and prior	3.0 percent, simple through 2018 then 2.80 percent, simple

Amounts reported beginning in 2017 use mortality rates based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

Amounts reported for 2016 and prior use mortality rates based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

**City of Independence, Ohio**  
*Notes to the Required Supplementary Information*  
For the year ended December 31, 2020

**Changes in Assumptions – OPERS Pension – Combined Plan**

For 2020, the Combined Plan had the same change in COLA or Ad Hoc COLA for Post-January 2, 2013 retirees as the Traditional Plan. For 2019, the investment rate of return changed from 7.5 percent to 7.2 percent.

**Changes in Assumptions – OP&F Pension**

Amounts reported beginning in 2018 incorporate changes in assumptions used by OP&F in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in 2017 and prior are presented below:

	<u>Beginning in 2018</u>	<u>2017 and Prior</u>
Valuation Date	January 1, 2017, with actuarial liabilities rolled forward to December 31, 2017	January 1, 2016, with actuarial liabilities rolled forward to December 31, 2016
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	8.0 percent	8.25 percent
Projected Salary Increases	3.75 percent to 10.5 percent	4.25 percent to 11 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent	Inflation rate of 3.25 percent plus productivity increase rate of 0.5 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent	3.00 percent simple; 2.6 percent simple for increased based on the lesser of the increase in CPI and 3 percent

Amounts reported beginning in 2018 use valuation, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck/Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

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

Amounts reported beginning in 2018 use valuation, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck/Conduent Modified 2016 Improvement Scale.

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

**City of Independence, Ohio**  
*Notes to the Required Supplementary Information*  
*For the year ended December 31, 2020*

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Amounts reported for 2017 and prior use valuation, rates of death were based on the RP2000 Combined Table, age-adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police and three years for firefighters. For service retirements, set back zero years for police and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis, with a base year of 2009, using mortality improvement Scale AA.

**Changes in Assumptions – OPERS OPEB**

Investment Return Assumption:	
Beginning in 2019	6.00 percent
2018	6.50 percent
Municipal Bond Rate:	
2020	2.75 percent
2019	3.71 percent
2018	3.31 percent
Single Discount Rate:	
2020	3.16 percent
2019	3.96 percent
2018	3.85 percent
Health Care Cost Trend Rate:	
2020	10.0 percent, initial 3.5 percent, ultimate in 2030
2019	10.0 percent, initial 3.25 percent, ultimate in 2029
2018	7.5 percent, initial 3.25 percent, ultimate in 2028

**Changes in Assumptions – OP&F OPEB**

Single Discount Rate:	
2020	3.56 percent
2019	4.66 percent
2018	3.24 percent

**Changes in Benefit Terms – OP&F OPEB**

For 2019, OP&F recognized a change in benefit terms. Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements. This new model replaced the self-insured health care plan used in prior years.



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

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

#### *Nonmajor Special Revenue Funds*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(continued)

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

***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.

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

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

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

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

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

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

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

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

### ***Nonmajor Debt Service Funds***

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

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

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

***TIF Projects Fund*** – To account for and report restricted TIF revenue transfers for the repayment of TIF project debt obligations and notes of the City.

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

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

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

(continued)

*Nonmajor Capital Projects Funds (continued)*

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

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

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

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

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

**City of Independence, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Governmental Funds*  
*December 31, 2020*

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$2,078,323	\$1,817,211	\$8,181,824	\$12,077,358
Interfund Receivable	0	0	530,000	530,000
Intergovernmental Receivable	427,160	0	0	427,160
Prepaid Items	564	0	282	846
Accrued Interest Receivable	142	0	0	142
Special Assessments Receivable	0	0	3,168,282	3,168,282
Property Taxes Receivable	135,899	0	0	135,899
<i>Total Assets</i>	<u>\$2,642,088</u>	<u>\$1,817,211</u>	<u>\$11,880,388</u>	<u>\$16,339,687</u>
<b>Liabilities</b>				
Accounts Payable	\$182,143	\$0	\$0	\$182,143
Accrued Wages	6,103	0	0	6,103
Contracts Payable	0	0	1,546,747	1,546,747
Intergovernmental Payable	59,268	0	7,473	66,741
Retainage Payable	0	0	20,065	20,065
Interfund Payable	304,224	0	0	304,224
<i>Total Liabilities</i>	<u>551,738</u>	<u>0</u>	<u>1,574,285</u>	<u>2,126,023</u>
<b>Deferred Inflows of Resources</b>				
Property Taxes	129,795	0	0	129,795
Unavailable Revenue	382,700	0	3,168,282	3,550,982
<i>Total Deferred Inflows of Resources</i>	<u>512,495</u>	<u>0</u>	<u>3,168,282</u>	<u>3,680,777</u>
<b>Fund Balances</b>				
Nonspendable	564	0	282	846
Restricted	1,149,720	1,811,274	6,376,618	9,337,612
Committed	549,842	0	0	549,842
Assigned	0	5,937	760,921	766,858
Unassigned (Deficit)	(122,271)	0	0	(122,271)
<i>Total Fund Balances</i>	<u>1,577,855</u>	<u>1,817,211</u>	<u>7,137,821</u>	<u>10,532,887</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$2,642,088</u>	<u>\$1,817,211</u>	<u>\$11,880,388</u>	<u>\$16,339,687</u>

**City of Independence, Ohio**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Governmental Funds*  
*For the Year Ended December 31, 2020*

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues</b>				
Property Taxes	\$125,655	\$0	\$0	\$125,655
Intergovernmental	2,597,952	0	78,350	2,676,302
Investment Income	5,614	0	0	5,614
Fees, Licenses and Permits	261,948	0	0	261,948
Fines and Forfeitures	72,674	0	0	72,674
Rentals	0	0	9,550	9,550
Special Assessments	0	0	304,187	304,187
Contributions and Donations	0	0	5,000	5,000
Miscellaneous	3,680	0	9,438	13,118
<i>Total Revenues</i>	<u>3,067,523</u>	<u>0</u>	<u>406,525</u>	<u>3,474,048</u>
<b>Expenditures</b>				
Current:				
General Government	1,538,528	12,000	0	1,550,528
Security of Persons and Property	1,154,777	0	0	1,154,777
Leisure Time Activities	275,007	0	0	275,007
Transportation	1,340,003	0	0	1,340,003
Capital Outlay	0	0	3,371,502	3,371,502
Debt Service:				
Principal Retirement	0	924,729	0	924,729
Interest and Fiscal Charges	0	387,644	0	387,644
Debt Issuance Costs	0	258,089	0	258,089
<i>Total Expenditures</i>	<u>4,308,315</u>	<u>1,582,462</u>	<u>3,371,502</u>	<u>9,262,279</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,240,792)</u>	<u>(1,582,462)</u>	<u>(2,964,977)</u>	<u>(5,788,231)</u>
<b>Other Financing Sources (Uses)</b>				
Premium on Bonds	0	1,726,066	0	1,726,066
Transfers In	402,000	1,472,201	4,761,018	6,635,219
Transfers Out	(79,431)	0	(269,769)	(349,200)
<i>Total Other Financing Sources (Uses)</i>	<u>322,569</u>	<u>3,198,267</u>	<u>4,491,249</u>	<u>8,012,085</u>
<i>Net Change in Fund Balances</i>	(918,223)	1,615,805	1,526,272	2,223,854
<i>Fund Balances Beginning of Year</i>	<u>2,496,078</u>	<u>201,406</u>	<u>5,611,549</u>	<u>8,309,033</u>
<i>Fund Balances End of Year</i>	<u><u>\$1,577,855</u></u>	<u><u>\$1,817,211</u></u>	<u><u>\$7,137,821</u></u>	<u><u>\$10,532,887</u></u>

**City of Independence, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds*  
*December 31, 2020*

	<u>State Highway</u>	<u>Motor Vehicle License Tax</u>	<u>Street Construction, Maintenance and Repair</u>	<u>Enforcement and Education</u>
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$118,143	\$60,252	\$573,548	\$14,674
Intergovernmental Receivable	22,589	11,551	278,584	0
Prepaid Items	0	0	0	0
Accrued Interest Receivable	0	0	142	0
Property Taxes Receivable	0	0	0	0
<i>Total Assets</i>	<u>\$140,732</u>	<u>\$71,803</u>	<u>\$852,274</u>	<u>\$14,674</u>
<b>Liabilities</b>				
Accounts Payable	\$0	\$0	\$108,046	\$0
Accrued Wages	0	0	6,103	0
Intergovernmental Payable	0	0	5,389	0
Interfund Payable	0	0	0	0
<i>Total Liabilities</i>	<u>0</u>	<u>0</u>	<u>119,538</u>	<u>0</u>
<b>Deferred Inflows of Resources</b>				
Property Taxes	0	0	0	0
Unavailable Revenue	19,028	9,752	234,671	0
<i>Total Deferred Inflows of Resources</i>	<u>19,028</u>	<u>9,752</u>	<u>234,671</u>	<u>0</u>
<b>Fund Balances</b>				
Nonspendable	0	0	0	0
Restricted	121,704	62,051	498,065	14,674
Committed	0	0	0	0
Unassigned (Deficit)	0	0	0	0
<i>Total Fund Balances (Deficit)</i>	<u>121,704</u>	<u>62,051</u>	<u>498,065</u>	<u>14,674</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$140,732</u>	<u>\$71,803</u>	<u>\$852,274</u>	<u>\$14,674</u>

<u>Drug Offense</u>	<u>Law Enforcement</u>	<u>Federal Forfeiture</u>	<u>Strike Force</u>	<u>Mayor's Court Computer</u>	<u>FEMA Grant</u>
\$15,382	\$37,819	\$67,681	\$252,404	\$34,060	\$4,280
0	1,291	0	107,375	0	0
0	0	282	0	282	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$15,382</u>	<u>\$39,110</u>	<u>\$67,963</u>	<u>\$359,779</u>	<u>\$34,342</u>	<u>\$4,280</u>
\$0	\$0	\$0	\$70,451	\$0	\$0
0	0	0	0	0	0
0	0	500	0	0	0
0	0	0	304,224	0	0
0	0	500	374,675	0	0
0	0	0	0	0	0
0	0	0	107,375	0	0
0	0	0	107,375	0	0
0	0	282	0	282	0
15,382	39,110	67,181	0	34,060	4,280
0	0	0	0	0	0
0	0	0	(122,271)	0	0
<u>15,382</u>	<u>39,110</u>	<u>67,463</u>	<u>(122,271)</u>	<u>34,342</u>	<u>4,280</u>
<u>\$15,382</u>	<u>\$39,110</u>	<u>\$67,963</u>	<u>\$359,779</u>	<u>\$34,342</u>	<u>\$4,280</u>

(continued)

**City of Independence, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds (continued)*  
*December 31, 2020*

	Handicap Parking	Friends for Life	Twenty- Five and Alive	I Can
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$28,233	\$2,085	\$12,807	\$31,672
Intergovernmental Receivable	0	0	0	0
Prepaid Items	0	0	0	0
Accrued Interest Receivable	0	0	0	0
Property Taxes Receivable	0	0	0	0
<i>Total Assets</i>	<u>\$28,233</u>	<u>\$2,085</u>	<u>\$12,807</u>	<u>\$31,672</u>
<b>Liabilities</b>				
Accounts Payable	\$0	\$0	\$0	\$0
Accrued Wages	0	0	0	0
Intergovernmental Payable	0	0	0	0
Interfund Payable	0	0	0	0
<i>Total Liabilities</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Deferred Inflows of Resources</b>				
Property Taxes	0	0	0	0
Unavailable Revenue	0	0	0	0
<i>Total Deferred Inflows of Resources</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balances</b>				
Nonspendable	0	0	0	0
Restricted	0	0	0	0
Committed	28,233	2,085	12,807	31,672
Unassigned (Deficit)	0	0	0	0
<i>Total Fund Balances (Deficit)</i>	<u>28,233</u>	<u>2,085</u>	<u>12,807</u>	<u>31,672</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$28,233</u>	<u>\$2,085</u>	<u>\$12,807</u>	<u>\$31,672</u>



<u>Tree</u>	<u>Recreation</u>	<u>Police Pension</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$39,052	\$439,639	\$346,592	\$2,078,323
0	0	5,770	427,160
0	0	0	564
0	0	0	142
0	0	135,899	135,899
<u>\$39,052</u>	<u>\$439,639</u>	<u>\$488,261</u>	<u>\$2,642,088</u>
\$0	\$3,646	\$0	\$182,143
0	0	0	6,103
0	0	53,379	59,268
0	0	0	304,224
0	3,646	53,379	551,738
0	0	129,795	129,795
0	0	11,874	382,700
0	0	141,669	512,495
0	0	0	564
0	0	293,213	1,149,720
39,052	435,993	0	549,842
0	0	0	(122,271)
<u>39,052</u>	<u>435,993</u>	<u>293,213</u>	<u>1,577,855</u>
<u>\$39,052</u>	<u>\$439,639</u>	<u>\$488,261</u>	<u>\$2,642,088</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, 2020*

	CARES Act	State Highway	Motor Vehicle License Tax	Street Construction, Maintenance and Repair	Enforcement and Education
<b>Revenues</b>					
Property Taxes	\$0	\$0	\$0	\$0	\$0
Intergovernmental	439,897	49,444	23,760	609,811	0
Investment Income	0	743	441	4,430	0
Fees, Licenses and Permits	0	0	0	0	0
Fines and Forfeitures	0	0	0	0	300
Miscellaneous	0	0	0	0	0
<i>Total Revenues</i>	<u>439,897</u>	<u>50,187</u>	<u>24,201</u>	<u>614,241</u>	<u>300</u>
<b>Expenditures</b>					
Current:					
General Government	0	0	0	0	0
Security of Persons and Property	439,897	0	0	0	0
Leisure Time Activities	0	0	0	0	0
Transportation	0	35,000	35,000	1,270,003	0
<i>Total Expenditures</i>	<u>439,897</u>	<u>35,000</u>	<u>35,000</u>	<u>1,270,003</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>0</u>	<u>15,187</u>	<u>(10,799)</u>	<u>(655,762)</u>	<u>300</u>
<b>Other Financing Sources (Uses)</b>					
Transfers In	0	0	0	400,000	0
Transfers Out	0	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>400,000</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	0	15,187	(10,799)	(255,762)	300
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>0</u>	<u>106,517</u>	<u>72,850</u>	<u>753,827</u>	<u>14,374</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$0</u>	<u>\$121,704</u>	<u>\$62,051</u>	<u>\$498,065</u>	<u>\$14,674</u>

