

City of Independence, Ohio

Comprehensive Annual Financial Report

**For the year ended
December 31, 2019**



OHIO AUDITOR OF STATE
KEITH FABER

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

We have reviewed the *Independent Auditor's Report* of the City of Independence, Cuyahoga County, prepared by Ciuni & Panichi, Inc., for the audit period January 1, 2019 through December 31, 2019. 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.



Keith Faber
Auditor of State
Columbus, Ohio

October 2, 2020

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CITY OF INDEPENDENCE, OHIO

COMPREHENSIVE

ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2019

Prepared by the City Finance Department

Introductory Section



City of Independence, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2019
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City of Independence, Ohio

"THE HEART OF CUYAHOGA COUNTY"

6800 BRECKSVILLE ROAD

INDEPENDENCE, OHIO 44131

(216) 524-4131

August 28, 2020

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. The City requested and received an extension on the filing of the GAAP financials for 2019.

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, 2019. 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 6 part-time firefighters. The Police Dept. is staffed with 34 full-time and 2 part-time police officers.

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. 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

From the beginning, the City of Independence has become the most strategically located industrial, commercial and residential area in the County. It is a developing Cleveland suburb and continues to see ongoing investment, primarily due to its location at the junction of I-77 and I-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 I-77 (running north to Cleveland and south to Columbia, South Carolina) and I-480, the auxiliary interstate of I-80 connecting the west and east sides of the region. I-480 connects with I-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 I-77, and Cleveland Hopkins Airport is 12 miles west via I-480.

There are also many fine restaurants (over 45 of them to choose from), motels and hotels (14 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, All Erection Crane Rental Co, and UTC Aerospace Systems.

Even though the City’s resident population is relatively small (7,175 as of the 2019 Census estimate), the daytime population approaches 21,000 during the work week; and when the vendor, customer, client, patient, and flow-through activity during the daytime are included, the commercial population can reach 35,000-40,000.

Major Initiatives

The City completed a process that resulted in the adoption of an Economic Development Strategic Plan (EDSP) 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. In 2019, the City signed a Memorandum of Understanding with a national developer and is in the initial planning phase to develop this site.

Another result of the EDSP were recommendations for the City’s downtown area. More than ten years ago the City purchased the former middle school and surrounding land. The site sits right in the middle of downtown, and has the potential to be a catalyst for area-wide redevelopment. At the end of 2016, City leadership determined that the old middle school was a detriment to redeveloping downtown Independence, so the decision was made to demolish the structure. The City continues to pursue opportunities to enhance the historic nature of its downtown.

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 is currently being extended to Brecksville Road. The roadway is expected to be completed by the Fall of 2020. Upon completion, the Rockside Woods Blvd North extension will fill 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 have 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 18 TIF Districts and received \$17,666,307 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. Efforts continued in 2019 to identify opportunities to provide more zoning flexibility in other commercial districts in order to meet the evolving demands of the real estate market.

Relevant Financial Policies

The City has been able to 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 has assisted with some of the payments for the debt infrastructure projects.

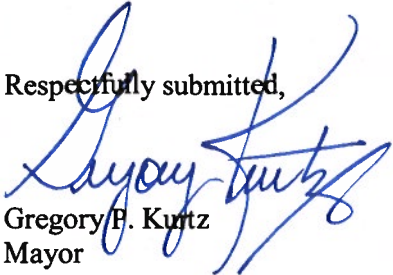
Awards and Acknowledgements

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 ten consecutive years including the fiscal year ended December 31, 2018. 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 to each of them and other employees contributing to this effort.

Respectfully submitted,



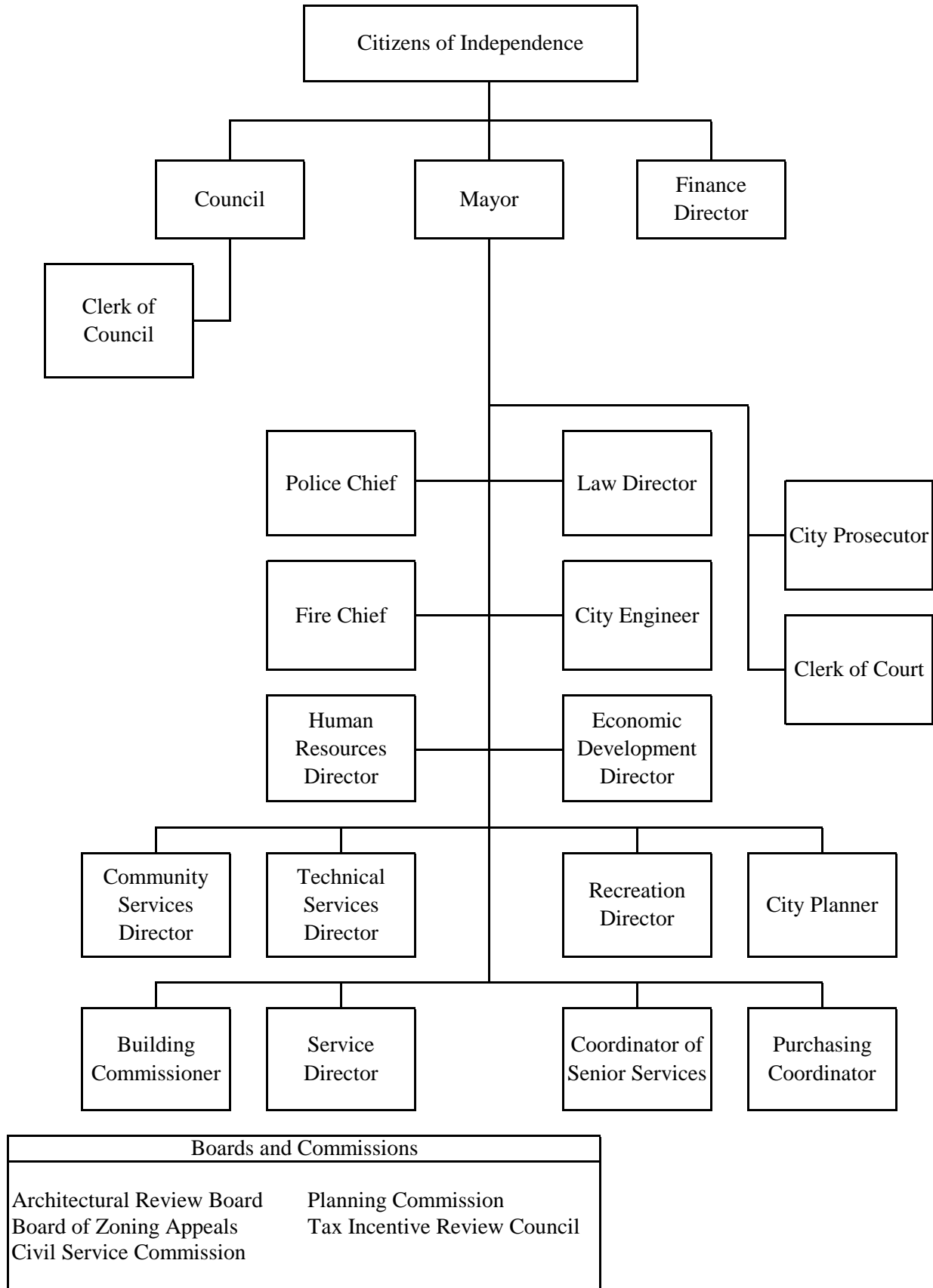
Gregory P. Kurtz
Mayor



Vernon Blaze
Finance Director

City of Independence

Organizational Chart



City of Independence, Ohio

List of Principal Officials

December 31, 2019

Elected Officials

Mayor..... Anthony L. Togliatti
Finance Director..... Vernon Blaze
Vice MayorDavid Grendel
Council Member Carl Asseff
Council Member Kathleen Kapusta
Council Member Thomas Narduzzi
Council Member James Trakas
Council Member Dale Veverka
Council Member Patricia Wisnieski

Appointed Officials

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

Administration

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



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
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**City of Independence
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2018

Christopher P. Morrill

Executive Director/CEO

Financial Section



Independent Auditor's Report

Members of the City Council
City of Independence, Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Independence, Ohio (the "City"), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2019, 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 2019, the City adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, and as a result restated their December 31, 2018 net position of the governmental activities and custodial fund and the fund balances of the General Fund and the aggregate remaining funds. 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.