<u>Drug Offense</u>	<u>Law Enforcement</u>	<u>Federal Forfeiture</u>	<u>Strike Force</u>	<u>Mayor's Court Computer</u>	<u>FEMA Grant</u>
\$0	\$0	\$0	\$0	\$0	\$0
0	0	37,722	1,425,777	0	0
0	0	0	0	0	0
0	0	0	0	0	0
160	64,342	2,513	0	5,234	0
0	0	0	0	0	0
<u>160</u>	<u>64,342</u>	<u>40,235</u>	<u>1,425,777</u>	<u>5,234</u>	<u>0</u>
0	0	0	1,517,637	11,470	0
32,547	66,343	10,426	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>32,547</u>	<u>66,343</u>	<u>10,426</u>	<u>1,517,637</u>	<u>11,470</u>	<u>0</u>
<u>(32,387)</u>	<u>(2,001)</u>	<u>29,809</u>	<u>(91,860)</u>	<u>(6,236)</u>	<u>0</u>
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>(32,387)</u>	<u>(2,001)</u>	<u>29,809</u>	<u>(91,860)</u>	<u>(6,236)</u>	<u>0</u>
47,769	41,111	37,654	(30,411)	40,578	4,280
<u>\$15,382</u>	<u>\$39,110</u>	<u>\$67,463</u>	<u>(\$122,271)</u>	<u>\$34,342</u>	<u>\$4,280</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, 2020*

	Handicap Parking	Friends for Life	Twenty- Five and Alive	Home Days	I Can
<b>Revenues</b>					
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	125	0	0	0	0
Miscellaneous	0	0	0	0	2,495
<i>Total Revenues</i>	<u>125</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,495</u>
<b>Expenditures</b>					
Current:					
General Government	0	0	8,490	0	931
Security of Persons and Property	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>0</u>	<u>8,490</u>	<u>0</u>	<u>931</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>125</u>	<u>0</u>	<u>(8,490)</u>	<u>0</u>	<u>1,564</u>
<b>Other Financing Sources (Uses)</b>					
Transfers In	0	0	2,000	0	0
Transfers Out	0	0	0	(43,919)	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>2,000</u>	<u>(43,919)</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	125	0	(6,490)	(43,919)	1,564
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>28,108</u>	<u>2,085</u>	<u>19,297</u>	<u>43,919</u>	<u>30,108</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>\$28,233</u></u>	<u><u>\$2,085</u></u>	<u><u>\$12,807</u></u>	<u><u>\$0</u></u>	<u><u>\$31,672</u></u>

Tree	Cemetery	Recreation	Police Pension	Total Nonmajor Special Revenue Funds
\$0	\$0	\$0	\$125,655	\$125,655
0	0	0	11,541	2,597,952
0	0	0	0	5,614
0	0	261,948	0	261,948
0	0	0	0	72,674
1,100	0	85	0	3,680
1,100	0	262,033	137,196	3,067,523
0	0	0	0	1,538,528
0	0	0	605,564	1,154,777
0	0	275,007	0	275,007
0	0	0	0	1,340,003
0	0	275,007	605,564	4,308,315
1,100	0	(12,974)	(468,368)	(1,240,792)
0	0	0	0	402,000
0	(35,512)	0	0	(79,431)
0	(35,512)	0	0	322,569
1,100	(35,512)	(12,974)	(468,368)	(918,223)
37,952	35,512	448,967	761,581	2,496,078
\$39,052	\$0	\$435,993	\$293,213	\$1,577,855

**City of Independence, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Debt Service Funds*  
*December 31, 2020*

	Bond Retirement	Non -TIF Project	TIF Projects	Total Nonmajor Debt Service Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$38,557	\$5,937	\$1,772,717	\$1,817,211
<b>Fund Balances</b>				
Restricted	\$38,557	\$0	\$1,772,717	\$1,811,274
Assigned	0	5,937	0	5,937
<i>Total Fund Balances</i>	<u>\$38,557</u>	<u>\$5,937</u>	<u>\$1,772,717</u>	<u>\$1,817,211</u>

**City of Independence, Ohio**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Debt Service Funds*  
*For the Year Ended December 31, 2020*

	Bond Retirement	Non -TIF Project	TIF Projects	Total Nonmajor Debt Service Funds
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>				
Current:				
General Government	12,000	0	0	12,000
Debt Service:				
Principal Retirement	0	146,925	777,804	924,729
Interest and Fiscal Charges	0	117,162	270,482	387,644
Debt Issuance Costs	0	0	258,089	258,089
<i>Total Expenditures</i>	<u>12,000</u>	<u>264,087</u>	<u>1,306,375</u>	<u>1,582,462</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(12,000)</u>	<u>(264,087)</u>	<u>(1,306,375)</u>	<u>(1,582,462)</u>
<b>Other Financing Sources (Uses)</b>				
Premium on Bonds	0	0	1,726,066	1,726,066
Transfers In	0	269,769	1,202,432	1,472,201
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>269,769</u>	<u>2,928,498</u>	<u>3,198,267</u>
<i>Net Change in Fund Balances</i>	(12,000)	5,682	1,622,123	1,615,805
<i>Fund Balances Beginning of Year</i>	<u>50,557</u>	<u>255</u>	<u>150,594</u>	<u>201,406</u>
<i>Fund Balances End of Year</i>	<u><u>\$38,557</u></u>	<u><u>\$5,937</u></u>	<u><u>\$1,772,717</u></u>	<u><u>\$1,817,211</u></u>

**City of Independence, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Capital Projects Funds*  
*December 31, 2020*

	<u>Capital Improvements</u>	<u>Drain Water</u>	<u>Rockside Woods</u>
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$6,021,941	\$627,433	\$68,560
Interfund Receivable	530,000	0	0
Prepaid Items	0	0	0
Special Assessments Receivable	0	0	3,061,670
<i>Total Assets</i>	<u><u>\$6,551,941</u></u>	<u><u>\$627,433</u></u>	<u><u>\$3,130,230</u></u>
<b>Liabilities</b>			
Contracts Payable	\$683,405	\$215,302	\$0
Intergovernmental Payable	0	7,473	0
Retainage Payable	0	20,065	0
<i>Total Liabilities</i>	<u>683,405</u>	<u>242,840</u>	<u>0</u>
<b>Deferred Inflows of Resources</b>			
Unavailable Revenue	0	0	3,061,670
<b>Fund Balances</b>			
Nonspendable	0	0	0
Restricted	5,868,536	384,593	68,560
Assigned	0	0	0
<i>Total Fund Balances</i>	<u>5,868,536</u>	<u>384,593</u>	<u>68,560</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u><u>\$6,551,941</u></u>	<u><u>\$627,433</u></u>	<u><u>\$3,130,230</u></u>



Issue II	Public Safety Equipment	Route 21 and Pleasant Valley	Total Nonmajor Capital Projects Funds
\$54,929	\$1,406,866	\$2,095	\$8,181,824
0	0	0	530,000
0	282	0	282
106,612	0	0	3,168,282
<u>\$161,541</u>	<u>\$1,407,148</u>	<u>\$2,095</u>	<u>\$11,880,388</u>
\$0	\$648,040	\$0	\$1,546,747
0	0	0	7,473
0	0	0	20,065
0	648,040	0	1,574,285
106,612	0	0	3,168,282
0	282	0	282
54,929	0	0	6,376,618
0	758,826	2,095	760,921
54,929	759,108	2,095	7,137,821
<u>\$161,541</u>	<u>\$1,407,148</u>	<u>\$2,095</u>	<u>\$11,880,388</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, 2020*

	<u>Capital Improvements</u>	<u>Drain Water</u>	<u>Rockside Woods</u>
<b>Revenues</b>			
Intergovernmental	\$0	\$78,350	\$0
Rentals	9,550	0	0
Special Assessments	0	0	268,717
Contributions and Donations	5,000	0	0
Miscellaneous	9,438	0	0
<i>Total Revenues</i>	<u>23,988</u>	<u>78,350</u>	<u>268,717</u>
<b>Expenditures</b>			
Capital Outlay	2,055,064	644,214	0
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(2,031,076)</u>	<u>(565,864)</u>	<u>268,717</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In	3,500,000	875,000	24,768
Transfers Out	0	0	(201,519)
<i>Total Other Financing Sources (Uses)</i>	<u>3,500,000</u>	<u>875,000</u>	<u>(176,751)</u>
<i>Net Change in Fund Balances</i>	1,468,924	309,136	91,966
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>4,399,612</u>	<u>75,457</u>	<u>(23,406)</u>
<i>Fund Balances End of Year</i>	<u><u>\$5,868,536</u></u>	<u><u>\$384,593</u></u>	<u><u>\$68,560</u></u>

Issue II	Public Safety Equipment	Route 21 and Pleasant Valley	Total Nonmajor Capital Projects Funds
\$0	\$0	\$0	\$78,350
0	0	0	9,550
35,470	0	0	304,187
0	0	0	5,000
0	0	0	9,438
35,470	0	0	406,525
0	672,224	0	3,371,502
35,470	(672,224)	0	(2,964,977)
0	350,000	11,250	4,761,018
(57,000)	0	(11,250)	(269,769)
(57,000)	350,000	0	4,491,249
(21,530)	(322,224)	0	1,526,272
76,459	1,081,332	2,095	5,611,549
\$54,929	\$759,108	\$2,095	\$7,137,821

**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, 2020*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$767,114	\$790,795	\$838,234	\$47,439
Municipal Income Taxes	31,229,382	32,109,569	33,872,825	1,763,256
Hotel/Motel Taxes	614,511	631,831	666,527	34,696
Amusement Taxes	156,526	160,937	169,775	8,838
Intergovernmental	329,789	337,023	351,517	14,494
Investment Income	349,726	359,583	379,329	19,746
Fees, Licenses and Permits	205,355	211,143	222,738	11,595
Fines and Forfeitures	96,306	99,020	104,458	5,438
Charges for Services	544,557	559,906	590,652	30,746
Rentals	146,383	150,509	158,774	8,265
Miscellaneous	1,780,270	1,830,377	1,930,754	100,377
<i>Total Revenues</i>	36,219,919	37,240,693	39,285,583	2,044,890
<b>Expenditures</b>				
Current:				
General Government:				
Mayor:				
Salaries and Wages	270,000	270,000	268,555	1,445
Benefits	98,000	98,000	91,489	6,511
Other	13,609	13,609	9,389	4,220
Total Mayor	381,609	381,609	369,433	12,176
Finance Department:				
Salaries and Wages	371,400	371,400	368,157	3,243
Benefits	154,700	154,700	150,985	3,715
Other	11,900	11,900	6,121	5,779
Total Finance Department	538,000	538,000	525,263	12,737
Council:				
Salaries and Wages	158,200	158,200	152,841	5,359
Benefits	213,400	213,400	211,095	2,305
Other	11,400	11,400	3,834	7,566
Total Council	383,000	383,000	367,770	15,230
Law Director:				
Other	\$442,400	\$442,400	\$374,401	\$67,999

(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, 2020*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Other:				
Salaries and Wages	\$152,800	\$152,800	\$147,698	\$5,102
Benefits	266,900	266,900	237,503	29,397
Insurance	487,294	487,294	450,497	36,797
Professional Fees	722,753	722,753	636,153	86,600
Other	1,770,500	1,770,500	1,464,407	306,093
<b>Total Other</b>	<b>3,400,247</b>	<b>3,400,247</b>	<b>2,936,258</b>	<b>463,989</b>
Court:				
Salaries and Wages	264,700	264,700	253,670	11,030
Benefits	97,000	97,000	93,307	3,693
Other	13,213	13,213	5,846	7,367
<b>Total Court</b>	<b>374,913</b>	<b>374,913</b>	<b>352,823</b>	<b>22,090</b>
Service Administration:				
Salaries and Wages	465,400	465,400	452,121	13,279
Benefits	175,297	175,297	166,534	8,763
Other	8,261	8,261	1,459	6,802
<b>Total Service Administration</b>	<b>648,958</b>	<b>648,958</b>	<b>620,114</b>	<b>28,844</b>
Income Tax Collection:				
Other	1,200,000	1,200,000	1,130,945	69,055
Court Program Fees:				
Other	1,500	1,500	0	1,500
<b>Total General Government</b>	<b>7,370,627</b>	<b>7,370,627</b>	<b>6,677,007</b>	<b>693,620</b>
Security of Persons and Property:				
Police:				
Salaries and Wages	3,660,900	3,660,900	3,292,703	368,197
Benefits	852,600	852,600	844,169	8,431
Other	1,174,938	1,165,038	1,052,170	112,868
<b>Total Police</b>	<b>5,688,438</b>	<b>5,678,538</b>	<b>5,189,042</b>	<b>489,496</b>
Fire:				
Salaries and Wages	2,582,000	2,582,000	2,218,024	363,976
Benefits	1,301,038	1,301,038	1,222,931	78,107
Other	218,278	218,278	172,331	45,947
<b>Total Fire</b>	<b>4,101,316</b>	<b>4,101,316</b>	<b>3,613,286</b>	<b>488,030</b>
<b>Total Security of Persons and Property</b>	<b>\$9,789,754</b>	<b>\$9,779,854</b>	<b>\$8,802,328</b>	<b>\$977,526</b>

(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, 2020*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Public Health and Welfare:				
Cemetery:				
Salaries and Wages	\$70,000	\$70,000	\$56,842	\$13,158
Benefits	15,800	15,800	7,640	8,160
Other	6,000	6,000	4,424	1,576
Total Public Health and Welfare	91,800	91,800	68,906	22,894
Leisure Time Activities:				
Parks and Playgrounds:				
Salaries and Wages	243,700	243,700	195,461	48,239
Benefits	85,550	85,550	74,752	10,798
Other	143,911	143,911	115,796	28,115
Total Parks and Playgrounds	473,161	473,161	386,009	87,152
Pools:				
Salaries and Wages	260,600	260,600	201,317	59,283
Benefits	43,000	43,000	30,479	12,521
Other	79,066	79,066	74,380	4,686
Total Pools	382,666	382,666	306,176	76,490
Concession Stand:				
Salaries and Wages	39,700	39,700	17,715	21,985
Other	40,354	40,354	22,188	18,166
Total Concession Stand	80,054	80,054	39,903	40,151
Field House:				
Salaries and Wages	20,300	20,300	4,990	15,310
Benefits	3,400	3,400	798	2,602
Other	34,828	34,828	19,820	15,008
Total Field House	58,528	58,528	25,608	32,920
Administration:				
Salaries and Wages	473,500	473,500	460,420	13,080
Benefits	340,500	340,500	324,417	16,083
Other	8,187	8,187	5,750	2,437
Total Administration	822,187	822,187	790,587	31,600
Civic Center Recreation:				
Salaries and Wages	209,000	209,000	148,200	60,800
Custodial:				
Salaries and Wages	\$268,700	\$268,700	\$232,481	\$36,219

(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, 2020*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Civic Center:				
Salaries and Wages	\$647,200	\$647,200	\$521,382	\$125,818
Benefits	235,500	235,500	176,011	59,489
Other	107,878	107,878	50,587	57,291
Total Civic Center	990,578	990,578	747,980	242,598
Total Leisure Time Activities	3,284,874	3,284,874	2,676,944	607,930
Community Environment:				
Building and Lands:				
Salaries and Wages	612,000	612,000	589,489	22,511
Benefits	236,300	236,300	233,657	2,643
Other	411,692	411,692	273,880	137,812
Total Building and Lands	1,259,992	1,259,992	1,097,026	162,966
Technical Services:				
Salaries and Wages	534,000	534,000	475,235	58,765
Benefits	194,100	194,100	175,828	18,272
Other	393,698	393,698	333,724	59,974
Total Technical Services	1,121,798	1,121,798	984,787	137,011
IT Department:				
Salaries and Wages	158,900	158,900	80,468	78,432
Benefits	72,800	72,800	35,103	37,697
Other	275,289	275,289	185,439	89,850
Total IT Department	506,989	506,989	301,010	205,979
Building Department:				
Salaries and Wages	316,100	316,100	245,839	70,261
Benefits	84,000	84,000	71,660	12,340
Other	632,616	632,616	420,040	212,576
Total Building Department	1,032,716	1,032,716	737,539	295,177
Engineering Department:				
Salaries and Wages	531,300	531,300	406,420	124,880
Benefits	141,000	141,000	131,973	9,027
Other	42,530	42,530	19,088	23,442
Total Engineering Department	\$714,830	\$714,830	\$557,481	\$157,349

(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, 2020*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Economic Department:				
Salaries and Wages	\$105,000	\$105,000	\$77,398	\$27,602
Benefits	38,000	38,000	33,512	4,488
Other	116,138	116,138	33,966	82,172
<b>Total Economic Department</b>	<b>259,138</b>	<b>259,138</b>	<b>144,876</b>	<b>114,262</b>
Boards and Commissions:				
Salaries and Wages	38,500	38,500	31,041	7,459
Benefits	5,200	5,200	4,241	959
<b>Total Boards and Commissions</b>	<b>43,700</b>	<b>43,700</b>	<b>35,282</b>	<b>8,418</b>
<b>Total Community Environment</b>	<b>4,939,163</b>	<b>4,939,163</b>	<b>3,858,001</b>	<b>1,081,162</b>
Basic Utility Services:				
Rubbish:				
Salaries and Wages	255,400	255,400	243,776	11,624
Benefits	108,000	108,000	101,177	6,823
Other	387,757	387,757	379,797	7,960
<b>Total Rubbish</b>	<b>751,157</b>	<b>751,157</b>	<b>724,750</b>	<b>26,407</b>
Sewer/Water Control:				
Salaries and Wages	203,000	203,000	198,656	4,344
Benefits	86,100	86,100	82,887	3,213
Other	10,765	10,765	5,701	5,064
<b>Total Sewer/Water Control</b>	<b>299,865</b>	<b>299,865</b>	<b>287,244</b>	<b>12,621</b>
<b>Total Basic Utility Services</b>	<b>1,051,022</b>	<b>1,051,022</b>	<b>1,011,994</b>	<b>39,028</b>
Transportation:				
Equipment and Motor Pool:				
Salaries and Wages	243,600	243,600	210,415	33,185
Benefits	87,000	87,000	71,157	15,843
Other	468,802	468,802	464,873	3,929
<b>Total Transportation</b>	<b>799,402</b>	<b>799,402</b>	<b>746,445</b>	<b>52,957</b>
<b>Total Expenditures</b>	<b>27,326,642</b>	<b>27,316,742</b>	<b>23,841,625</b>	<b>3,475,117</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$8,893,277</b>	<b>\$9,923,951</b>	<b>\$15,443,958</b>	<b>\$5,520,007</b>

(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, 2020*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	\$39,283	\$39,283	\$39,283	\$0
Advances In	2,677,500	2,677,500	2,373,276	(304,224)
Advances Out	(5,636,000)	(5,636,000)	(5,636,000)	0
Transfers In	79,431	79,431	79,431	0
Transfers Out	(9,145,250)	(9,145,250)	(9,145,250)	0
<i>Total Other Financing (Uses)</i>	<u>(11,985,036)</u>	<u>(11,985,036)</u>	<u>(12,289,260)</u>	<u>(304,224)</u>
<i>Net Change in Fund Balance</i>	(3,091,759)	(2,061,085)	3,154,698	5,215,783
<i>Fund Balance Beginning of Year</i>	4,632,087	4,632,087	4,632,087	0
Prior Year Encumbrances Appropriated	<u>1,274,492</u>	<u>1,274,492</u>	<u>1,274,492</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$2,814,820</u></u>	<u><u>\$3,845,494</u></u>	<u><u>\$9,061,277</u></u>	<u><u>\$5,215,783</u></u>

**City of Independence, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
High Intensity Drug Trafficking Area Fund  
For the Year Ended December 31, 2020*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$5,490,000	\$6,490,000	\$5,975,149	(\$514,851)
Charges for Services	10,000	10,000	9,956	(44)
<i>Total Revenues</i>	<u>5,500,000</u>	<u>6,500,000</u>	<u>5,985,105</u>	<u>(514,895)</u>
<b>Expenditures</b>				
Current:				
General Government:				
Salaries and Wages	993,724	1,174,170	1,115,638	58,532
Benefits	303,605	358,736	340,853	17,883
Other	4,209,706	4,974,129	4,815,686	158,443
<i>Total Expenditures</i>	<u>5,507,035</u>	<u>6,507,035</u>	<u>6,272,177</u>	<u>234,858</u>
<i>Net Change in Fund Balance</i>	(7,035)	(7,035)	(287,072)	(280,037)
<i>Fund Balance Beginning of Year</i>	284,717	284,717	284,717	0
Prior Year Encumbrances Appropriated	7,035	7,035	7,035	0
<i>Fund Balance End of Year</i>	<u>\$284,717</u>	<u>\$284,717</u>	<u>\$4,680</u>	<u>(\$280,037)</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, 2020*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$0	\$0	\$12,384	\$12,384
Payments in Lieu of Taxes	1,836,000	1,988,617	1,999,806	11,189
Miscellaneous	0	0	45,575	45,575
<i>Total Revenues</i>	<u>1,836,000</u>	<u>1,988,617</u>	<u>2,057,765</u>	<u>69,148</u>
<b>Expenditures</b>				
Capital Outlay	9,078,274	11,233,274	10,754,125	479,149
Debt Service:				
Principal Retirement	17,375,000	17,375,000	17,375,000	0
Interest and Fiscal Charges	347,500	347,500	347,500	0
<i>Total Debt Service</i>	<u>17,722,500</u>	<u>17,722,500</u>	<u>17,722,500</u>	<u>0</u>
<i>Total Expenditures</i>	<u>26,800,774</u>	<u>28,955,774</u>	<u>28,476,625</u>	<u>479,149</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(24,964,774)</u>	<u>(26,967,157)</u>	<u>(26,418,860)</u>	<u>548,297</u>
<b>Other Financing Sources (Uses)</b>				
General Obligation Bonds Issued	15,250,000	15,250,000	15,250,000	0
Advances In	2,226,000	4,006,000	4,006,000	0
Advances Out	(422,500)	(422,500)	(422,500)	0
Transfers In	7,000	7,000	7,000	0
Transfers Out	(1,117,218)	(1,227,218)	(1,227,200)	18
<i>Total Other Financing Sources (Uses)</i>	<u>15,943,282</u>	<u>17,613,282</u>	<u>17,613,300</u>	<u>18</u>
<i>Net Change in Fund Balance</i>	(9,021,492)	(9,353,875)	(8,805,560)	548,315
<i>Fund Balance Beginning of Year</i>	721,067	721,067	721,067	0
Prior Year Encumbrances Appropriated	9,004,274	9,004,274	9,004,274	0
<i>Fund Balance End of Year</i>	<u>\$703,849</u>	<u>\$371,466</u>	<u>\$919,781</u>	<u>\$548,315</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, 2020*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$4,500,000	\$1,475,000	\$1,514,204	\$39,204
Investment Income	0	0	49,304	49,304
<i>Total Revenues</i>	4,500,000	1,475,000	1,563,508	88,508
<b>Expenditures</b>				
Capital Outlay	17,027,817	14,777,817	14,653,641	124,176
<i>Excess of Revenues Over (Under) Expenditures</i>	(12,527,817)	(13,302,817)	(13,090,133)	212,684
<b>Other Financing Sources (Uses)</b>				
Advances Out	(650,000)	(650,000)	(650,000)	0
Transfers In	3,200,000	3,200,000	3,200,000	0
<i>Total Other Financing Sources (Uses)</i>	2,550,000	2,550,000	2,550,000	0
<i>Net Change in Fund Balance</i>	(9,977,817)	(10,752,817)	(10,540,133)	212,684
<i>Fund Balance Beginning of Year</i>	310,945	310,945	310,945	0
Prior Year Encumbrances Appropriated	10,577,817	10,577,817	10,577,817	0
<i>Fund Balance End of Year</i>	<u>\$910,945</u>	<u>\$135,945</u>	<u>\$348,629</u>	<u>\$212,684</u>

**City of Independence, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*CARES Act Fund*  
*For the Year Ended December 31, 2020*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$439,897	\$439,897	\$439,897	\$0
<b>Expenditures</b>				
Security of Persons and Property:				
Salaries and Wages	439,897	439,897	439,897	0
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</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, 2020*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$45,000	\$45,000	\$49,654	\$4,654
Investment Income	0	0	743	743
<i>Total Revenues</i>	45,000	45,000	50,397	5,397
<b>Expenditures</b>				
Current:				
Transportation:				
Streets, Sidewalks, and Maintenance:				
Other	60,000	60,000	35,000	25,000
<i>Net Change in Fund Balance</i>	(15,000)	(15,000)	15,397	30,397
<i>Fund Balance Beginning of Year</i>	67,746	67,746	67,746	0
Prior Year Encumbrances Appropriated	35,000	35,000	35,000	0
<i>Fund Balance End of Year</i>	<u>\$87,746</u>	<u>\$87,746</u>	<u>\$118,143</u>	<u>\$30,397</u>

**City of Independence, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
Motor Vehicle License Tax Fund  
For the Year Ended December 31, 2020*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$25,000	\$25,000	\$23,685	(\$1,315)
Investment Income	0	0	441	441
<i>Total Revenues</i>	25,000	25,000	24,126	(874)
<b>Expenditures</b>				
Current:				
Transportation:				
Streets, Sidewalks, and Maintenance:				
Other	60,000	60,000	35,000	25,000
<i>Net Change in Fund Balance</i>	(35,000)	(35,000)	(10,874)	24,126
<i>Fund Balance Beginning of Year</i>	36,126	36,126	36,126	0
Prior Year Encumbrances Appropriated	35,000	35,000	35,000	0
<i>Fund Balance End of Year</i>	<u>\$36,126</u>	<u>\$36,126</u>	<u>\$60,252</u>	<u>\$24,126</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, 2020*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$530,000	\$530,000	\$612,400	\$82,400
Investment Income	0	0	5,967	5,967
<i>Total Revenues</i>	<u>530,000</u>	<u>530,000</u>	<u>618,367</u>	<u>88,367</u>
<b>Expenditures</b>				
Current:				
Transportation:				
Streets, Sidewalks, and Maintenance:				
Salaries and Wages	429,700	429,700	402,077	27,623
Benefits	179,000	179,000	176,781	2,219
Other	1,042,841	1,042,841	979,172	63,669
<i>Total Expenditures</i>	<u>1,651,541</u>	<u>1,651,541</u>	<u>1,558,030</u>	<u>93,511</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(1,121,541)	(1,121,541)	(939,663)	181,878
<b>Other Financing Sources (Uses)</b>				
Transfers In	400,000	400,000	400,000	0
<i>Net Change in Fund Balance</i>	(721,541)	(721,541)	(539,663)	181,878
<i>Fund Balance Beginning of Year</i>	446,278	446,278	446,278	0
Prior Year Encumbrances Appropriated	297,541	297,541	297,541	0
<i>Fund Balance End of Year</i>	<u>\$22,278</u>	<u>\$22,278</u>	<u>\$204,156</u>	<u>\$181,878</u>

**City of Independence, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
Enforcement and Education Fund  
For the Year Ended December 31, 2020*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Fines and Forfeitures	\$500	\$500	\$300	(\$200)
<b>Expenditures</b>				
Current:				
Security of Persons and Property:				
Police Department:				
Other	500	500	0	500
<i>Net Change in Fund Balance</i>	0	0	300	300
<i>Fund Balance Beginning of Year</i>	14,374	14,374	14,374	0
<i>Fund Balance End of Year</i>	<u>\$14,374</u>	<u>\$14,374</u>	<u>\$14,674</u>	<u>\$300</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, 2020*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Fines and Forfeitures	\$5,000	\$5,000	\$160	(\$4,840)
<b>Expenditures</b>				
Current:				
Security of Persons and Property:				
Police Department:				
Other	35,096	37,596	35,615	1,981
<i>Net Change in Fund Balance</i>	(30,096)	(32,596)	(35,455)	(2,859)
<i>Fund Balance Beginning of Year</i>	22,673	22,673	22,673	0
Prior Year Encumbrances Appropriated	25,096	25,096	25,096	0
<i>Fund Balance End of Year</i>	<u>\$17,673</u>	<u>\$15,173</u>	<u>\$12,314</u>	<u>(\$2,859)</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, 2020*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Fines and Forfeitures	\$50,000	\$65,000	\$65,253	\$253
<b>Expenditures</b>				
Current:				
Security of Persons and Property:				
Police Department:				
Other	60,465	79,465	77,379	2,086
<i>Net Change in Fund Balance</i>	(10,465)	(14,465)	(12,126)	2,339
<i>Fund Balance Beginning of Year</i>	28,444	28,444	28,444	0
Prior Year Encumbrances Appropriated	10,465	10,465	10,465	0
<i>Fund Balance End of Year</i>	<u>\$28,444</u>	<u>\$24,444</u>	<u>\$26,783</u>	<u>\$2,339</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, 2020*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$10,000	\$10,000	\$37,722	\$27,722
Fines and Forfeitures	15,000	15,000	2,513	(12,487)
<i>Total Revenues</i>	25,000	25,000	40,235	15,235
<b>Expenditures</b>				
Current:				
Security of Persons and Property:				
Police Department:				
Other	12,600	20,600	19,725	875
<i>Net Change in Fund Balance</i>	12,400	4,400	20,510	16,110
<i>Fund Balance Beginning of Year</i>	37,371	37,371	37,371	0
Prior Year Encumbrances Appropriated	600	600	600	0
<i>Fund Balance End of Year</i>	<u>\$50,371</u>	<u>\$42,371</u>	<u>\$58,481</u>	<u>\$16,110</u>