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 August 28, 2020, 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.

Ciuni & Panichi, Inc.

Cleveland, Ohio
August 28, 2020

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City of Independence, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2019
Unaudited

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, 2019. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers are encouraged to consider the information presented here in conjunction with the transmittal letter, the basic financial statements, and the accompanying notes to those financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights are as follows:

- ❖ The City remains vigilant and department heads and employees work together to find ways to create more efficiency to ensure that the City's mission *"To provide essential services and to enhance the quality of community life in the most economic and efficient manner possible"* is carried out and implemented each and every day.
- ❖ The City has established several tax incremental financing (TIF) districts within the City under which the City has granted property tax exemptions and agreed to construct certain public infrastructure improvements. A taxpayer whose operations are located within the TIF districts continues to make payments to the jurisdiction in an amount equal to the real property tax liability that otherwise would have been due had the property not been exempted; however, the portion of the property tax on the incremental increase in value that would have gone to the County comes to the City to help pay for those public infrastructure improvements. Since the inception of these districts, the City has received more than \$17.0 million in payments in lieu of taxes (PILOT) revenue on a cash basis.
- ❖ The City has many continuing road projects that will be completed in future years. The City is always looking to improve and repair its roads for the safety of its citizens.

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, 2019
Unaudited

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.

City of Independence, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2019
Unaudited

The City of Independence as a Whole

Statement of Net Position

As noted earlier, the statement of net position looks at the City as a whole and can prove to be a useful indicator of the City's financial position. Table 1 provides a summary of the City's net position for 2019 and 2018.

Table 1
Net Position

	2019	2018	Change
Assets			
Current and Other Assets	\$56,685,851	\$56,022,045	\$663,806
Noncurrent Assets:			
Net Pension Asset	71,224	75,399	(4,175)
Capital Assets, Net	125,764,481	113,340,486	12,423,995
Total Assets	<u>182,521,556</u>	<u>169,437,930</u>	<u>13,083,626</u>
Deferred Outflows of Resources			
Deferred Charge on Refunding	246,467	359,161	(112,694)
Pension	9,433,546	4,237,860	5,195,686
OPEB	2,024,699	1,897,833	126,866
Total Deferred Outflows of Resources	<u>11,704,712</u>	<u>6,494,854</u>	<u>5,209,858</u>
Liabilities			
Current and Other Liabilities	23,874,089	15,580,273	(8,293,816)
Long-Term Liabilities:			
Due Within One Year	1,283,990	2,347,880	1,063,890
Due in More than One Year:			
Net Pension Liability	33,998,691	22,695,068	(11,303,623)
Net OPEB Liability	9,834,665	19,048,807	9,214,142
Other Amounts	14,561,421	19,111,081	4,549,660
Total Liabilities	<u>83,552,856</u>	<u>78,783,109</u>	<u>(4,769,747)</u>
Deferred Inflows of Resources			
Property Taxes	968,235	906,759	(61,476)
Payments in Lieu of Taxes	2,124,598	2,017,209	(107,389)
Pension	379,386	2,844,980	2,465,594
OPEB	728,622	715,313	(13,309)
Total Deferred Inflows of Resources	<u>4,200,841</u>	<u>6,484,261</u>	<u>2,283,420</u>
Net Position			
Net Investment in Capital Assets	90,680,280	83,597,246	7,083,034
Restricted:			
Capital Projects	18,022,928	15,519,182	2,503,746
State Highway	125,892	92,047	33,845
Street Construction, Maintenance and Repair	977,347	917,090	60,257
Police Pension	770,741	734,813	35,928
Other Purposes	279,520	423,959	(144,439)
Unrestricted	<u>(4,384,137)</u>	<u>(10,618,923)</u>	<u>6,234,786</u>
Total Net Position	<u>\$106,472,571</u>	<u>\$90,665,414</u>	<u>\$15,807,157</u>

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The net pension liability (NPL) is the largest single liability reported by the City at December 31, 2019. 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, the 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. As explained above, 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.

As of December 31, 2019, the City's overall net position increased by \$15,807,157 from 2018. Total assets increased by \$13.1 million. Current and other assets increased due primarily to increases in intergovernmental receivables. Capital assets also increased by just over \$12.4 million as additions exceeded depreciation. The increase in total deferred outflows of resources in 2019 was due to an increase in deferred outflows of resources related to pension. Liabilities increased mainly due to the increase in the net pension liability as well as increases in notes, contracts, intergovernmental and retainage payable amounts at year end offset by a decrease in the net OPEB liability, the defeasance of debt and continued repayment of the City's long term debt obligations. Deferred inflows decreased due to decreases in deferred inflows of resources related to pension. Further details of the changes in net position between 2019 and 2018 can be observed in Table 2.

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

	2019	2018	Change
Revenues			
Program Revenues			
Charges for Services and Sales	\$2,388,094	\$2,406,192	(\$18,098)
Operating Grants and Contributions	6,859,993	4,963,281	1,896,712
Capital Grants, Contributions and Assessments	1,838,283	5,215,374	(3,377,091)
<i>Total Program Revenues</i>	<u>11,086,370</u>	<u>12,584,847</u>	<u>(1,498,477)</u>
General Revenues			
Property Taxes	968,525	893,899	74,626
Municipal Income Taxes	33,313,603	34,444,017	(1,130,414)
Hotel/Motel Taxes	1,321,108	1,447,692	(126,584)
Amusement Taxes	22,972	21,065	1,907
Grant and Entitlements Not Restricted to Specific Programs	322,822	271,459	51,363
Investment Income	705,271	243,358	461,913
Payments in Lieu of Taxes	2,084,777	2,020,950	63,827
Gain on Sale of Capital Assets	25,381	30,933	(5,552)
Miscellaneous	1,031,477	528,182	503,295
<i>Total General Revenues</i>	<u>39,795,936</u>	<u>39,901,555</u>	<u>(105,619)</u>
<i>Total Revenues</i>	<u>\$50,882,306</u>	<u>\$52,486,402</u>	<u>(\$1,604,096)</u>
Program Expenses			
General Government	19,039,488	15,473,963	(3,565,525)
Security of Persons and Property	1,295,610	11,766,180	10,470,570
Public Health and Welfare	93,402	63,584	(29,818)
Leisure Time Activities	4,336,089	4,216,895	(119,194)
Community Environment	4,700,395	3,579,814	(1,120,581)
Basic Utility Services	1,071,857	994,675	(77,182)
Transportation	3,796,646	4,317,772	521,126
Interest and Fiscal Charges	741,662	652,612	(89,050)
<i>Total Expenses</i>	<u>35,075,149</u>	<u>41,065,495</u>	<u>5,990,346</u>
<i>Increase in Net Position</i>	15,807,157	11,420,907	4,386,250
<i>Net Position Beginning of Year - Restated</i>	<u>90,665,414</u>	<u>79,244,507</u>	<u>11,420,907</u>
<i>Net Position End of Year</i>	<u>\$106,472,571</u>	<u>\$90,665,414</u>	<u>\$15,807,157</u>

For 2019, OP&F recognized a change in benefit terms for their OPEB plan. 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. These changes contributed to OPEB expense decreasing from \$1,000,118 in 2018 to a negative OPEB expense of \$10,128,605 for 2019.

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Governmental Activities

Several revenue sources fund our governmental activities with income tax revenue being the largest source. The City levies a municipal income tax of 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.

For 2019, the City had significant increases in operating grants and contributions and significant decreases in capital grants, contributions and assessments. The increase in operating grants and contributions is due to increased intergovernmental grant monies received to fund the high intensity drug trafficking area and strike force programs. The decrease in capital grants, contributions and assessments is due to the accrual for special assessment revenues that were recognized in 2018. The City saw an increase in 2019 property taxes and payments in lieu of taxes revenues as a result of increased collections as reported by the County for collection year 2018. The decrease in municipal income taxes was due to lower income tax collections resulting from a decrease in employee withholding collections.

The City carefully invests its cash and cash equivalents in a variety of investment types with the primary focus being safety of principal, but with an attention to investment opportunities to increase yield. The City pays close attention to daily interest rates and long-term financial trends. 2019's investment income was \$705,271.

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. In 2019, the City partnered with Be Well Solutions for its wellness initiative program for City employees.

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

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

City of Independence, Ohio
Management's Discussion and Analysis
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Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2019	2018	2019	2018
General Government	\$19,039,488	\$15,473,963	\$12,105,949	\$10,538,489
Security of Persons and Property	1,295,610	11,766,180	609,546	10,914,128
Public Health and Welfare	93,402	63,584	70,412	41,987
Leisure Time Activities	4,336,089	4,216,895	3,720,789	3,548,992
Community Environment	4,700,395	3,579,814	4,449,231	3,325,672
Basic Utility Services	1,071,857	994,675	946,257	744,705
Transportation	3,796,646	4,317,772	1,344,933	(1,285,937)
Interest and Fiscal Charges	741,662	652,612	741,662	652,612
Total Expenses	\$35,075,149	\$41,065,495	\$23,988,779	\$28,480,648

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 2019, 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 spending.

The decrease in the general fund balance is primarily a result of an increase in transfers out to support the City's various programs as well as the City utilizing existing resources to defease a portion of the 2011 various purpose refunding bonds. The City continues to put a premium on City services without reducing the City's workforce. In order to keep this premium on jobs, the City has cut back on overtime and asked employees to do more with less while not compromising services. The City's dedicated public servants strive to keep the City of Independence among the finest in Northeast Ohio.

The High Intensity Drug Trafficking Area (HIDTA) special revenue fund had a decrease in fund balance due to a decrease in intergovernmental receivables offset in part by an increase in cash. Overall the revenues and expenditures increased from prior years as the program continues to grow in 2019.

The quadrant tax increment financing (TIF) capital projects fund saw a decrease in fund balance primarily due to the increase in short-term notes payable that are due within one year. The negative balance reflected in the quadrant TIF fund is a result of interfund borrowing and short-term notes payable to temporarily provide funding.

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.

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Other governmental funds had an increase in fund balance. The City continues to seek out and utilize grant monies. Revenues were higher than the prior year mainly due to an increase in intergovernmental revenue. Expenditures decreased from the prior year mainly due to decreased transportation, capital outlay and debt service expenses.

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 2019, 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. This enables the administration to better plan for the upcoming year.

Capital Assets and Debt Administration

Capital Assets

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

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

In 2019, the City made 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

For 2019 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 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 \$49,942,574. The amount of debt subject to the debt limit was \$21,905,000 leaving an overall debt margin of \$28,037,574. 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
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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 our residents while diligently planning expenses, to stay within the City's revenues. During 2019, City Council closely monitored revenues and expenditures to preserve the integrity of the general fund's unencumbered cash balance. As with all cities in the State of Ohio, State funding issues are constantly monitored to determine the impact on the City. The City's management team remains mindful of keeping an eye out for ways to become more efficient and better stewards of our taxpayers' money. Major entities in Northeast Ohio still regard the City of Independence as one of the top places to relocate or expand their businesses. All of the City's financial abilities will be needed to meet the challenges of the future.

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

Contacting the City's Finance Department

This financial report is designed to provide a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the finance department at the City of Independence, 6800 Brecksville Road, Independence, Ohio 44131, 216-524-4131.

City of Independence, Ohio
Statement of Net Position
December 31, 2019

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$40,429,340
Cash and Cash Equivalents in Segregated Accounts	18,205
Accounts Receivable	26,451
Hotel/Motel Taxes Receivable	76,961
Amusement Taxes Receivable	6,803
Intergovernmental Receivable	1,604,360
Prepaid Items	317,861
Municipal Income Taxes Receivable	7,692,181
Property Taxes Receivable	993,155
Accrued Interest Receivable	69,679
Special Assessments Receivable	3,287,157
Payments in Lieu of Taxes Receivable	2,163,698
Net Pension Asset	71,224
Nondepreciable Capital Assets	41,706,733
Depreciable Capital Assets, Net	84,057,748
<i>Total Assets</i>	182,521,556
Deferred Outflows of Resources	
Deferred Charge on Refunding	246,467
Pension	9,433,546
OPEB	2,024,699
<i>Total Deferred Outflows of Resources</i>	11,704,712
Liabilities	
Accounts Payable	1,594,835
Accrued Wages	619,530
Contracts Payable	2,370,721
Intergovernmental Payable	460,776
Deposits Held Payable	411,871
Accrued Interest Payable	45,628
Retainage Payable	881,053
Notes Payable	17,489,675
Long-Term Liabilities:	
Due Within One Year	1,283,990
Due in More Than One Year	
Net Pension Liability (See Note 11)	33,998,691
Net OPEB Liability (See Note 12)	9,834,665
Other Amounts Due in More than One Year	14,561,421
<i>Total Liabilities</i>	83,552,856
Deferred Inflows of Resources	
Property Taxes	968,235
Payments in Lieu of Taxes	2,124,598
Pension	379,386
OPEB	728,622
<i>Total Deferred Inflows of Resources</i>	4,200,841
Net Position	
Net Investment in Capital Assets	90,680,280
Restricted for:	
Capital Projects	18,022,928
State Highway	125,892
Street Construction, Maintenance and Repair	977,347
Police Pension	770,741
Other Purposes	279,520
Unrestricted	(4,384,137)
<i>Total Net Position</i>	\$106,472,571

See accompanying notes to the basic financial statements

City of Independence, Ohio
Statement of Activities
For the Year Ended December 31, 2019

	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
Governmental Activities:					Governmental Activities
General Government	\$19,039,488	\$729,996	\$6,176,450	\$27,093	(\$12,105,949)
Security of Persons and Property	1,295,610	671,078	14,986	0	(609,546)
Public Health and Welfare	93,402	22,990	0	0	(70,412)
Leisure Time Activities	4,336,089	615,300	0	0	(3,720,789)
Community Environment	4,700,395	251,164	0	0	(4,449,231)
Basic Utility Services	1,071,857	54,750	0	70,850	(946,257)
Transportation	3,796,646	42,816	668,557	1,740,340	(1,344,933)
Interest and Fiscal Charges	741,662	0	0	0	(741,662)
<i>Totals</i>	<u>\$35,075,149</u>	<u>\$2,388,094</u>	<u>\$6,859,993</u>	<u>\$1,838,283</u>	<u>(23,988,779)</u>
General Revenues					
Property Taxes Levied for:					
General Purposes					837,220
Police Pension					131,305
Municipal Income Tax Levied for General Purposes					33,313,603
Hotel/Motel Tax Levied for General Purposes					1,321,108
Amusement Tax Levied For General Purposes					22,972
Grants and Entitlements Not Restricted to Specific Programs					322,822
Investment Income					705,271
Payments in Lieu of Taxes					2,084,777
Gain on Sale of Capital Asset					25,381
Miscellaneous					1,031,477
<i>Total General Revenues</i>					<u>39,795,936</u>
Change in Net Position					15,807,157
<i>Net Position Beginning of Year - Restated (See Note 20)</i>					<u>90,665,414</u>
<i>Net Position End of Year</i>					<u>\$106,472,571</u>