**City of Independence, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
Strike Force Fund  
For the Year Ended December 31, 2020*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$1,030,500	\$1,660,500	\$1,425,777	(\$234,723)
<b>Expenditures</b>				
Current:				
General Government:				
Strike Force:				
Other	1,100,000	1,630,000	1,629,404	596
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(69,500)</u>	<u>30,500</u>	<u>(203,627)</u>	<u>(234,127)</u>
<b>Other Financing Sources (Uses)</b>				
Advances In	0	1,630,000	1,630,000	0
Advances Out	0	(1,730,000)	(1,425,776)	304,224
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>(100,000)</u>	<u>204,224</u>	<u>304,224</u>
<i>Net Change in Fund Balance</i>	(69,500)	(69,500)	597	70,097
<i>Fund Balance Beginning of Year</i>	<u>69,589</u>	<u>69,589</u>	<u>69,589</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$89</u></u>	<u><u>\$89</u></u>	<u><u>\$70,186</u></u>	<u><u>\$70,097</u></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, 2020*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Fines and Forfeitures	\$20,000	\$20,000	\$6,336	(\$13,664)
<b>Expenditures</b>				
Current:				
General Government:				
Mayor's Court Computer:				
Other	21,944	21,944	11,769	10,175
<i>Net Change in Fund Balance</i>	(1,944)	(1,944)	(5,433)	(3,489)
<i>Fund Balance Beginning of Year</i>	37,349	37,349	37,349	0
Prior Year Encumbrances Appropriated	1,944	1,944	1,944	0
<i>Fund Balance End of Year</i>	<u>\$37,349</u>	<u>\$37,349</u>	<u>\$33,860</u>	<u>(\$3,489)</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, 2020*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>	0	0	0	0
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	4,280	4,280	4,280	0
<i>Fund Balance End of Year</i>	<u>\$4,280</u>	<u>\$4,280</u>	<u>\$4,280</u>	<u>\$0</u>



**City of Independence, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
Handicap Parking Fund  
For the Year Ended December 31, 2020*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Fines and Forfeitures	\$500	\$500	\$125	(\$375)
<b>Expenditures</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	500	500	125	(375)
<i>Fund Balance Beginning of Year</i>	<u>28,108</u>	<u>28,108</u>	<u>28,108</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$28,608</u></u>	<u><u>\$28,608</u></u>	<u><u>\$28,233</u></u>	<u><u>(\$375)</u></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, 2020*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>	0	0	0	0
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	2,085	2,085	2,085	0
<i>Fund Balance End of Year</i>	\$2,085	\$2,085	\$2,085	\$0

**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, 2020*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Miscellaneous	\$1,000	\$1,000	\$0	(\$1,000)
<b>Expenditures</b>				
Current:				
General Government:				
Other General Government:				
Other	17,500	17,500	8,990	8,510
<i>Excess of Revenues Over (Under) Expenditures</i>	(16,500)	(16,500)	(8,990)	7,510
<b>Other Financing Sources (Uses)</b>				
Transfers In	2,000	2,000	2,000	0
<i>Net Change in Fund Balance</i>	(14,500)	(14,500)	(6,990)	7,510
<i>Fund Balance Beginning of Year</i>	18,797	18,797	18,797	0
Prior Year Encumbrances Appropriated	500	500	500	0
<i>Fund Balance End of Year</i>	<u>\$4,797</u>	<u>\$4,797</u>	<u>\$12,307</u>	<u>\$7,510</u>

**City of Independence, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Home Days Fund*  
*For the Year Ended December 31, 2020*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>	0	0	0	0
<i>Excess of Revenues Over (Under) Expenditures</i>	0	0	0	0
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(43,919)	(43,919)	(43,919)	0
<i>Net Change in Fund Balance</i>	(43,919)	(43,919)	(43,919)	0
<i>Fund Balance Beginning of Year</i>	43,919	43,919	43,919	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$0	\$0

**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, 2020*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Miscellaneous	\$5,000	\$5,000	\$2,495	(\$2,505)
<b>Expenditures</b>				
Current:				
General Government:				
Other General Government:				
Other	8,080	8,080	3,444	4,636
<i>Net Change in Fund Balance</i>	(3,080)	(3,080)	(949)	2,131
<i>Fund Balance Beginning of Year</i>	31,291	31,291	31,291	0
Prior Year Encumbrances Appropriated	1,080	1,080	1,080	0
<i>Fund Balance End of Year</i>	<u>\$29,291</u>	<u>\$29,291</u>	<u>\$31,422</u>	<u>\$2,131</u>

**City of Independence, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
Tree Fund  
For the Year Ended December 31, 2020*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Miscellaneous	\$0	\$0	\$1,100	\$1,100
<b>Expenditures</b>				
Current:				
General Government:				
Other General Government:				
Other	12,125	12,125	7,125	5,000
<i>Net Change in Fund Balance</i>	(12,125)	(12,125)	(6,025)	6,100
<i>Fund Balance Beginning of Year</i>	30,827	30,827	30,827	0
Prior Year Encumbrances Appropriated	7,125	7,125	7,125	0
<i>Fund Balance End of Year</i>	<u>\$25,827</u>	<u>\$25,827</u>	<u>\$31,927</u>	<u>\$6,100</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, 2020*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>				
Current:				
Public Health and Welfare:				
Cemetery:				
Other	2,477	2,477	2,477	0
<i>Excess of Revenues Over (Under) Expenditures</i>	(2,477)	(2,477)	(2,477)	0
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(35,512)	(35,512)	(35,512)	0
<i>Net Change in Fund Balance</i>	(37,989)	(37,989)	(37,989)	0
<i>Fund Balance Beginning of Year</i>	37,989	37,989	37,989	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</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, 2020*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Fees, Licenses and Permits	\$425,000	\$300,000	\$261,948	(\$38,052)
Miscellaneous	0	0	85	85
<i>Total Revenues</i>	425,000	300,000	262,033	(37,967)
<b>Expenditures</b>				
Current:				
Leisure Time Activities:				
Recreation:				
Other	344,768	444,768	301,649	143,119
<i>Net Change in Fund Balance</i>	80,232	(144,768)	(39,616)	105,152
<i>Fund Balance Beginning of Year</i>	428,196	428,196	428,196	0
Prior Year Encumbrances Appropriated	44,768	44,768	44,768	0
<i>Fund Balance End of Year</i>	<u>\$553,196</u>	<u>\$328,196</u>	<u>\$433,348</u>	<u>\$105,152</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, 2020*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$132,025	\$119,859	\$125,655	\$5,796
Intergovernmental	11,541	11,541	11,541	0
<i>Total Revenues</i>	143,566	131,400	137,196	5,796
<b>Expenditures</b>				
Current:				
Security of Persons and Property:				
Police Department:				
Other	750,000	650,000	608,030	41,970
<i>Net Change in Fund Balance</i>	(606,434)	(518,600)	(470,834)	47,766
<i>Fund Balance Beginning of Year</i>	817,426	817,426	817,426	0
<i>Fund Balance End of Year</i>	\$210,992	\$298,826	\$346,592	\$47,766

**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, 2020*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Other	\$100,000	\$0	\$0	\$0
<b>Expenditures</b>				
Current:				
General Government:				
Other General Government:				
Other	<u>50,000</u>	<u>50,000</u>	<u>33,528</u>	<u>16,472</u>
<i>Net Change in Fund Balance</i>	50,000	(50,000)	(33,528)	16,472
<i>Fund Balance Beginning of Year</i>	<u>819,390</u>	<u>819,390</u>	<u>819,390</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$869,390</u></u>	<u><u>\$769,390</u></u>	<u><u>\$785,862</u></u>	<u><u>\$16,472</u></u>

**City of Independence, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Rainy Day Fund*  
*For the Year Ended December 31, 2020*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>				
Current:				
General Government:				
Other General Government:				
Other	525,000	525,000	0	525,000
<i>Excess of Revenues Over (Under) Expenditures</i>	(525,000)	(525,000)	0	525,000
<b>Other Financing Sources (Uses)</b>				
Transfers In	625,000	0	0	0
<i>Net Change in Fund Balance</i>	100,000	(525,000)	0	525,000
<i>Fund Balance Beginning of Year</i>	1,600,000	1,600,000	1,600,000	0
<i>Fund Balance End of Year</i>	<u>\$1,700,000</u>	<u>\$1,075,000</u>	<u>\$1,600,000</u>	<u>\$525,000</u>

**City of Independence, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Economic Development Fund*  
*For the Year Ended December 31, 2020*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Miscellaneous	\$100,000	\$172,240	\$211,938	\$39,698
<b>Expenditures</b>				
Current:				
General Government:				
Economic Development:				
Other	2,237,003	2,237,003	2,011,170	225,833
<i>Excess of Revenues Over (Under) Expenditures</i>	(2,137,003)	(2,064,763)	(1,799,232)	265,531
<b>Other Financing Sources (Uses)</b>				
Transfers In	800,000	800,000	800,000	0
<i>Net Change in Fund Balance</i>	(1,337,003)	(1,264,763)	(999,232)	265,531
<i>Fund Balance Beginning of Year</i>	8,571	8,571	8,571	0
Prior Year Encumbrances Appropriated	1,337,003	1,337,003	1,337,003	0
<i>Fund Balance End of Year</i>	<u>\$8,571</u>	<u>\$80,811</u>	<u>\$346,342</u>	<u>\$265,531</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, 2020*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>				
General Government:				
Other	12,000	12,000	12,000	0
<i>Net Change in Fund Balance</i>	(12,000)	(12,000)	(12,000)	0
<i>Fund Balance Beginning of Year</i>	50,557	50,557	50,557	0
<i>Fund Balance End of Year</i>	<u>\$38,557</u>	<u>\$38,557</u>	<u>\$38,557</u>	<u>\$0</u>

**City of Independence, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
Non-TIF Project Fund  
For the Year Ended December 31, 2020*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>				
Debt Service:				
Principal Retirement	152,688	152,688	152,550	138
Interest and Fiscal Charges	117,162	117,162	117,162	0
<i>Total Expenditures</i>	269,850	269,850	269,712	138
<i>Excess of Revenues Over (Under) Expenditures</i>	(269,850)	(269,850)	(269,712)	138
<b>Other Financing Sources (Uses)</b>				
Transfers In	269,850	269,850	269,769	(81)
<i>Net Change in Fund Balance</i>	0	0	57	57
<i>Fund Balance Beginning of Year</i>	255	255	255	0
<i>Fund Balance End of Year</i>	\$255	\$255	\$312	\$57

**City of Independence, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*TIF Projects Fund*  
*For the Year Ended December 31, 2020*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>				
Debt Service:				
Principal Retirement	881,908	881,908	881,908	0
Interest and Fiscal Charges	320,542	277,453	270,482	6,971
Bond Issuance Cost	0	258,089	258,089	0
<i>Total Expenditures</i>	<u>1,202,450</u>	<u>1,417,450</u>	<u>1,410,479</u>	<u>6,971</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,202,450)</u>	<u>(1,417,450)</u>	<u>(1,410,479)</u>	<u>6,971</u>
<b>Other Financing Sources (Uses)</b>				
Premium on Bonds	0	250,000	1,726,066	1,476,066
Transfers In	1,202,450	1,202,450	1,202,432	(18)
<i>Total Other Financing Sources (Uses)</i>	<u>1,202,450</u>	<u>1,452,450</u>	<u>2,928,498</u>	<u>1,476,048</u>
<i>Net Change in Fund Balance</i>	0	35,000	1,518,019	1,483,019
<i>Fund Balance Beginning of Year</i>	<u>150,594</u>	<u>150,594</u>	<u>150,594</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$150,594</u></u>	<u><u>\$185,594</u></u>	<u><u>\$1,668,613</u></u>	<u><u>\$1,483,019</u></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, 2020*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Contributions and Donations	\$0	\$0	\$5,000	\$5,000
Rentals	0	0	9,550	9,550
Miscellaneous	0	0	9,438	9,438
<i>Total Revenues</i>	0	0	23,988	23,988
<b>Expenditures</b>				
Capital Outlay	6,229,477	7,229,477	6,592,464	637,013
<i>Excess of Revenues Over (Under) Expenditures</i>	(6,229,477)	(7,229,477)	(6,568,476)	661,001
<b>Other Financing Sources (Uses)</b>				
Advances In	150,000	150,000	150,000	0
Transfers In	3,500,000	3,500,000	3,500,000	0
<i>Total Other Financing Sources (Uses)</i>	3,650,000	3,650,000	3,650,000	0
<i>Net Change in Fund Balance</i>	(2,579,477)	(3,579,477)	(2,918,476)	661,001
<i>Fund Balance Beginning of Year</i>	160,379	160,379	160,379	0
Prior Year Encumbrances Appropriated	3,579,477	3,579,477	3,579,477	0
<i>Fund Balance End of Year</i>	<u>\$1,160,379</u>	<u>\$160,379</u>	<u>\$821,380</u>	<u>\$661,001</u>



**City of Independence, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
Drain Water Fund  
For the Year Ended December 31, 2020*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$0	\$143,700	\$143,700	\$0
<b>Expenditures</b>				
Capital Outlay	573,999	1,058,999	1,051,691	7,308
<i>Excess of Revenues Over (Under) Expenditures</i>	(573,999)	(915,299)	(907,991)	7,308
<b>Other Financing Sources (Uses)</b>				
Transfers In	545,500	875,000	875,000	0
<i>Net Change in Fund Balance</i>	(28,499)	(40,299)	(32,991)	7,308
<i>Fund Balance (Deficit) Beginning of Year</i>	(48,176)	(48,176)	(48,176)	0
Prior Year Encumbrances Appropriated	98,999	98,999	98,999	0
<i>Fund Balance End of Year</i>	<u>\$22,324</u>	<u>\$10,524</u>	<u>\$17,832</u>	<u>\$7,308</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, 2020*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Special Assessments	\$200,700	\$305,900	\$293,485	(\$12,415)
<b>Expenditures</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>200,700</u>	<u>305,900</u>	<u>293,485</u>	<u>(12,415)</u>
<b>Other Financing Sources (Uses)</b>				
Advances Out	(25,000)	(25,000)	(25,000)	0
Transfers In	24,768	24,768	24,768	0
Transfers Out	(201,600)	(201,600)	(201,519)	81
<i>Total Other Financing Sources (Uses)</i>	<u>(201,832)</u>	<u>(201,832)</u>	<u>(201,751)</u>	<u>81</u>
<i>Net Change in Fund Balance</i>	(1,132)	104,068	91,734	(12,334)
<i>Fund Balance Beginning of Year</i>	<u>1,594</u>	<u>1,594</u>	<u>1,594</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$462</u>	<u>\$105,662</u>	<u>\$93,328</u>	<u>(\$12,334)</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, 2020*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Special Assessments	\$35,000	\$35,000	\$35,470	\$470
<b>Expenditures</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	35,000	35,000	35,470	470
<b>Other Financing Sources (Uses)</b>				
Transfers Out	<u>(57,000)</u>	<u>(57,000)</u>	<u>(57,000)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(22,000)	(22,000)	(21,530)	470
<i>Fund Balance Beginning of Year</i>	<u>76,459</u>	<u>76,459</u>	<u>76,459</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$54,459</u></u>	<u><u>\$54,459</u></u>	<u><u>\$54,929</u></u>	<u><u>\$470</u></u>

**City of Independence, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
Public Safety Equipment Fund  
For the Year Ended December 31, 2020*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Miscellaneous	\$5,000	\$5,000	\$0	(\$5,000)
<b>Expenditures</b>				
Capital Outlay	1,445,545	1,445,545	1,435,184	10,361
<i>Excess of Revenues Over (Under) Expenditures</i>	(1,440,545)	(1,440,545)	(1,435,184)	5,361
<b>Other Financing Sources (Uses)</b>				
Transfers In	350,000	350,000	350,000	0
<i>Net Change in Fund Balance</i>	(1,090,545)	(1,090,545)	(1,085,184)	5,361
<i>Fund Balance Beginning of Year</i>	41,661	41,661	41,661	0
Prior Year Encumbrances Appropriated	1,050,545	1,050,545	1,050,545	0
<i>Fund Balance End of Year</i>	<u>\$1,661</u>	<u>\$1,661</u>	<u>\$7,022</u>	<u>\$5,361</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, 2020*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>	0	0	0	0
<i>Excess of Revenues Over (Under) Expenditures</i>	0	0	0	0
<b>Other Financing Sources (Uses)</b>				
Transfers In	11,250	11,250	11,250	0
Transfers Out	(11,250)	(11,250)	(11,250)	0
<i>Total Other Financing Sources</i>	0	0	0	0
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	2,095	2,095	2,095	0
<i>Fund Balance End of Year</i>	<u>\$2,095</u>	<u>\$2,095</u>	<u>\$2,095</u>	<u>\$0</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, 2020*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Other	\$300,000	\$0	\$53,530	\$53,530
<b>Expenses</b>				
Contractual Services	377,398	1,027,398	849,416	177,982
Claims	26,213	26,213	26,213	0
<i>Total Expenses</i>	403,611	1,053,611	875,629	177,982
<i>Net Change in Fund Equity</i>	(103,611)	(1,053,611)	(822,099)	231,512
<i>Fund Equity Beginning of Year</i>	1,926,140	1,926,140	1,926,140	0
Prior Year Encumbrances Appropriated	103,611	103,611	103,611	0
<i>Fund Equity End of Year</i>	\$1,926,140	\$976,140	\$1,207,652	\$231,512

# **Statistical Section**







## Statistical Section

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

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

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

**City of Independence, Ohio**

*Net Position by Component*

*Last Ten Years*

*(Accrual Basis of Accounting)*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Governmental Activities				
Net Investment in Capital Assets	\$106,232,967	\$90,680,280	\$83,597,246	\$78,544,131
Restricted:				
Capital Projects	16,430,739	18,022,928	15,519,182	12,649,662
Debt Service	0	0	0	7,805
State Highway	140,732	125,892	92,047	174,035
Street Construction, Maintenance and Repair	724,278	977,347	917,090	846,051
Police Pension	305,087	770,741	734,813	681,144
Other Purposes	314,542	279,520	423,959	282,001
Unrestricted (Deficit)	<u>(7,347,063)</u>	<u>(4,543,637)</u>	<u>(10,618,923)</u>	<u>(13,909,573)</u>
<i>Total Governmental Activities Net Position</i>	<u>\$116,801,282</u>	<u>\$106,313,071</u>	<u>\$90,665,414</u>	<u>\$79,275,256</u>

Note: In 2020, the City implemented GASB 83 which affected Net Position for 2019.

In 2019, the City implemented GASB 84 which affected Net Position for 2018.

In 2018, the City implemented GASB 75 which affected Unrestricted Net Position for 2017.

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

2016	2015	2014	2013	2012	2011
\$75,112,616	\$75,013,690	\$70,074,840	\$64,925,722	\$62,244,507	\$61,396,249
7,059,950	8,807,685	7,906,956	7,231,782	6,332,527	5,970,224
0	0	0	0	0	0
141,225	149,136	111,791	103,078	63,120	50,709
690,663	539,077	585,918	913,005	785,419	488,409
626,477	532,177	463,968	475,691	493,713	266,244
354,824	248,778	210,794	275,126	612,104	382,347
7,494,703	(294,571)	(618,913)	17,847,927	16,064,345	13,997,009
<u>\$91,480,458</u>	<u>\$84,995,972</u>	<u>\$78,735,354</u>	<u>\$91,772,331</u>	<u>\$86,595,735</u>	<u>\$82,551,191</u>

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

	2020	2019 (1)	2018 (2)	2017
<b>Program Revenues</b>				
Governmental Activities:				
Charges for Services and Sales:				
General Government	\$323,442	\$729,996	\$568,552	\$422,384
Security of Persons and Property	466,272	671,078	773,764	685,495
Public Health and Welfare	3,388	22,990	21,597	24,535
Leisure Time Activities	384,963	615,300	667,903	665,636
Community Environment	170,255	251,164	254,142	259,837
Basic Utility Services	44,200	54,750	65,332	66,879
Transportation	32,013	42,816	54,902	49,462
Operating Grants and Contributions	8,677,082	6,859,993	4,963,281	2,883,237
Capital Grants and Assessments	1,308,456	1,838,283	5,215,374	352,701
<i>Total Government Activities Program Revenues</i>	<u>11,410,071</u>	<u>11,086,370</u>	<u>12,584,847</u>	<u>5,410,166</u>
<b>Expenses</b>				
Governmental Activities:				
General Government	18,699,177	19,039,488	15,473,963	12,449,390
Security of Persons and Property	10,968,040	1,295,610	11,766,180	10,502,201
Public Health and Welfare	78,053	93,402	63,584	68,850
Leisure Time Activities	3,081,336	4,336,089	4,216,895	4,138,515
Community Environment	3,823,600	4,700,395	3,579,814	4,052,023
Basic Utility Services	1,037,179	1,071,857	994,675	1,116,697
Transportation	3,188,190	3,796,646	4,317,772	3,662,443
Interest and Fiscal Charges	635,064	741,662	652,612	658,360
<i>Total Governmental Activities Expenses</i>	<u>41,510,639</u>	<u>35,075,149</u>	<u>41,065,495</u>	<u>36,648,479</u>
<b>Net (Expense)/Revenue</b>				
Governmental Activities	<u>(30,100,568)</u>	<u>(23,988,779)</u>	<u>(28,480,648)</u>	<u>(31,238,313)</u>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental Activities				
Property and Other Local Taxes Levied For:				
General Purposes	855,374	837,220	772,071	337,278
Other Purposes	128,361	131,305	121,828	53,254
Municipal Income Tax levied for General Purposes	33,573,510	33,313,603	34,444,017	31,470,365
Estate Taxes	0	0	0	0
Hotel/Motel Tax Levied for General Purposes	648,140	1,321,108	1,447,692	1,368,052
Amusement Tax Levied for General Purposes	217,515	22,972	21,065	16,345
Grants and Entitlements not Restricted to Specific Programs	364,692	322,822	271,459	354,005
Investment Income	389,269	705,271	243,358	104,063
Payments in Lieu of Taxes	2,097,681	2,084,777	2,020,950	528,917
Gain on Sale of Capital Assets	39,283	25,381	30,933	0
Miscellaneous	2,274,954	1,031,477	528,182	1,107,641
<i>Total Governmental Activities General Revenues</i>	<u>40,588,779</u>	<u>39,795,936</u>	<u>39,901,555</u>	<u>35,339,920</u>
<b>Change in Governmental Activities Net Position</b>	<u>\$10,488,211</u>	<u>\$15,807,157</u>	<u>\$11,420,907</u>	<u>\$4,101,607</u>

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

2016	2015 (3)	2014	2013	2012	2011
\$390,744	\$396,719	\$377,216	\$414,541	\$306,760	\$292,763
666,445	606,527	562,774	516,590	537,653	491,945
26,534	17,350	23,565	20,244	24,625	32,305
696,312	603,786	559,216	67,118	456,211	447,776
236,571	236,479	198,060	194,238	125,813	99,303
29,317	29,160	30,306	36,172	28,388	23,449
51,358	56,063	45,279	548,161	76,006	33,168
658,459	524,252	493,672	603,478	534,869	448,183
122,246	1,189,630	1,567,822	114,562	95,572	387,666
<u>2,877,986</u>	<u>3,659,966</u>	<u>3,857,910</u>	<u>2,515,104</u>	<u>2,185,897</u>	<u>2,256,558</u>
9,239,305	9,037,847	8,650,919	8,587,665	8,505,708	8,703,896
10,377,823	8,961,555	9,005,655	8,389,502	8,572,099	8,350,722
58,324	48,133	78,417	110,014	96,354	93,610
3,798,602	3,684,540	3,767,299	3,463,666	3,470,342	3,345,289
3,542,366	3,543,729	3,096,160	2,739,330	2,492,457	2,130,225
477,590	490,196	547,380	570,714	578,200	913,604
3,832,243	4,669,027	4,465,226	3,199,635	3,754,236	4,546,613
608,434	632,480	652,020	764,052	1,098,008	386,620
<u>31,934,687</u>	<u>31,067,507</u>	<u>30,263,076</u>	<u>27,824,578</u>	<u>28,567,404</u>	<u>28,470,579</u>
<u>(29,056,701)</u>	<u>(27,407,541)</u>	<u>(26,405,166)</u>	<u>(25,309,474)</u>	<u>(26,381,507)</u>	<u>(26,214,021)</u>
798,355	818,505	814,219	868,418	877,092	900,223
125,714	131,059	129,669	134,216	138,482	128,505
30,809,785	28,691,285	24,615,423	26,429,663	25,743,991	24,050,310
0	0	0	0	0	4,785,946
1,438,252	1,356,711	1,319,446	1,293,185	1,188,902	1,072,995
55,777	0	0	0	11,078	8,268
192,221	270,740	259,332	757,689	404,523	457,658
68,228	60,762	61,208	68,148	89,027	75,505
1,577,104	1,635,817	1,348,759	1,094,482	1,289,281	934,263
0	0	0	0	0	0
475,751	703,280	561,514	366,333	683,675	621,536
<u>35,541,187</u>	<u>33,668,159</u>	<u>29,109,570</u>	<u>31,012,134</u>	<u>30,426,051</u>	<u>33,035,209</u>
<u>\$6,484,486</u>	<u>\$6,260,618</u>	<u>\$2,704,404</u>	<u>\$5,702,660</u>	<u>\$4,044,544</u>	<u>\$6,821,188</u>

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

	2020	2019	2018	2017
<b>General Fund</b>				
Nonspendable	\$24,245,225	\$20,479,064	\$18,741,346	\$18,310,024
Assigned	6,244,527	3,012,332	5,954,127	2,475,871
Unassigned	9,675,231	8,386,497	8,063,509	10,818,370
<b>Total General Fund</b>	<u>40,164,983</u>	<u>31,877,893</u>	<u>32,758,982</u>	<u>31,604,265</u>
<b>All Other Governmental Funds</b>				
Nonspendable	846	999	3,603	2,154
Restricted	13,203,186	15,139,231	17,303,467	14,000,427
Committed	549,842	645,948	560,493	533,145
Assigned	766,858	1,083,249	98	0
Unassigned (Deficit)	(19,772,365)	(30,446,244)	(24,147,401)	(27,923,733)
<b>Total All Other Governmental Funds</b>	<u>(5,251,633)</u>	<u>(13,576,817)</u>	<u>(6,279,740)</u>	<u>(13,388,007)</u>
<b>Total Governmental Funds</b>	<u><u>\$34,913,350</u></u>	<u><u>\$18,301,076</u></u>	<u><u>\$26,479,242</u></u>	<u><u>\$18,216,258</u></u>

Note: In 2019, the City implemented GASB 84.  
 In 2011, the City implemented GASB 54.

2016	2015	2014	2013	2012	2011
\$16,648,085	\$16,339,485	\$14,475,791	\$9,658,313	\$9,604,531	\$9,683,982
2,148,860	1,081,128	2,469,127	2,848,726	3,081,515	1,409,336
8,847,647	5,037,506	4,227,716	8,228,235	6,656,522	9,057,536
<u>27,644,592</u>	<u>22,458,119</u>	<u>21,172,634</u>	<u>20,735,274</u>	<u>19,342,568</u>	<u>20,150,854</u>
3,091	4,510	7,174	0	0	1,875,000
11,223,004	9,644,441	8,703,905	7,812,603	4,772,796	4,415,800
478,845	417,280	355,523	307,434	253,832	203,276
0	0	0	0	0	0
<u>(17,384,288)</u>	<u>(14,332,066)</u>	<u>(12,423,277)</u>	<u>(9,149,791)</u>	<u>(8,628,368)</u>	<u>(10,369,372)</u>
<u>(5,679,348)</u>	<u>(4,265,835)</u>	<u>(3,356,675)</u>	<u>(1,029,754)</u>	<u>(3,601,740)</u>	<u>(3,875,296)</u>
<u>\$21,965,244</u>	<u>\$18,192,284</u>	<u>\$17,815,959</u>	<u>\$19,705,520</u>	<u>\$15,740,828</u>	<u>\$16,275,558</u>

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

	2020	2019 (2)	2018	2017
<b>Revenues</b>				
Taxes (1)	\$34,974,154	\$36,280,879	\$36,010,214	\$33,443,423
Intergovernmental	10,522,993	7,841,460	7,299,392	3,586,708
Investment Income	389,269	705,271	243,358	79,860
Fees, Licenses and Permits	484,486	827,217	922,325	802,189
Fines and Forfeitures	164,162	423,876	512,922	424,521
Charges for Services	618,815	866,044	700,941	712,245
Rentals	158,721	278,142	260,772	235,273
Special Assessments	304,187	198,880	35,017	33,086
Payment in Lieu of Taxes	1,999,806	2,124,598	2,017,208	1,431,139
Contributions and Donations	5,000	0	0	0
Miscellaneous	2,220,563	1,022,399	517,540	1,101,577
<i>Total Revenues</i>	<u>51,842,156</u>	<u>50,568,766</u>	<u>48,519,689</u>	<u>41,850,021</u>
<b>Expenditures</b>				
Current:				
General Government	13,696,634	13,911,302	10,787,548	7,946,192
Security of Persons and Property	9,458,283	9,763,014	9,581,281	9,171,683
Public Health and Welfare	70,497	72,067	60,713	58,523
Leisure Time Activities	2,834,373	3,523,973	3,668,531	3,621,031
Community Environment	3,537,045	3,854,204	3,180,703	3,611,465
Basic Utility Services	917,501	838,536	818,316	906,884
Transportation	2,005,916	1,944,350	2,139,277	1,783,539
Capital Outlay	17,948,722	18,312,015	10,319,276	9,795,563
Debt Service:				
Principal Retirement	924,729	974,458	1,884,458	1,839,458
Payment to Refunded Bond Escrow Agent	0	4,464,877	0	0
Refunded Notes Redeemed	0	0	0	5,700,000
Interest and Fiscal Charges	593,442	787,976	693,007	802,768
Debt Issuance Costs	258,089	49,558	140,481	86,901
<i>Total Expenditures</i>	<u>52,245,231</u>	<u>58,496,330</u>	<u>43,273,591</u>	<u>45,324,007</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(403,075)</u>	<u>(7,927,564)</u>	<u>5,246,098</u>	<u>(3,473,986)</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	39,283	49,398	49,755	0
Current Refunding	0	0	0	0
Refunding Notes Issued	0	0	0	0
General Obligation Bonds Issued	15,250,000	0	0	0
General Obligation Refunding Bonds Issued	0	0	0	0
General Obligation Notes Issued	0	0	0	0
Special Assessment Bonds Issued	0	0	3,190,000	0
OPWC Loan Issued	0	0	0	0
OWDA Loan Issued	0	0	0	0
Premium on General Obligation Bonds	1,726,066	0	0	0
Premium on Special Assessment Bonds	0	0	107,880	0
Premium on Refunding Notes	0	0	0	0
Premium on Notes	0	0	0	0
Payment to Refunded Bond Escrow Agent	0	0	0	0
Transfers In	9,921,650	16,923,400	15,256,500	9,514,900
Transfers Out	(9,921,650)	(17,223,400)	(15,556,500)	(9,789,900)
<i>Total Other Financing Sources (Uses)</i>	<u>17,015,349</u>	<u>(250,602)</u>	<u>3,047,635</u>	<u>(275,000)</u>
<i>Net Change in Fund Balances</i>	<u>\$16,612,274</u>	<u>(\$8,178,166)</u>	<u>\$8,293,733</u>	<u>(\$3,748,986)</u>
Debt Service as a Percentage of Noncapital Expenditures	4.3%	14.9%	7.3%	22.4%

(1) Includes All Taxes

(2) Expenditures are first impacted by the implementation of GASB Statement No. 84 beginning in 2019.