See accompanying notes to the basic financial statements

City of Independence, Ohio

Balance Sheet

Governmental Funds

December 31, 2019

	General	HIDTA	Quadrant Tax Increment Financing	Street Resurfacing	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$8,809,901	\$291,752	\$9,725,341	\$10,884,527	\$7,826,426	\$37,537,947
Cash and Cash Equivalents						
In Segregated Accounts	17,103	0	0	0	1,102	18,205
Accounts Receivable	26,451	0	0	0	0	26,451
Hotel/Motel Taxes Receivable	76,961	0	0	0	0	76,961
Amusement Taxes Receivable	6,803	0	0	0	0	6,803
Interfund Receivable	21,393,500	0	0	0	680,000	22,073,500
Intergovernmental Receivable	115,725	0	606,816	489,380	392,439	1,604,360
Prepaid Items	309,222	0	0	0	999	310,221
Accrued Interest Receivable	54,291	0	0	13,709	1,679	69,679
Special Assessments Receivable	0	0	0	0	3,287,157	3,287,157
Payments in Lieu of Taxes Receivable	0	0	2,163,698	0	0	2,163,698
Property Taxes Receivable	857,725	0	0	0	135,430	993,155
Municipal Income Taxes Receivable	7,692,181	0	0	0	0	7,692,181
Restricted Assets:						
Equity in Pooled Cash and Cash Equivalents	861,642	0	0	0	0	861,642
<i>Total Assets</i>	<u>\$40,221,505</u>	<u>\$291,752</u>	<u>\$12,495,855</u>	<u>\$11,387,616</u>	<u>\$12,325,232</u>	<u>\$76,721,960</u>
Liabilities						
Accounts Payable	\$965,208	\$117,749	\$0	\$323	\$63,126	\$1,146,406
Accrued Wages	542,732	48,411	0	0	28,387	619,530
Contracts Payable	86,896	0	1,271,586	969,886	23,339	2,351,707
Intergovernmental Payable	281,491	114,819	0	0	64,466	460,776
Retainage Payable	0	0	480,980	383,669	16,404	881,053
Accrued Interest Payable	0	0	27,027	0	0	27,027
Notes Payable	0	0	17,489,675	0	0	17,489,675
Interfund Payable	0	0	20,848,500	1,100,000	125,000	22,073,500
Payables from Restricted Assets:						
Accounts Payable	448,429	0	0	0	0	448,429
Deposits Held and Due to Others	411,871	0	0	0	0	411,871
<i>Total Liabilities</i>	<u>2,736,627</u>	<u>280,979</u>	<u>40,117,768</u>	<u>2,453,878</u>	<u>320,722</u>	<u>45,909,974</u>
Deferred Inflows of Resources						
Property Taxes	836,203	0	0	0	132,032	968,235
Payments in Lieu of Taxes	0	0	2,124,598	0	0	2,124,598
Unavailable Revenue	4,770,782	0	645,916	437,934	3,563,445	9,418,077
<i>Total Deferred Inflows of Resources</i>	<u>5,606,985</u>	<u>0</u>	<u>2,770,514</u>	<u>437,934</u>	<u>3,695,477</u>	<u>12,510,910</u>
Fund Balances						
Nonspendable	20,479,064	0	0	0	999	20,480,063
Restricted	0	10,773	0	8,495,804	6,632,654	15,139,231
Committed	0	0	0	0	645,948	645,948
Assigned	3,012,332	0	0	0	1,083,249	4,095,581
Unassigned (Deficit)	8,386,497	0	(30,392,427)	0	(53,817)	(22,059,747)
<i>Total Fund Balances (Deficit)</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>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$40,221,505</u>	<u>\$291,752</u>	<u>\$12,495,855</u>	<u>\$11,387,616</u>	<u>\$12,325,232</u>	<u>\$76,721,960</u>

See accompanying notes to the basic financial statements

City of Independence, Ohio
*Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
December 31, 2019*

Total Governmental Funds Balances \$18,301,076

*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. 125,764,481

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	24,920
Municipal Income Taxes	4,657,765
Hotel Taxes	6,368
Intergovernmental	1,400,079
Fees, Licenses and Permits	200
Charges for Services	650
Fines and Forfeitures	275
Rentals	922
Special Assessments	3,287,157
Payments in Lieu of Taxes	39,100
Miscellaneous	641

Total 9,418,077

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	71,224
Deferred Outflows - Pension	9,433,546
Net Pension Liability	(33,998,691)
Deferred Inflows - Pension	(379,386)
Deferred Outflows - OPEB	2,024,699
Net OPEB Liability	(9,834,665)
Deferred Inflows - OPEB	(728,622)

Total (33,411,895)

In the statement of net position, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (18,601)

An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. 2,018,377

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. 246,467

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

General Obligation Bonds	(8,241,033)
Special Assessment Bonds	(3,233,205)
OPWC Loan	(3,576,058)
Compensated Absences	(795,115)

Total (15,845,411)

Net Position of Governmental Activities \$106,472,571

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, 2019

	General	HIDTA	Quadrant Tax Increment Financing	Street Resurfacing	Other Governmental Funds	Total Governmental Funds
Revenues						
Property Taxes	\$841,193	\$0	\$0	\$0	\$131,932	\$973,125
Municipal Income Taxes	33,956,815	0	0	0	0	33,956,815
Hotel/Motel Taxes	1,321,392	0	0	0	0	1,321,392
Amusement Taxes	29,547	0	0	0	0	29,547
Intergovernmental	314,755	5,004,482	62,384	540,826	1,919,013	7,841,460
Investment Income	479,329	0	0	215,686	10,256	705,271
Fees, Licenses and Permits	404,221	0	0	0	422,996	827,217
Fines and Forfeitures	307,703	0	0	0	116,173	423,876
Charges for Services	619,372	223,682	0	0	22,990	866,044
Rentals	266,597	0	0	0	11,545	278,142
Special Assessments	0	0	0	0	198,880	198,880
Payments in Lieu of Taxes	0	0	2,124,598	0	0	2,124,598
Miscellaneous	935,909	0	5,000	0	81,490	1,022,399
<i>Total Revenues</i>	<u>39,476,833</u>	<u>5,228,164</u>	<u>2,191,982</u>	<u>756,512</u>	<u>2,915,275</u>	<u>50,568,766</u>
Expenditures						
Current:						
General Government	7,275,343	5,367,532	0	0	1,268,427	13,911,302
Security of Persons and Property	9,004,784	0	0	0	758,230	9,763,014
Public Health and Welfare	0	0	0	0	72,067	72,067
Leisure Time Activities	2,955,707	0	0	0	568,266	3,523,973
Community Environment	3,854,204	0	0	0	0	3,854,204
Basic Utility Services	838,536	0	0	0	0	838,536
Transportation	657,246	0	0	0	1,287,104	1,944,350
Capital Outlay	0	0	8,757,226	7,546,627	2,008,162	18,312,015
Debt Service:						
Principal Retirement	0	0	0	0	974,458	974,458
Payment to Refunded Bond Escrow Agent	0	0	0	0	4,464,877	4,464,877
Interest and Fiscal Charges	0	0	343,043	0	444,933	787,976
Debt Issuance Costs	0	0	49,558	0	0	49,558
<i>Total Expenditures</i>	<u>24,585,820</u>	<u>5,367,532</u>	<u>9,149,827</u>	<u>7,546,627</u>	<u>11,846,524</u>	<u>58,496,330</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>14,891,013</u>	<u>(139,368)</u>	<u>(6,957,845)</u>	<u>(6,790,115)</u>	<u>(8,931,249)</u>	<u>(7,927,564)</u>
Other Financing Sources (Uses)						
Sale of Capital Assets	49,398	0	0	0	0	49,398
Transfers In	0	0	1,850,000	5,800,000	9,273,400	16,923,400
Transfers Out	(15,821,500)	0	(1,149,800)	0	(252,100)	(17,223,400)
<i>Total Other Financing Sources (Uses)</i>	<u>(15,772,102)</u>	<u>0</u>	<u>700,200</u>	<u>5,800,000</u>	<u>9,021,300</u>	<u>(250,602)</u>
<i>Net Change in Fund Balances</i>	<u>(881,089)</u>	<u>(139,368)</u>	<u>(6,257,645)</u>	<u>(990,115)</u>	<u>90,051</u>	<u>(8,178,166)</u>
<i>Fund Balances (Deficit) Beginning of Year - Restated (See Note 20)</i>	<u>32,758,982</u>	<u>150,141</u>	<u>(24,134,782)</u>	<u>9,485,919</u>	<u>8,218,982</u>	<u>26,479,242</u>
<i>Fund Balances (Deficit) End 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>

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, 2019*

Net Change in Fund Balances - Total Governmental Funds (\$8,178,166)

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	16,715,300	
Depreciation	(4,267,288)	
Total		12,448,012

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (24,017)

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

Delinquent Property Taxes	(4,600)	
Municipal Income Taxes	(643,212)	
Hotel Taxes	(284)	
Amusement Taxes	(6,575)	
Intergovernmental	1,087,258	
Fees, Licenses and Permits	(600)	
Fines and Forfeitures	(7,997)	
Charges for Services	650	
Rentals	762	
Special Assessments	(106,500)	
Payments in Lieu of Taxes	(39,821)	
Miscellaneous	(6)	
Total		279,075

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	24,801	
Amortization of Deferred Charge on Refunding	(29,375)	
Amortization of Bond Premium	50,888	
Total		46,314

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: 40,008

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	695,000	
Payment on Special Assessment Bonds	60,000	
Payment on OPWC Loans	219,458	
Payment to Refunded Bond Escrow Agent	4,464,877	
Total		5,439,335

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. 75,415

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

Pension	2,149,671	
OPEB	53,801	
Total		2,203,472

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	(5,796,189)	
OPEB	9,273,898	
Total		3,477,709

Change in Net Position of Governmental Activities \$15,807,157

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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$832,778	\$833,129	\$841,193	\$8,064
Municipal Income Taxes	33,284,104	33,296,926	33,641,145	344,219
Hotel/Motel Taxes	1,325,114	1,325,624	1,337,422	11,798
Amusement Taxes	22,535	22,543	22,744	201
Intergovernmental	311,215	311,307	313,428	2,121
Investment Income	475,166	475,349	479,580	4,231
Fees, Licenses and Permits	401,839	401,993	405,571	3,578
Fines and Forfeitures	335,376	335,505	338,491	2,986
Charges for Services	616,507	616,744	622,233	5,489
Rentals	254,327	254,425	256,689	2,264
Miscellaneous	899,400	899,766	908,213	8,447
<i>Total Revenues</i>	<u>38,758,361</u>	<u>38,773,311</u>	<u>39,166,709</u>	<u>393,398</u>
Expenditures				
Current:				
General Government	6,876,197	6,749,197	6,590,937	158,260
Security of Persons and Property	9,393,764	9,198,164	9,045,969	152,195
Leisure Time Activities	3,391,647	3,154,847	2,983,967	170,880
Community Environment	3,975,350	4,068,300	3,960,082	108,218
Basic Utility Services	954,659	916,359	896,220	20,139
Transportation	774,426	739,926	687,289	52,637
<i>Total Expenditures</i>	<u>25,366,043</u>	<u>24,826,793</u>	<u>24,164,464</u>	<u>662,329</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>13,392,318</u>	<u>13,946,518</u>	<u>15,002,245</u>	<u>1,055,727</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	49,398	49,398	49,398	0
Advances In	689,400	414,400	414,400	0
Advances Out	(2,060,000)	(3,235,000)	(3,235,000)	0
Transfers Out	(16,265,500)	(16,671,500)	(16,671,500)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(17,586,702)</u>	<u>(19,442,702)</u>	<u>(19,442,702)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(4,194,384)	(5,496,184)	(4,440,457)	1,055,727
<i>Fund Balance Beginning of Year</i>	8,362,601	8,362,601	8,362,601	0
Prior Year Encumbrances Appropriated	709,943	709,943	709,943	0
<i>Fund Balance End of Year</i>	<u>\$4,878,160</u>	<u>\$3,576,360</u>	<u>\$4,632,087</u>	<u>\$1,055,727</u>

See accompanying notes to the basic financial statements

City of Independence, Ohio
*Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
High Intensity Drug Trafficking Area Fund
For the Year Ended December 31, 2019*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$3,760,000	\$5,360,000	\$5,348,150	(\$11,850)
Charges for Services	240,000	240,000	223,682	(16,318)
<i>Total Revenues</i>	4,000,000	5,600,000	5,571,832	(28,168)
Expenditures				
Current:				
General Government	4,064,875	5,714,875	5,437,256	277,619
<i>Net Change in Fund Balance</i>	(64,875)	(114,875)	134,576	249,451
<i>Fund Balance Beginning of Year</i>	85,266	85,266	85,266	0
Prior Year Encumbrances Appropriated	64,875	64,875	64,875	0
<i>Fund Balance End of Year</i>	<u>\$85,266</u>	<u>\$35,266</u>	<u>\$284,717</u>	<u>\$249,451</u>

See accompanying notes to the basic financial statements

City of Independence, Ohio
Statement of Fund Net Position
Internal Service Fund
December 31, 2019

	<u>Insurance</u>
Assets	
<i>Current Assets:</i>	
Equity in Pooled Cash and Cash Equivalents	\$2,029,751
Prepaid Items	<u>7,640</u>
 <i>Total Assets</i>	 2,037,391
 Liabilities	
<i>Current Liabilities:</i>	
Contracts Payable	<u>19,014</u>
 Net Position	
Unrestricted	<u><u>\$2,018,377</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, 2019*

	Insurance
Operating Revenues	
Other	\$9,084
Operating Expenses	
Contractual Services	41,004
Claims	192,665
<i>Total Operating Expenses</i>	233,669
<i>Operating Income (Loss)</i>	(224,585)
Transfer In	300,000
<i>Change in Net Position</i>	75,415
<i>Net Position Beginning of Year</i>	1,942,962
<i>Net Position End of Year</i>	\$2,018,377

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, 2019

	Insurance
<i>Increase (Decrease) in Cash and Cash Equivalents</i>	
Cash Flows from Operating Activities	
Cash Received from Other Services	\$9,084
Cash Payments for Services	(33,773)
Cash Payments for Claims	(192,665)
<i>Net Cash Provided by (Used for) Operating Activities</i>	(217,354)
Cash Flows from Noncapital Financing Activities	
Transfer In	300,000
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	82,646
<i>Cash and Cash Equivalents Beginning of Year</i>	1,947,105
<i>Cash and Cash Equivalents End of Year</i>	\$2,029,751
 Reconciliation of Operating Loss to Net Cash Used in Operating Activities	
<i>Operating Income (Loss)</i>	(\$224,585)
Adjustments:	
(Increase) Decrease in Assets:	
Prepaid Items	(4,503)
Increase (Decrease) in Liabilities:	
Contracts Payable	12,354
Intergovernmental Payable	(620)
<i>Net Cash Provided by (Used for) Operating Activities</i>	(\$217,354)