2016	2015	2014	2013	2012	2011
\$32,863,392	\$30,002,321	\$26,344,858	\$28,297,945	\$27,059,648	\$30,438,989
1,010,882	1,921,663	2,409,871	1,338,264	821,712	1,453,994
52,886	50,096	45,874	65,759	65,720	75,505
928,863	864,963	737,548	674,645	665,541	674,082
358,482	311,054	259,754	304,447	323,332	320,814
569,893	549,570	557,486	590,273	312,093	275,753
240,043	220,497	241,628	227,699	221,322	150,060
34,267	57,495	175,629	50,442	54,732	51,439
1,438,276	1,497,224	1,273,291	1,307,885	914,807	1,388,145
0	0	0	0	0	0
447,970	461,420	550,560	366,333	683,675	621,536
<u>37,944,954</u>	<u>35,936,303</u>	<u>32,596,499</u>	<u>33,223,692</u>	<u>31,122,582</u>	<u>35,450,317</u>
5,412,864	5,855,234	5,549,948	6,165,368	5,689,973	6,057,103
8,876,769	8,303,665	8,313,475	7,164,583	8,078,230	8,049,439
56,141	48,085	76,612	101,608	95,769	92,369
3,527,981	3,529,611	3,449,266	3,310,319	3,297,852	3,268,970
3,330,249	3,422,437	2,942,887	2,687,884	2,430,958	2,057,304
412,156	420,393	448,869	499,164	546,855	496,390
2,537,295	2,606,959	2,589,496	2,599,750	2,359,506	2,301,417
9,338,664	12,814,813	8,431,969	4,963,406	5,413,460	6,633,360
1,696,531	1,572,078	1,540,123	1,128,199	248,277	1,485,600
0	0	0	0	0	0
3,950,000	4,300,000	4,700,000	4,500,000	7,100,000	0
652,432	682,233	719,884	840,930	931,817	900,657
52,907	18,631	124,813	33,979	39,867	231,073
<u>39,843,989</u>	<u>43,574,139</u>	<u>38,887,342</u>	<u>33,995,190</u>	<u>36,232,564</u>	<u>31,573,682</u>
<u>(1,899,035)</u>	<u>(7,637,836)</u>	<u>(6,290,843)</u>	<u>(771,498)</u>	<u>(5,109,982)</u>	<u>3,876,635</u>
0	0	0	0	0	0
0	0	0	0	0	(6,600,000)
3,600,000	3,950,000	4,300,000	4,700,000	4,500,000	7,100,000
0	0	0	0	0	0
0	0	4,305,000	0	0	16,935,000
2,100,000	0	0	0	0	0
0	0	0	0	0	0
0	4,164,161	0	0	0	225,000
0	0	0	0	42,852	9,668
0	0	299,647	0	0	959,129
0	0	0	0	0	0
24,990	0	0	36,190	32,400	82,573
47,005	0	0	0	0	0
0	0	(4,503,365)	0	0	(17,706,306)
8,580,625	9,416,500	7,821,500	9,631,100	9,817,000	8,375,800
<u>(8,680,625)</u>	<u>(9,516,500)</u>	<u>(7,821,500)</u>	<u>(9,631,100)</u>	<u>(9,817,000)</u>	<u>(8,375,800)</u>
<u>5,671,995</u>	<u>8,014,161</u>	<u>4,401,282</u>	<u>4,736,190</u>	<u>4,575,252</u>	<u>1,005,064</u>
<u>\$3,772,960</u>	<u>\$376,325</u>	<u>(\$1,889,561)</u>	<u>\$3,964,692</u>	<u>(\$534,730)</u>	<u>\$4,881,699</u>
19.9%	19.9%	21.6%	21.5%	25.7%	8.7%

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

Collection Year	Real Property			Tangible Personal Property	
	Assessed Value		Estimated Actual Value	Public Utility	
	Residential/Agricultural	Commercial Industrial/PU		Assessed Value	Estimated Actual Value
2020	\$276,147,370	\$176,434,890	\$1,293,092,171	\$31,782,550	\$36,116,534
2019	271,635,690	174,509,960	1,274,701,857	29,497,910	33,520,352
2018	254,195,690	180,737,320	1,242,665,743	24,612,240	27,968,455
2017	252,851,300	173,420,510	1,217,919,457	22,521,000	25,592,045
2016	251,749,270	181,909,760	1,239,025,800	20,192,650	22,946,193
2015	240,611,760	198,450,590	1,254,463,857	18,952,480	21,536,909
2014	239,083,160	199,757,400	1,253,830,171	17,533,550	19,924,489
2013	239,574,100	200,039,350	1,256,038,429	16,106,220	18,302,523
2012	247,790,560	216,815,880	1,327,446,971	14,613,270	16,605,989
2011	246,724,180	219,933,400	1,333,307,371	13,884,090	15,777,375

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

The assessed value of real property (including public utility real property) is 35 percent of estimated true value. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property.

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

Source: Cuyahoga County, Ohio; County Fiscal Officer

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Assessed Value	Total Estimated Actual Value	Ratio	Tax Rate
\$484,364,810	\$1,329,208,705	36.44%	\$2.20
475,643,560	1,308,222,209	36.36	2.20
459,545,250	1,270,634,198	36.17	2.20
448,792,810	1,243,511,502	36.09	2.20
453,851,680	1,261,971,993	35.96	2.20
458,014,830	1,276,000,766	35.89	2.20
456,374,110	1,273,754,660	35.83	2.20
455,719,670	1,274,340,952	35.76	2.20
479,219,710	1,344,052,960	35.65	2.20
480,541,670	1,349,084,746	35.62	2.20

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

	2020	2019	2018	2017
<b>Unvoted Millage</b>				
Operating	\$1.9000	\$1.9000	\$1.9000	\$1.9000
Police Pension	0.3000	0.3000	0.3000	0.3000
<i>Total Unvoted Millage</i>	2.2000	2.2000	2.2000	2.2000
<b>Charter Millage</b>				
1990 Civic Center	0.0000	0.0000	0.0000	0.0000
<b>Total Millage</b>	<b>\$2.2000</b>	<b>\$2.2000</b>	<b>\$2.2000</b>	<b>\$2.2000</b>
<b>Overlapping Rates by Taxing District</b>				
Independence Local School District				
Residential/Agricultural Real	\$33.4400	\$34.4400	\$34.7439	\$34.7329
Commercial/Industrial and Public Utility Real	34.5600	35.6800	35.8131	36.5959
General Business and Public Utility Personal	35.7000	36.7000	36.7000	36.7000
Cuyahoga Valley Career Center				
Residential/Agricultural Real	2.0000	2.0000	2.0000	2.0000
Commercial/Industrial and Public Utility Real	2.0000	2.0000	2.0000	2.0000
General Business and Public Utility Personal	2.0000	2.0000	2.0000	2.0000
Cuyahoga County				
Residential/Agricultural Real	12.8000	12.8000	13.9141	13.8802
Commercial/Industrial and Public Utility Real	13.2300	13.0800	14.0060	14.0124
General Business and Public Utility Personal	14.0500	14.0500	14.0500	14.0500
Special Taxing Districts (1)				
Residential/Agricultural Real	9.3500	8.9500	9.7637	9.2408
Commercial/Industrial and Public Utility Real	9.7000	8.2100	9.8422	9.3438
General Business and Public Utility Personal	10.2800	9.8800	9.8800	9.3800

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

2016	2015	2014	2013	2012	2011
\$1.9000 0.3000	\$1.9000 0.3000	\$1.9000 0.3000	\$1.9000 0.3000	\$1.9000 0.3000	\$1.9000 0.3000
2.2000	2.2000	2.2000	2.2000	2.2000	2.2000
0.0000	0.0000	0.0000	0.0000	0.0000	0.4000
\$2.2000	\$2.2000	\$2.2000	\$2.2000	\$2.2000	\$2.6000
\$34.1022	\$34.3753	\$34.5646	\$33.7028	\$32.9393	\$29.8969
36.1000	35.8000	36.0000	35.2000	34.0233	30.9096
36.1000	35.8000	36.0000	35.2000	34.9000	31.9000
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
13.8698	14.0500	14.0500	13.2200	13.1182	13.1866
14.0500	14.0195	13.9495	12.9968	12.7846	12.8412
14.0500	14.0500	14.0500	13.2200	13.2200	13.3200
9.2368	9.3643	8.4639	7.5635	7.5041	7.4900
9.3676	9.3401	8.3843	7.4621	7.3649	7.3450
9.3800	9.3800	8.4800	7.5800	7.5800	7.5800

**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
2020	\$3,260,725	\$3,025,569	92.79%	\$22,638
2019	3,150,231	3,126,845	99.26	40,080
2018	2,688,656	2,936,178	109.21	46,071
2017	2,591,568	2,339,478	90.27	19,378
2016	4,118,067	2,339,522	56.81	36,769
2015	4,118,077	2,413,170	58.60	39,654
2014	3,605,250	2,039,162	56.56	175,193
2013	3,296,249	2,223,225	67.45	68,364
2012	2,959,604	2,046,598	69.15	79,049
2011	3,169,416	2,125,508	67.06	229,454

Source: Cuyahoga County, Ohio; County Fiscal Officer

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

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

<u>Total Tax Collections (1)</u>	<u>Percent of Total Tax Collections to Tax Levy</u>	<u>Accumulated Outstanding Delinquent Taxes</u>	<u>Percentage of Delinquent Taxes to Total Tax Levy</u>
\$3,048,207	93.48%	\$181,742	5.57%
3,166,925	100.53	64,020	2.03
2,982,249	110.92	108,441	4.03
2,358,856	91.02	112,177	4.33
2,376,291	57.70	1,484,093	50.77
2,452,824	59.56	1,281,155	43.89
2,214,355	61.42	1,072,868	37.09
2,291,589	69.52	970,830	29.45
2,125,647	71.82	837,915	28.31
2,354,962	74.30	808,231	25.50

**City of Independence, Ohio**  
*Principal Real Property Taxpayers*  
 2020 and 2011

<u>2020</u>		
<u>Taxpayer</u>	<u>Real Property Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Park Center Plaza LP	\$17,482,500	3.86 %
Cleveland - Cuyahoga County Port Authority	14,700,000	3.25
Cleveland Electric Illuminating Company	12,860,340	2.84
American Transmission System	12,291,550	2.72
AHIP OH Cleveland Properties LLC	12,006,370	2.65
Summit Cleveland Realty LP	10,817,230	2.39
Rockside - 77 Properties LLC	10,202,120	2.25
Corporate Plaza LP	8,190,010	1.81
City of Independence	7,338,450	1.62
East Ohio Gas	7,291,140	1.61
<b>Total</b>	<b>\$113,179,710</b>	<b>25.01 %</b>
<b>Total Real Property Assessed Valuation</b>	<b>\$452,582,260</b>	

<u>2011</u>		
<u>Taxpayer</u>	<u>Real Property Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Duke Realty Ohio	\$24,919,250	5.34 %
Investors Warranty of America Inc.	14,975,510	3.21
Cleveland Clinic	12,940,730	2.77
Rockside - 77 Properties LLC	12,181,550	2.61
Cleveland Electric Illuminating Company	9,090,070	1.95
JDI Oak Tree Holdings LLC	7,390,290	1.58
City of Independence	7,321,870	1.57
AP/AM Independence Suites LLC	6,661,410	1.43
Jagi Cleveland Independence LLC	6,524,860	1.40
Independence Research	6,151,260	1.32
<b>Total</b>	<b>\$108,156,800</b>	<b>23.18 %</b>
<b>Total Real Property Assessed Valuation</b>	<b>\$466,657,580</b>	

Source: Cuyahoga County Fiscal Officer



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

<u>Tax Year</u>	<u>Tax Rate (1)</u>	<u>Total Tax Collected (2)</u>	<u>Taxes from Withholding</u>	<u>Percentage of Taxes from Withholding</u>	<u>Taxes From Net Profits</u>	<u>Percentage of Taxes from Net Profits</u>	<u>Taxes From Individuals</u>	<u>Percentage of Taxes from Individuals</u>
2020	2.00%	\$33,573,510	\$29,031,738	86.47%	\$3,052,661	9.09%	\$1,489,111	4.44%
2019	2.00	33,313,603	28,235,391	84.75	3,776,444	11.34	1,301,768	3.91
2018	2.00	34,444,017	29,122,416	84.55	4,140,171	12.02	1,181,430	3.43
2017	2.00	31,470,365	26,872,545	85.39	3,553,004	11.29	1,044,816	3.32
2016	2.00	30,809,785	26,293,071	85.34	3,395,238	11.02	1,121,476	3.64
2015	2.00	28,691,285	24,396,200	85.03	3,110,135	10.84	1,184,950	4.13
2014	2.00	24,615,423	21,248,033	86.32	2,424,619	9.85	942,771	3.83
2013	2.00	26,429,663	22,393,040	84.73	3,107,726	11.76	928,897	3.51
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

(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 2020 and 2011*

Tax Year 2020 (1)				
Income Range	Number of Filers	Percent of Filers	Taxable Income	Percent of Taxable Income
Over \$100,000	956	33.05 %	\$213,617,570	74.56 %
75,001-100,000	288	9.96	25,147,690	8.78
50,001-75,000	368	12.72	22,801,506	7.96
25,000-50,000	460	15.90	17,072,400	5.96
Under 25,000	821	28.37	7,844,278	2.74
Total	<u>2,893</u>	<u>100.00 %</u>	<u>\$286,483,444</u>	<u>100.00 %</u>

Tax Year 2011				
Income Range	Number of Filers	Percent of Filers	Taxable Income	Percent of Taxable Income
Over \$100,000	698	25.62 %	\$130,577,048	64.23 %
75,001-100,000	269	9.87	23,354,750	11.49
50,001-75,000	396	14.54	24,457,111	12.03
25,000-50,000	448	16.45	16,612,551	8.17
Under 25,000	913	33.52	8,291,044	4.08
Total	<u>2,724</u>	<u>100.00 %</u>	<u>\$203,292,504</u>	<u>100.00 %</u>

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

(1) Represents tax returns filed for tax year 2019

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
2020	\$24,436,536	\$1,329,208,705	1.84%	\$3,406
2019	8,241,033	1,308,222,209	0.63	1,149
2018	13,530,802	1,270,634,198	1.06	1,891
2017	15,274,188	1,243,511,502	1.23	2,144
2016	16,972,574	1,261,971,993	1.34	2,386
2015	18,620,960	1,276,000,766	1.46	2,583
2014	20,253,380	1,273,754,660	1.59	2,825
2013	21,540,762	1,274,340,952	1.69	3,019
2012	22,706,384	1,344,052,960	1.69	3,206
2011	22,947,006	1,349,084,746	1.70	3,217

Note: Population is presented on page S25.