See accompanying notes to the basic financial statements

City of Independence, Ohio
Statement of Fiduciary Net Position
Custodial Fund
December 31, 2019

	<u>Mayor's Court</u>
Assets	
Cash and Cash Equivalents in Segregated Accounts	<u>\$25,146</u>
Liabilities	
Accounts Payable	11,439
Intergovernmental Payable	<u>5,530</u>
<i>Total Liabilities</i>	<u>16,969</u>
Net Position	
Restricted for Individuals, Organizations and Other Governments	<u><u>\$8,177</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, 2019

	<u>Mayor's Court</u>
Additions	
Fines and Forfeitures Collected for Other Governments	\$157,275
Miscellaneous	<u>65,117</u>
<i>Total Additions</i>	<u>222,392</u>
Deductions	
Fines and Forfeitures Distributions for Other Governments	157,275
Fee Distributions to Others	921
Miscellaneous	<u>65,117</u>
<i>Total Deductions</i>	<u>223,313</u>
<i>Change in Net Position</i>	(921)
<i>Net Position Beginning of Year - Restated (See Note 20)</i>	<u>9,098</u>
<i>Net Position End of Year</i>	<u><u>\$8,177</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, 2019

Note 1 – Reporting Entity

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

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

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

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

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

The City participates in four jointly governed organizations, the Southwest Council of Governments, the Northeast Ohio Public Energy Council, the Cuyahoga Valley 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, 2019

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, 2019

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
For the Year Ended December 31, 2019

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 activities.

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, interest, grants and entitlements.

City of Independence, Ohio
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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, 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 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, 2019, but which were levied to finance 2020 operations. These amounts have been recorded as deferred inflows on both the government-wide Statement of net position and the governmental fund financial Statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes delinquent property taxes, income taxes, delinquent payments in lieu of taxes, special assessments, and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are 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 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

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of control has been established by Council at the department and object level within the general fund and the street construction, maintenance and repair special revenue fund and at the fund level for all other funds. Any budgetary modifications at this level may only be made by ordinance of Council. Authority to further allocate Council appropriations within departments has been given to the Finance Director for all funds except for the general fund and the street construction, maintenance and repair special revenue fund.

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

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

Cash and Cash Equivalents

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

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

During 2019, investments were limited to State Treasury Asset Reserve of Ohio (STAR Ohio), federated government obligations fund and negotiable certificates of deposit. STAR Ohio (the State Treasury Asset Reserve of 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 2019, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$25 million or more. STAR Ohio reserves the right to limit the transactions to \$100 million per day, 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.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2019 amounted to \$479,329, which includes \$301,466 assigned from other City funds.

City of Independence, Ohio
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For the Year Ended December 31, 2019

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, 2019, 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

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

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Interfund Balances

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

Compensated Absences

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

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

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

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, 2019

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 Finance Director to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. City Council assigned fund balance for compensated absences, for economic development and to cover a gap between estimated revenues and appropriations in 2020'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
For the Year Ended December 31, 2019

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, 2019

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
<i>Nonspendable</i>						
Prepays	\$309,222	\$0	\$0	\$0	\$999	\$310,221
Interfund Loans	20,168,500	0	0	0	0	20,168,500
Unclaimed Funds	1,342	0	0	0	0	1,342
<i>Total Nonspendable</i>	20,479,064	0	0	0	999	20,480,063
<i>Restricted for</i>						
Road Improvements	0	0	0	0	933,194	933,194
Capital Improvements	0	0	0	8,495,804	4,551,528	13,047,332
Police Programs	0	0	0	0	89,420	89,420
Law Enforcement and Education	0	0	0	0	55,485	55,485
HIDTA Program	0	10,773	0	0	0	10,773
Mayor's Court Computer	0	0	0	0	40,295	40,295
Police Pension	0	0	0	0	761,581	761,581
Debt Service Payments	0	0	0	0	201,151	201,151
<i>Total Restricted</i>	0	10,773	0	8,495,804	6,632,654	15,139,231
<i>Committed to</i>						
Handicap Parking	0	0	0	0	28,108	28,108
Citizen-Focused Activities	0	0	0	0	95,409	95,409
City Upkeep	0	0	0	0	73,464	73,464
Recreation	0	0	0	0	448,967	448,967
<i>Total Committed</i>	0	0	0	0	645,948	645,948
<i>Assigned to</i>						
2020 Operations	1,142,267	0	0	0	0	1,142,267
Compensated Absences	819,390	0	0	0	0	819,390
Economic Development	8,571	0	0	0	0	8,571
Purchases on Order:						
City Administration	731,944	0	0	0	0	731,944
Buildings and Land Maintenance	146,423	0	0	0	0	146,423
Engineering and Building Services	38,410	0	0	0	0	38,410
Fire & Police Department	28,428	0	0	0	0	28,428
Recreation	19,489	0	0	0	0	19,489
Economic Development	28,938	0	0	0	0	28,938
Transportation and Utility Services	48,472	0	0	0	0	48,472
Debt Service Payments	0	0	0	0	255	255
Capital Improvements	0	0	0	0	1,082,994	1,082,994
<i>Total Assigned</i>	3,012,332	0	0	0	1,083,249	4,095,581
<i>Unassigned (Deficit)</i>	8,386,497	0	(30,392,427)	0	(53,817)	(22,059,747)
<i>Total Fund Balances (Deficit)</i>	\$31,877,893	\$10,773	(\$30,392,427)	\$8,495,804	\$8,309,033	\$18,301,076

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

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, 2019, is \$1,600,000.

Note 4 – Accountability

The fund deficit in the Quadrant Tax Increment Financing capital projects fund of \$30,392,427 is due to notes payable and interfund payables for various tax increment financing projects. The fund deficits in the strike force special revenue fund of \$30,411 and the Rockside Woods capital projects fund of \$23,406 were 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) Unrecorded cash represents amounts received but not included as revenue on the budget basis statements. These amounts are included as revenue on the GAAP basis operating statements.
- c) Advances In and Advances Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
- d) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
- e) Budgetary revenues and expenditures of the compensated absences, rainy day and economic development funds are reclassified to the general fund for GAAP purposes.
- f) 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.

City of Independence, Ohio
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For the Year Ended December 31, 2019

	General	HIDTA
Net Change in Fund Balance		
GAAP Basis	(\$881,089)	(\$139,368)
Net Adjustment for Revenue Accruals	567,012	343,668
Beginning Unrecorded Cash	(2,136)	0
Advances In	414,400	0
Advances Out	(3,235,000)	0
Net Adjustment for Expenditure Accruals	100,968	(62,689)
Perspective Differences:		0
Compensated Absences Fund	11,026	0
Rainy Day Fund	(100,000)	0
Economic Development Fund	(41,146)	0
Encumbrances	(1,274,492)	(7,035)
Budget Basis	(\$4,440,457)	\$134,576

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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For the Year Ended December 31, 2019

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.

City of Independence, Ohio
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For the Year Ended December 31, 2019

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, \$26,366,450 of the City's bank balance of \$27,116,450 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, 2019, the City had the following investments:

Measurement/Investment	Measurement Amount	Maturity	& Poor's Rating	Total Investments
Net Asset Value Per Share				
STAR Ohio	\$7,578,690	55.7 Days	AAAm	N/A
Federated Government Obligations Fund	3,842,590	Less than one year	AAAm	N/A
Fair Value - Level Two Inputs				
Negotiable Certificates of Deposit	<u>2,786,530</u>	709 Days	N/A	19.61%
Total	<u><u>\$14,207,810</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, 2019. 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).

City of Independence, Ohio
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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 Federal Home Loan Mortgage Corporation Bonds, Federal Home Loan Bank Bonds and 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, 2019, 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 \$3,180,657. At December 31, 2019, there were no 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 2019 for real and public utility property taxes represents collections of 2018 taxes.

2019 real property taxes are levied after October 1, 2019, on the assessed value as of January 1, 2019, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2019 real property taxes are collected in and intended to finance 2020.

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. 2019 public utility property taxes which became a lien December 31, 2018, are levied after October 1, 2019, and are collected in 2020 with real property taxes.

City of Independence, Ohio
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For the Year Ended December 31, 2019

The full tax rate for all City operations for the year ended December 31, 2019, 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 2019 property tax receipts were based are as follows:

Real Property:	
Residential/Agricultural	\$271,635,690
Other Real Estate	174,509,960
Public Utility Personal Property	29,497,910
Total	\$475,643,560

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, 2019, and for which there is an enforceable legal claim. In the governmental funds, the portion of the receivable not levied to finance 2019 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 2019, 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 .92 percent.

Intergovernmental Receivable

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

	Amount
Kent State University	\$606,816
Cuyahoga County	489,380
Gasoline Excise Tax	249,693
Local Grants	65,350
Auto Registration	58,919
Local Government	56,485
Homestead and Rollback	42,254
Other Reimbursements	25,225
Permissive Tax	10,238
Total Intergovernmental Receivables	\$1,604,360

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

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 2019, 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	\$1,000
Property	53,325,744	10,000
Employee Dishonesty	100,000	1,000
Forgery	100,000	1,000
Computer Fraud	100,000	1,000
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, 2019. Changes in the fund's claims liability amount for 2018 and 2019 were:

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2018	\$0	\$76,739	\$76,739	\$0
2019	0	192,665	192,665	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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For the Year Ended December 31, 2019

Note 9 – Capital Assets

Capital asset activity for the year ended December 31, 2019, was as follows:

	Balance 12/31/18	Additions	Reductions	Balance 12/31/19
Governmental Activities:				
Nondepreciable Capital Assets				
Land	\$20,234,702	\$0	\$0	\$20,234,702
Construction in Progress	7,824,411	14,878,994	(1,231,374)	21,472,031
<i>Total Nondepreciable Capital Assets</i>	<u>28,059,113</u>	<u>14,878,994</u>	<u>(1,231,374)</u>	<u>41,706,733</u>
Depreciable Capital Assets				
Buildings and Improvements	41,330,731	544,240	(7,240)	41,867,731
Land Improvements	679,119	1,639	0	680,758
Machinery and Equipment	7,080,444	589,521	(14,711)	7,655,254
Furniture and Fixtures	1,833,108	0	0	1,833,108
Vehicles	9,877,378	700,906	(393,681)	10,184,603
Infrastructure				
Roads	68,007,005	1,231,374	0	69,238,379
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>151,805,810</u>	<u>3,067,680</u>	<u>(415,632)</u>	<u>154,457,858</u>
Buildings and Improvements	(17,127,818)	(932,434)	4,223	(18,056,029)
Land Improvements	(70,284)	(18,753)	0	(89,037)
Machinery and Equipment	(5,033,151)	(323,385)	14,711	(5,341,825)
Furniture and Fixtures	(1,716,539)	(11,965)	0	(1,728,504)
Vehicles	(5,877,878)	(565,123)	372,681	(6,070,320)
Infrastructure				
Roads	(29,389,366)	(2,077,151)	0	(31,466,517)
Water Lines	(1,479,059)	(54,328)	0	(1,533,387)
Sanitary Sewers	(998,958)	(67,155)	0	(1,066,113)
Storm Sewers	(4,831,384)	(216,994)	0	(5,048,378)
<i>Total Accumulated Depreciation</i>	<u>(66,524,437)</u>	<u>(4,267,288) *</u>	<u>391,615</u>	<u>(70,400,110)</u>
Total Depreciable Capital Assets, Net	<u>85,281,373</u>	<u>(1,199,608)</u>	<u>(24,017)</u>	<u>84,057,748</u>
Governmental Activities Capital Assets, Net	<u>\$113,340,486</u>	<u>\$13,679,386</u>	<u>(\$1,255,391)</u>	<u>\$125,764,481</u>

*Depreciation expense was charged to governmental activities as follows:

General Government	\$4,011,627
Security of Persons and Property	83,824
Leisure Time Activities	26,991
Community Environment	12,695
Basic Utility Services	4,953
Transportation	127,198
Total	<u>\$4,267,288</u>

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

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 (assets) 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 liabilities (asset) represent the City's proportionate share of each pension/OPEB plans' collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plans' fiduciary net position. The net pension/OPEB liabilities (asset) calculations are 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 (ORC) limits the City's obligation for these liabilities 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 assume the liabilities are 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

City of Independence, Ohio
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For the Year Ended December 31, 2019

unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each 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 liabilities (asset). Resulting adjustments to the net pension/OPEB liabilities (asset) would be effective when the changes are legally enforceable. The ORC 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

Plan Description – City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments (COLA) to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code (ORC). 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' annual financial report referenced previously for additional information, including requirements for reduced and unreduced benefits):

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

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

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

When a traditional plan benefit recipient has received benefits for 12 months, current law provides for a 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 COLA on the defined benefit portion of their pension benefit. For those retiring prior to January 7, 2013, current law provides for a 3 percent COLA. 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.

City of Independence, Ohio
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Funding Policy – The ORC provides statutory authority for member and employer contributions as follows:

	State and Local
2019 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
 2019 Actual Contribution Rates	
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 2019, The City’s contractually required contribution was \$990,470 for the traditional plan, \$31,719 for the combined plan and \$93,138 for the member-directed plan. Of these amounts, \$80,957 is reported as an intergovernmental payable for the traditional plan, \$2,589 for the combined plan, and \$5,437 for the member-directed plan.

Plan Description – Ohio Police & Fire Pension Fund

Plan Description – City full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. OP&F provides retirement and disability pension benefits, annual cost of living adjustments (COLA), 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 (ORC). 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 or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

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

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

City of Independence, Ohio
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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's annual financial report referenced previously for additional information, including requirements for Deferred Retirement Option Plan (DROP) 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 COLA. 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 3 percent or the percent increase, if any, in the Consumer Price Index over the 13 month period ending on September 30th 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 ORC provides statutory authority for member and employer contributions as follows:

	Police	Firefighters
2019 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
 2019 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
Total Employer	19.50 %	24.00 %
 Employee	 12.25 %	 12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$1,127,482 for 2019. Of this amount, \$102,453 is reported as an intergovernmental payable.

Pension Liabilities (Asset), 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, 2018, 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, 2018, and was determined by rolling forward the total pension liability as of January 1, 2018, to December 31, 2018. 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:

City of Independence, Ohio
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For the Year Ended December 31, 2019

	OPERS		OP&F	Total
	<u>Traditional Plan</u>	<u>Combined Plan</u>		
Proportion of the Net Pension Liability/Asset:				
Current Measurement Date	0.05686100%	0.06369300%	0.2257310%	
Prior Measurement Date	<u>0.05665500%</u>	<u>0.05538700%</u>	<u>0.2249630%</u>	
Change in Proportionate Share	<u>0.00020600%</u>	<u>0.00830600%</u>	<u>0.0007680%</u>	
Proportionate Share of the:				
Net Pension Liability	\$15,573,075	\$0	\$18,425,616	\$33,998,691
Net Pension Asset	0	(71,224)	0	(71,224)
Pension Expense	3,258,289	13,221	2,524,679	5,796,189

2019 pension expense for the member-directed defined contribution plan was \$93,138. The aggregate pension expense for all pension plans was \$5,889,327 for 2019.