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

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

Fiscal Year	General Obligation Bonds	Special Assessment Bonds	OPWC Loans	OWDA Loans	Notes Payable
2020	\$24,436,536	\$3,138,890	\$3,466,329	\$0	\$0
2019	8,241,033	3,233,205	3,576,058	0	0
2018	13,530,802	3,297,520	3,795,516	0	0
2017	15,274,188	0	4,014,974	0	0
2016	16,972,574	0	4,234,432	0	5,717,998
2015	18,620,960	0	4,349,786	11,177	3,950,000
2014	20,253,380	0	196,875	22,005	4,300,000
2013	21,540,762	0	211,509	32,494	4,712,069
2012	22,706,384	0	229,526	42,676	4,510,800
2011	22,947,006	0	241,918	4,785	7,127,524

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

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Total	Percentage of Personal Income	Per Capita
\$31,041,755	8.01 %	\$4,326
15,050,296	4.28	2,098
20,623,838	6.67	2,882
19,289,162	6.55	2,708
26,925,004	10.16	3,785
26,931,923	10.46	3,757
24,772,260	10.02	3,471
26,496,834	11.45	3,741
27,489,386	11.08	3,854
30,321,233	13.10	4,251

**City of Independence, Ohio**

*Legal Debt Margin*

*Last Ten Years*

	2020	2019	2018	2017
Total Assessed Property Value	<u>\$484,364,810</u>	<u>\$475,643,560</u>	<u>\$459,545,250</u>	<u>\$448,792,810</u>
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	<u>\$50,858,305</u>	<u>\$49,942,574</u>	<u>\$48,252,251</u>	<u>\$47,123,245</u>
Debt Outstanding:				
General Obligation Bonds	22,310,000	7,785,000	12,785,000	14,450,000
Special Assessment Bonds	3,040,000	3,130,000	3,190,000	0
OPWC Loans	3,466,329	3,576,058	3,795,516	4,014,974
OWDA Loan	0	0	0	0
Notes	<u>0</u>	<u>17,375,000</u>	<u>12,300,000</u>	<u>12,150,000</u>
Total Gross Indebtedness	28,816,329	31,866,058	32,070,516	30,614,974
Less:				
General Obligation Bonds	(3,000,000)	(3,255,000)	(3,740,000)	(3,740,000)
Special Assessment Bonds	(3,040,000)	(3,130,000)	(3,190,000)	0
OPWC Loans	<u>(3,466,329)</u>	<u>(3,576,058)</u>	<u>(3,795,516)</u>	<u>(4,014,974)</u>
Total Net Debt Applicable to Debt Limit	<u>19,310,000</u>	<u>21,905,000</u>	<u>21,345,000</u>	<u>22,860,000</u>
Legal Debt Margin Within 10 ½ % Limitations	<u>\$31,548,305</u>	<u>\$28,037,574</u>	<u>\$26,907,251</u>	<u>\$24,263,245</u>
Legal Debt Margin as a Percentage of the Debt Limit	62.03%	56.14%	55.76%	51.49%
Unvoted Debt Limitation (5 ½ % of Assessed Valuation)	<u>\$26,640,065</u>	<u>\$26,160,396</u>	<u>\$25,274,989</u>	<u>\$24,683,605</u>
Gross Indebtedness	28,816,329	31,866,058	32,070,516	30,614,974
Less:				
General Obligation Bonds	(3,000,000)	(3,255,000)	(3,740,000)	(3,740,000)
Special Assessment Bonds	(3,040,000)	(3,130,000)	(3,190,000)	0
OPWC Loans	<u>(3,466,329)</u>	<u>(3,576,058)</u>	<u>(3,795,516)</u>	<u>(4,014,974)</u>
Net Debt Within 5 ½ % Limitations	<u>19,310,000</u>	<u>21,905,000</u>	<u>21,345,000</u>	<u>22,860,000</u>
Unvoted Legal Debt Margin Within 5 ½ % Limitations	<u>\$7,330,065</u>	<u>\$4,255,396</u>	<u>\$3,929,989</u>	<u>\$1,823,605</u>
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	27.52%	16.27%	15.55%	7.39%

Source: City Financial Records

2016	2015	2014	2013	2012	2011
<u>\$453,851,680</u>	<u>\$458,014,830</u>	<u>\$456,374,110</u>	<u>\$455,719,670</u>	<u>\$479,219,710</u>	<u>\$480,541,670</u>
<u>\$47,654,426</u>	<u>\$48,091,557</u>	<u>\$47,919,282</u>	<u>\$47,850,565</u>	<u>\$50,318,070</u>	<u>\$50,456,875</u>
16,070,000	17,640,000	19,190,000	20,620,000	21,720,000	21,895,000
0	0	0	0	0	0
4,234,432	4,349,786	196,875	211,509	229,526	241,918
0	11,177	22,005	32,494	42,676	4,785
<u>12,550,000</u>	<u>4,300,000</u>	<u>4,700,000</u>	<u>5,450,000</u>	<u>6,800,000</u>	<u>7,100,000</u>
32,854,432	26,300,963	24,108,880	26,314,003	28,792,202	29,241,703
(3,980,000)	(4,215,000)	(4,445,000)	(4,605,000)	(4,785,000)	(4,960,000)
0	0	0	0	0	0
<u>(4,234,432)</u>	<u>(4,349,786)</u>	<u>(196,875)</u>	<u>(211,509)</u>	<u>(229,526)</u>	<u>(241,918)</u>
<u>24,640,000</u>	<u>17,736,177</u>	<u>19,467,005</u>	<u>21,497,494</u>	<u>23,777,676</u>	<u>24,039,785</u>
<u>\$23,014,426</u>	<u>\$30,355,380</u>	<u>\$28,452,277</u>	<u>\$26,353,071</u>	<u>\$26,540,394</u>	<u>\$26,417,090</u>
48.29%	63.12%	59.38%	55.07%	52.75%	52.36%
<u>\$24,961,842</u>	<u>\$25,190,816</u>	<u>\$25,100,576</u>	<u>\$25,064,582</u>	<u>\$26,357,084</u>	<u>\$26,429,792</u>
32,854,432	26,300,963	24,108,880	26,314,003	28,792,202	29,241,703
(3,980,000)	(4,215,000)	(4,445,000)	(4,605,000)	(4,785,000)	(4,960,000)
0	0	0	0	0	0
<u>(4,234,432)</u>	<u>(4,349,786)</u>	<u>(196,875)</u>	<u>(211,509)</u>	<u>(229,526)</u>	<u>(241,918)</u>
<u>24,640,000</u>	<u>17,736,177</u>	<u>19,467,005</u>	<u>21,497,494</u>	<u>23,777,676</u>	<u>24,039,785</u>
<u>\$321,842</u>	<u>\$7,454,639</u>	<u>\$5,633,571</u>	<u>\$3,567,088</u>	<u>\$2,579,408</u>	<u>\$2,390,007</u>
1.29%	29.59%	22.44%	14.23%	9.79%	9.04%

**City of Independence, Ohio**  
*Computation of Direct and Overlapping  
Debt Attributable to Governmental Activities  
December 31, 2020*

	Debt Attributable to Governmental Activities	Percentage Applicable to City (1)	Amount of Direct and Overlapping Debt
<b>Direct Debt:</b>			
City of Independence			
General Obligation Bonds	\$24,436,536	100.00 %	\$24,436,536
Special Assessment Bonds	3,138,890	100.00	3,138,890
OPWC Loan	3,466,329	100.00	3,466,329
<i>Total Direct Debt</i>	<u>31,041,755</u>		<u>31,041,755</u>
<b>Overlapping Debt:</b>			
Independence Local School District			
General Obligation Bonds	10,295,000	100.00	10,295,000
Cuyahoga County			
General Obligation Bonds	279,060,534	1.65	4,604,499
Revenue Bonds	496,276,119	1.65	8,188,556
Certificates of Participation	210,750,127	1.65	3,477,377
Loans Payable	1,285,374	1.65	21,209
Capital Lease Obligations	279,007,697	1.65	4,603,627
Greater Cleveland Regional Transit Authority			
General Obligation Bonds	127,504,434	1.65	2,103,823
<i>Total Overlapping Debt</i>	<u>1,404,179,285</u>		<u>33,294,091</u>
<i>Total Direct and Overlapping Debt</i>	<u>\$1,435,221,040</u>		<u>\$64,335,846</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 2020 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	
2020	7,175	\$387,586,325	\$54,019	\$100,278	8.3%	8.1%	9.73
2019	7,175	351,417,150	48,978	95,341	4.2	4.1	9.73
2018	7,156	309,231,352	43,213	86,360	5.3	4.6	9.73
2017	7,124	294,697,450	41,367	84,900	4.8	4.8	9.73
2016	7,114	265,053,412	37,258	75,566	5.4	4.9	9.73
2015	7,209	257,570,361	35,729	74,411	5.0	4.9	9.73
2014	7,169	247,258,810	34,490	67,471	5.5	5.1	9.73
2013	7,136	231,484,704	32,439	73,403	7.2	7.1	9.73
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

(1) Years 2007-2009 - U.S. Census Bureau 2000; 2010-2011 - U.S. Census Bureau 2010; 2012-2019 City estimates

(2) City estimates

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

(4) City Records

**City of Independence, Ohio**

*Principal Employers*

2020 and 2011

2020			
Employer	Nature of Activity	Employees	Percentage of Total City Employment
Cleveland Clinic Foundation	Health Care	2,389	11.15 %
L D Kichler Co	Lighting Products	412	1.92
Airgas USA LLC	Gas Industry	411	1.92
City of Independence	Municipality	382	1.78
Farmers Group Incorporated	Insurance Company	366	1.71
Apple American Group LLC	Restaurant Franchisee Group	270	1.26
SIRVA INC	Mortgage Company	257	1.20
CSA America Inc.	Consumer Product Testing	175	0.82
Cavalier's Holding LLC	Professional Basketball	89	0.42
Fairmount Minerals LLC	Digging Materials	80	0.37
Total		<u>4,831</u>	<u>22.56 %</u>
Total Employment within the City		<u>21,417</u>	

2011			
Employer	Nature of Activity	Employees	Percentage of Total City Employment
Cleveland Clinic Foundation	Health Care	2,136	11.87 %
City of Independence	Municipality	473	2.63
L D Kichler Co	Lighting Products	416	2.31
Farmers Group Incorporated	Insurance Company	300	1.67
Travelers Indemnity Company	Insurance Company	258	1.43
ADP Incorporated	Payroll Processing	233	1.29
Cellco Partnership	Communication	194	1.08
Ferro Corporation & Subsidiary	Manufacturing	185	1.03
Honeywell International	Manufacturing	146	0.81
Avtron Aerospace Incorporated	Aerospace Company	100	0.56
Total		<u>4,441</u>	<u>24.68 %</u>
Total Employment within the City		<u>17,993</u>	

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

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

Function/Program	2020	2019	2018	2017
General Government				
Council	4.50	4.50	4.50	4.50
Mayor	1.50	1.00	1.50	1.50
Finance	3.50	3.50	4.00	4.00
Purchasing	1.00	1.00	1.00	1.00
Mayor's Court	2.00	3.50	3.50	3.50
Technology	1.50	1.00	2.00	2.00
Engineering	5.00	5.50	5.50	5.00
Administrative Support	5.00	4.00	4.00	4.00
Security of Persons and Property				
Police	39.00	39.00	48.50	48.50
Fire	30.00	32.50	29.50	28.00
Leisure Time Activities				
Recreation Center	33.00	46.00	53.00	52.50
Community Services	7.00	24.00	28.00	17.50
Community Environment				
Building Inspection	4.50	3.50	4.00	4.00
Transportation				
Service and Technical Service	39.00	38.50	34.00	39.00
Totals:	<u>176.50</u>	<u>207.50</u>	<u>223.00</u>	<u>215.00</u>

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

Source: City Records

2016	2015	2014	2013	2012	2011
4.50	4.50	4.50	4.50	5.00	5.00
1.50	3.50	3.50	2.50	2.50	2.50
3.00	3.50	3.00	3.50	3.50	3.50
1.00	1.00	1.00	1.00	1.50	1.50
3.50	3.00	3.00	3.00	3.00	3.00
2.00	2.00	2.00	2.00	2.00	1.00
5.00	5.50	4.50	4.00	4.00	4.00
4.00	7.50	5.00	5.00	4.50	4.00
47.00	46.50	47.50	47.50	48.00	50.00
27.50	28.00	24.50	24.50	26.50	28.00
54.50	51.50	50.00	50.00	45.00	49.00
18.00	17.00	14.00	14.00	15.00	16.00
3.00	4.50	5.00	4.00	5.50	3.00
40.00	40.00	41.00	42.00	45.00	50.50
<u>214.50</u>	<u>218.00</u>	<u>208.50</u>	<u>207.50</u>	<u>211.00</u>	<u>221.00</u>

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

Function/Program	2020	2019	2018	2017
<b>General Government</b>				
Square Footage of Building (1)	35,200	35,200	35,200	35,200
Building Department Vehicles	5.0	2.0	2.0	2.0
Other Department Vehicles	11	11	8	7
<b>Police</b>				
Stations	1	1	1	1
Square Footage of Building (1)	35,200	35,200	35,200	35,200
Vehicles	29	44	46	35
<b>Fire</b>				
Stations	1	1	1	1
Square Footage of Building	19,350	19,350	19,350	19,350
Vehicles	12	12	13	13
<b>Service Department</b>				
Streets (miles)	55	52	52	52
Vehicles	40	49	51	43
<b>Recreation</b>				
Recreation Centers	2	2	2	2
New Recreation Center Square Footage (2)	82,000	82,000	82,000	82,000
Old Recreation Facility Square Footage	7,570	7,570	7,570	7,570
Number of Parks	1	1	1	1
Number of Baseball Diamonds	6	6	6	6
Number of Playgrounds	2	2	2	2
Number of Tennis Courts	4	4	4	4
Number of Pickle Ball Courts	6	6	6	6
Number of Horse Shoe Pitts	6	6	6	6
Number of Bocce Ball Courts	3	3	3	3
Number of Full Sized Soccer Fields	3	3	3	3
Vehicles	5	5	4	4
<b>Community Services</b>				
Community Services Center Square Footage (2)	82,000	82,000	82,000	82,000
Vehicles	6	7	9	10

(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

2016	2015	2014	2013	2012	2011
35,200	35,200	35,200	35,200	35,200	35,200
1.5	1.5	4	4	4	3
8	7	5	5	5	8
1	1	1	1	1	1
35,200	35,200	35,200	35,200	35,200	35,200
31	35	39	39	39	37
1	1	1	1	1	1
19,350	19,350	19,350	19,350	19,350	19,350
13	13	13	13	13	12
52	52	52	52	52	52
45	43	53	53	53	56
2	2	2	2	2	2
82,000	82,000	82,000	82,000	82,000	82,000
7,570	7,570	7,570	7,570	7,570	7,570
1	1	1	1	1	1
6	6	6	6	6	6
2	2	2	2	2	2
4	4	5	5	5	5
6	6	0	0	0	0
6	6	0	0	0	0
3	3	0	0	0	0
3	3	3	3	3	3
4	4	3	3	3	3
82,000	82,000	82,000	82,000	82,000	82,000
9	7	7	7	6	6

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

Function/Program	2020	2019	2018	2017
<b>General Government</b>				
Law Expenditures (in thousands)	\$373	\$218	\$223	\$200
Engineering Expenditures (in thousands)	554	543	522	540
Finance Expenditures (in thousands)	525	454	515	470
Mayor's Office Expenditures (in thousands)	369	352	328	317
Council Expenditures (in thousands)	368	337	333	296
<b>Security of Persons and Property</b>				
Police Expenditures (in thousands)	\$5,004	\$5,429	\$5,368	\$5,057
Total Arrests	1,170	3,928	4,127	3,651
Part One Offenses	164	229	180	205
OVI Arrests	35	36	44	41
Prisoners	240	261	365	364
Motor Vehicle Accidents	298	558	481	457
Calls for Service	18,008	23,689	25,857	27,510
Incidents per Citizen	2.5098	3.3016	3.6133	3.8616
Cost per Citizen	\$697.42	\$756.66	\$750.14	\$709.85
Fire Expenditures (in thousands)	\$3,569	\$3,524	\$3,370	\$3,286
Emergency Responses	1,967	2,189	1,979	1,971
Fire Safety Inspections	394	831	577	850
Fire Protection Systems Inspected	320	272	326	300
Building Fire Protection Plans Reviewed	8	6	20	21
Percentage of Business Inspected	20%	86%	74%	98%
Number of Community Programs	19	19	20	20
Emergency Responses per Citizen	0.2741	0.3051	0.2766	0.2767
Cost per Citizen	\$497.42	\$491.15	\$470.93	\$461.26
Fire Safety Education - Business	13	13	13	13
Street Lights Expenditures (in thousands)	\$242	\$261	\$268	\$258



2016	2015	2014	2013	2012	2011
\$286	\$282	\$239	\$244	\$250	\$175
485	452	448	360	244	73
475	439	452	400	388	362
317	481	506	546	510	564
285	263	246	221	260	238
\$4,973	\$4,688	\$4,650	\$4,483	\$4,495	\$4,584
3,086	2,838	3,204	3,023	2,257	5,337
220	227	214	231	222	166
76	77	83	151	65	83
319	363	378	393	353	543
542	575	597	547	578	407
24,797	22,073	25,531	29,342	22,434	28,220
3,4857	3,0619	3,5613	4,1400	3,1600	3,9600
\$699.04	\$650.30	\$648.63	\$631.34	\$634.62	\$642.65
\$3,179	\$3,026	\$3,009	\$2,851	\$2,796	\$2,798
2,001	1,919	1,902	1,658	1,714	1,503
705	591	860	459	601	503
474	796	584	209	237	53
53	452	177	19	67	68
98%	98%	75%	63%	96%	74%
20	20	20	20	14	14
0.2813	0.2662	0.2666	0.2210	0.2420	0.2116
\$446.87	\$419.75	\$421.84	\$401.59	\$394.75	\$392.26
14	8	3	5	6	6
\$279	\$295	\$256	\$220	\$236	\$184

(continued)

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

Function/Program	2020	2019	2018	2017
<b>Leisure Time Activities</b>				
Recreational Expenditures (in thousands)	\$1,886	\$2,105	\$2,243	\$1,397
Civic Center Expenditures (in thousands)	737	846	855	1,325
Totals	\$2,623	\$2,951	\$3,098	\$2,722
Cost per Citizen	\$365.57	\$411.29	\$432.92	\$382.09
Civic Center Square Feet	82,000	82,000	82,000	82,000
Square Feet per Citizen	11.43	11.43	11.46	11.51
Total Recreational Revenue (in thousands)	\$144	\$389	\$350	\$582
Civic Center Members	4,319	6,915	7,227	7,034
Total Participations	46,744	128,229	148,678	144,842
Participations of Members Over Age 60	14,096	28,233	27,226	23,823
<b>Community Environment</b>				
Building Department Expenditures (in thousands)	\$334	\$339	\$308	\$300
Cost per Citizen	\$46.55	\$47.25	\$43.04	\$42.11
Building Permits - Residential	93	87	80	88
Dollar Value of Permits (in thousands)	\$9,560	\$12,103	\$6,872	\$11,836
Building Permits - Commercial	35	36	64	45
Dollar Value of Permits (in thousands)	\$11,240	\$15,581	\$37,363	\$4,797
<b>Transportation</b>				
Service Department Expenditures (in thousands)	\$4,945	\$4,066	\$4,279	\$3,980
Street Construction Maintenance and Repair Expenditures (in thousands)	\$757	\$680	\$930	\$914
Snow and Ice Removal Expenditures (in thousands)	\$189	\$316	\$396	\$153
Leaves, grass, chipped material (in cubic yards)	9,232	9,328	6,317	8,512

Source: City Records

2016	2015	2014	2013	2012	2011
\$1,950	\$1,979	\$2,002	\$1,948	\$1,969	\$1,927
972	912	848	855	828	825
\$2,922	\$2,891	\$2,850	\$2,803	\$2,797	\$2,752
\$410.74	\$401.03	\$397.55	\$394.71	\$394.89	\$385.81
82,000	82,000	82,000	82,000	82,000	82,000
11.53	11.37	11.44	11.55	11.58	11.50
\$412	\$715	\$676	\$519	\$631	\$663
7,376	9,898	7,243	7,208	2,740	2,840
153,546	149,001	152,187	103,243	170,399	175,750
23,017	19,834	20,792	20,513	21,236	19,798
\$318	\$350	\$343	\$338	\$464	\$564
\$44.70	\$48.55	\$47.84	\$47.59	\$65.51	\$79.07
51	68	50	65	61	48
\$4,391	\$6,493	\$4,734	\$5,839	\$2,500	\$2,300
48	59	57	45	47	56
\$27,133	\$25,884	\$12,627	\$8,082	\$8,000	\$8,200
\$3,218	\$3,349	\$3,529	\$3,295	\$3,198	\$3,239
\$841	\$750	\$739	\$654	\$547	\$538
\$174	\$340	\$433	\$421	\$237	\$346
10,489	8,603	9,598	10,295	12,428	11,600

# **City of Independence, Ohio**

**Single Audit Reports**

**For the Year Ended December 31, 2020**

**City of Independence, Ohio**

**For the Year Ended December 31, 2020**

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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***

To the Members of the City Council  
City of Independence, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Independence, Ohio (the "City"), as of and for the year ended December 31, 2020, 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 30, 2021, wherein we noted that the City implemented Governmental Accounting Standards Board (GASB) Statement No. 83 *Certain Asset Retirement Obligations* and as a result restated the December 31, 2019 net position of the governmental activities as disclosed in Note 20.

**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) as a basis for designing 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001 that we consider to be a material weakness.

To the Members of the City Council  
City of 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 financial statements. 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*.

### **City of Independence, Ohio's Response to Findings**

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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.

*Ciampi & Parricchi, Inc.*

Cleveland, Ohio  
June 30, 2021



CPAs and Business Advisors

*Where Relationships Count.*

**Independent Auditor’s Report on Compliance for Each Major Program;  
Report on Internal Control over Compliance; and Report on the Schedule of  
Expenditures of Federal Awards Required by the Uniform Guidance**

To the Members of the City Council  
City of Independence, Ohio

**Report on Compliance for Each Major Federal Program**

We have audited the City of Independence, Ohio’s (the “City”) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City’s major federal programs for the year ended December 31, 2020. The City’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

***Management’s Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor’s Responsibility***

Our responsibility is to express an opinion on compliance for each of the City’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City’s compliance.



To the Members of the City Council  
City of Independence, Ohio

### ***Opinion on Each Major Federal Program***

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

### **Report on Internal Control over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

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

To the Members of the City Council  
City of Independence, Ohio

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated June 30, 2021, which contained unmodified opinions on those financial statements, wherein we noted that the City implemented Governmental Accounting Standards Board (GASB) Statement No. 83 *Certain Asset Retirement Obligations* and as a result restated the December 31, 2019 net position of the governmental activities as disclosed in Note 20. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

*Ciumi & Panichi, Inc.*

Cleveland, Ohio  
June 30, 2021

# City of Independence, Ohio

## Schedule of Expenditures of Federal Awards

### For the Year Ended December 31, 2020

<u>Federal Grantor/Pass-Through Grantor Program Title</u>	<u>Catalog of Federal Domestic Assistance No.</u>	<u>Pass-Through or Identifying Number</u>	<u>Federal Expenditures</u>
<b><u>U.S. Department of Justice:</u></b>			
Direct Award:			
Equitable Sharing Program	16.922	N/A	\$ <u>205,112</u>
Total U.S. Department of Justice			<u>205,112</u>
<b><u>U.S. Department of Treasury:</u></b>			
Passed through Summit County			
COVID-19 - Coronavirus Relief Fund	21.019	N/A	<u>439,897</u>
Total U.S. Department of Treasury			<u>439,897</u>
<b><u>Executive Office of the President – Office of National Drug Control Policy:</u></b>			
Direct Awards:			
High Intensity Drug Trafficking Areas Program (2017)	95.001	G17OH0003A	15,400
High Intensity Drug Trafficking Areas Program (2018)	95.001	G18OH0003A	725,357
High Intensity Drug Trafficking Areas Program (2019)	95.001	G19OH0003A	3,172,869
High Intensity Drug Trafficking Areas Program (2020)	95.001	G20OH0003A	<u>2,269,035</u>
Total Executive Office of the President – Office of National Drug Control Policy, High Intensity Drug Trafficking Areas Program			<u>6,182,661</u>
Total Federal Expenditures			\$ <u><u>6,827,670</u></u>

The accompanying notes are an integral part of this schedule

# City of Independence, Ohio

## Notes to the Schedule of Expenditures of Federal Awards

### For the Year Ended December 31, 2020

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#### **Note 1: Significant Accounting Policies**

##### ***Basis of Presentation***

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Independence, Ohio, and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

#### **Note 2: Indirect Cost Rate**

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

# City of Independence, Ohio

## Schedule of Findings and Questioned Costs

### For the Year Ended December 31, 2020

#### 1. Summary of Auditor's Results

(d)(I)(i)	Type of Financial Statement Opinion	Unmodified
(d)(I)(ii)	Were there any significant deficiencies reported at the financial statement level (GAGAS)?	No
(d)(I)(ii)	Were there any material weaknesses reported at the financial statement level (GAGAS)?	Yes
(d)(I)(iii)	Was there any material noncompliance reported at the financial statement level (GAGAS)?	No
(d)(I)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(I)(iv)	Were there any other significant control deficiencies reported for major federal programs?	No
(d)(I)(v)	Type of Major Program's Compliance Opinion	Unmodified
(d)(I)(vi)	Are there any reportable findings under 2 CFR Section 200.516(a)?	No
(d)(I)(vii)	Major Program	U.S. Department of Treasury, CFDA # 21.019, COVID-19 - Coronavirus Relief Fund;  Executive Office of the President – Office of National Drug Control Policy, CFDA # 95.001, High Intensity Drug Trafficking Areas Program
(d)(I)(viii)	Dollar Threshold: Type A/B Programs	Type A: >\$750,000 Type B: All Others
(d)(I)(ix)	Low Risk Auditee?	Yes

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

##### 2020-001: Material Weakness in internal control over GAAP financial reporting

##### **Audit Adjustments:**

##### **Condition:**

Sound financial reporting is the responsibility of the City's Finance Department, Mayor and City Council and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. Lack of controls over the posting of financial transactions and financial reporting can result in errors and irregularities that may go undetected and decreases the reliability of financial data throughout the year.

# City of Independence, Ohio

## Schedule of Findings and Questioned Costs

### For the Year Ended December 31, 2020

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

##### 2020-001: Material Weakness in internal control over GAAP financial reporting (continued)

###### **Audit Adjustments (continued):**

###### **Condition (continued):**

The following audit adjustments were made to the financial statements:

- Adjusted accounts and contracts payable to actual at December 31, 2020.
- Adjusted construction-in-progress to actual at December 31, 2020.
- Adjusted intergovernmental receivable to actual at December 31, 2020.

###### **Criteria:**

The internal control structure and processes should provide for the accurate assessment of the above accounts and the internal control structure and processes should provide for preparation of accurate GAAP financial statements at year-end.

###### **Cause:**

Past and current controls in place to ensure that GAAP financial statements were properly adjusted for the above accounts did not identify all accounts and contracts payable, construction-in-progress and accounts receivable as they did in previous years.

###### **Effect:**

The lack of controls to ensure the GAAP financial statements are accurately reported may result in users of the financial statements basing decisions and judgments on incomplete or inaccurate information.

###### **Recommendation:**

We recommend the City implement additional controls over its cut-off procedures and year-end financial reporting process, such as a detail review of the GAAP conversion workpapers and financial statements by management.

###### **Management's Response:**

The City has already commenced an assessment of the above adjustments to ensure the proper controls are in place to mitigate reoccurrence, including having proper cut-off procedures surrounding accounts and contracts payable, construction-in-progress and accounts receivable.

#### 3. Findings for Federal Awards

None noted.

**City of Independence, Ohio**

Schedule of Prior Audit Findings and Questioned Costs

**For the Year Ended December 31, 2020**

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No prior year findings or questioned costs.



# City of Independence, Ohio

"THE HEART OF CUYAHOGA COUNTY"

6800 BRECKSVILLE ROAD

INDEPENDENCE, OHIO 44131

(216) 524-4131

## City of Independence, Ohio

### Corrective Action Plan

#### For the Year Ended December 31, 2020

<u>Finding Number</u>	<u>Planned Correction Action</u>	<u>Anticipated Completion Date</u>	<u>Responsible Contact Person</u>
2020-001	The City has already commenced an assessment of the above adjustments to ensure the proper controls are in place to mitigate reoccurrence, including having proper cut-off procedures surrounding accounts and contracts payable, construction-in-progress and accounts receivable.	December 31, 2021	Vern Blaze, Finance Director



# OHIO AUDITOR OF STATE KEITH FABER



**CITY OF INDEPENDENCE**

**CUYAHOGA COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 7/27/2021**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)