At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to defined benefit pensions from the following sources:

	OPERS		OP&F	Total
	<u>Traditional Plan</u>	<u>Combined Plan</u>		
Deferred Outflows of Resources				
Differences between expected and actual experience	\$718	\$0	\$757,035	\$757,753
Changes of assumptions	1,355,674	15,907	488,489	1,860,070
Net difference between projected and actual earnings on pension plan investments	2,113,702	15,343	2,270,020	4,399,065
Changes in proportion and differences between City contributions and proportionate share of contributions	23,560	0	243,427	266,987
City contributions subsequent to the measurement date	<u>990,470</u>	<u>31,719</u>	<u>1,127,482</u>	<u>2,149,671</u>
Total Deferred Outflows of Resources	<u>\$4,484,124</u>	<u>\$62,969</u>	<u>\$4,886,453</u>	<u>\$9,433,546</u>
Deferred Inflows of Resources				
Differences between expected and actual experience	\$204,484	\$29,089	\$17,205	\$250,778
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>37,102</u>	<u>14,056</u>	<u>77,450</u>	<u>128,608</u>
Total Deferred Inflows of Resources	<u>\$241,586</u>	<u>\$43,145</u>	<u>\$94,655</u>	<u>\$379,386</u>

\$2,149,671 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 or increase to the net pension asset in 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

City of Independence, Ohio
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Year Ending December 31:	OPERS Traditional Plan	OPERS Combined Plan	OP&F	Total
2020	\$1,380,050	\$576	\$1,162,798	\$2,543,424
2021	692,903	(2,490)	666,413	1,356,826
2022	196,089	(2,165)	748,677	942,601
2023	983,026	2,637	1,029,685	2,015,348
2024	0	(3,669)	56,743	53,074
Thereafter	0	(6,784)	0	(6,784)
Total	\$3,252,068	(\$11,895)	\$3,664,316	\$6,904,489

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2018, 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, 2018, are presented as follows:

	OPERS Traditional Plan	OPERS Combined Plan
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	3 percent, simple through 2018, then 2.15 percent, simple	3 percent, simple through 2018, 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 of 2018, the OPERS Board adopted a change in the investment return assumption, reducing it from 7.5 percent to 7.2 percent. This change was effective beginning with the 2018 valuation.

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

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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 previously described tables.

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

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

During 2018, 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 a loss of 2.94 percent for 2018.

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 following table displays the Board-approved asset allocation policy for 2018 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.79 %
Domestic Equities	19.00	6.21
Real Estate	10.00	4.90
Private Equity	10.00	10.81
International Equities	20.00	7.83
Other investments	18.00	5.50
Total	100.00 %	5.95 %

Discount Rate For 2018, the discount rate used to measure the total pension liability was 7.2 percent for the traditional plan and the combined plan. For 2017, the discount rate used to measure the total pension liability was 7.5 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.

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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:

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
City's proportionate share of the net pension liability (asset):			
OPERS Traditional Plan	\$23,005,961	\$15,573,075	\$9,396,280
OPERS Combined Plan	(23,566)	(71,224)	(105,730)

Actuarial Assumptions – OP&F

OP&F's total pension liability as of December 31, 2018, is based on the results of an actuarial valuation date of January 1, 2018, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and 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. 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, 2018, are presented as follows:

Valuation Date	January 1, 2018, with actuarial liabilities rolled forward to December 31, 2018
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	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.

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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.

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 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, 2018, are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and Cash Equivalents	0.00 %	0.80 %
Domestic Equity	16.00	5.50
Non-US Equity	16.00	5.90
Private Markets	8.00	8.40
Core Fixed Income *	23.00	2.60
High Yield Fixed Income	7.00	4.80
Private Credit	5.00	7.50
U.S. Inflation Linked Bonds*	17.00	2.30
Master Limited Partnerships	8.00	6.40
Real Assets	8.00	7.00
Private Real Estate	12.00	6.10
Total	120.00 %	

Note: Assumptions are geometric.

* levered 2x

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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 previously disclosed, 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.

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	\$24,219,200	\$18,425,616	\$13,584,237

Note 12 - Defined Benefit OPEB Plans

See Note 11 for a description of the net OPEB liability

Plan Description – Ohio Public Employees Retirement System

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment 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 refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

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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 No. 75. See OPERS' annual financial report referenced later for additional information.

The Ohio Revised Code (ORC) 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 ORC.

Disclosures for the health care plan are presented separately in the OPERS' annual 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 ORC 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, health care was no longer being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2019, 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 ORC. 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. As recommended by OPERS' actuary, beginning January 1, 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and the 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 2019 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 \$26,611 for 2019. Of this amount, \$2,175 is reported as an intergovernmental payable.

Plan Description – Ohio Police & Fire Pension Fund

Plan Description – 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.

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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 (ORC) 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 ORC.

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 or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The ORC 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 2019, 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 \$27,190 for 2019. Of this amount, \$2,454 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, 2017, rolled forward to the measurement date of December 31, 2018, 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, 2018, and was determined by rolling forward the total OPEB liability as of January 1, 2018, to December 31, 2018. 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:

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	<u>OPERS</u>	<u>OP&F</u>	
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.0596660%	0.2257310%	
Prior Measurement Date	<u>0.0580400%</u>	<u>0.2249630%</u>	
Change in Proportionate Share	<u>0.0016260%</u>	<u>0.0007680%</u>	
			<u>Total</u>
Proportionate Share of the Net OPEB Liability	\$7,779,038	\$2,055,627	\$9,834,665
OPEB Expense (Reduction of Expense)	\$854,707	(\$10,128,605)	(\$9,273,898)

At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$2,634	\$0	\$2,634
Changes of assumptions	250,806	1,065,538	1,316,344
Net difference between projected and actual earnings on OPEB plan investments	356,623	69,585	426,208
Changes in proportion and differences between City contributions and proportionate share of contributions	191,167	34,545	225,712
City contributions subsequent to the measurement date	<u>26,611</u>	<u>27,190</u>	<u>53,801</u>
Total Deferred Outflows of Resources	<u>\$827,841</u>	<u>\$1,196,858</u>	<u>\$2,024,699</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$21,107	\$55,074	\$76,181
Changes of assumptions	0	569,095	569,095
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>0</u>	<u>83,346</u>	<u>83,346</u>
Total Deferred Inflows of Resources	<u>\$21,107</u>	<u>\$707,515</u>	<u>\$728,622</u>

\$53,801 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 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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Year Ending December 31:	OPERS	OP&F	Total
2020	\$403,784	\$82,678	\$486,462
2021	136,162	82,678	218,840
2022	60,522	82,678	143,200
2023	179,655	103,724	283,379
2024	0	70,543	70,543
Thereafter	0	39,852	39,852
Total	<u>\$780,123</u>	<u>\$462,153</u>	<u>\$1,242,276</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.

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, 2017, rolled forward to the measurement date of December 31, 2018. 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	3.96 percent
Prior Measurement date	3.85 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate:	
Current Measurement date	3.71 percent
Prior Measurement date	3.31 percent
Health Care Cost Trend Rate:	
Current Measurement date	10.0 percent, initial 3.25 percent, ultimate in 2029
Prior Measurement date	7.25 percent, initial 3.25 percent, ultimate in 2028
Actuarial Cost Method	Individual Entry Age Normal

In October of 2018, the OPERS Board adopted a change in the investment return assumption, reducing it from 6.5 percent to 6.0 percent. This change was effective for the 2018 valuation.

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

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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 previously described tables.

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

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.

During 2018, 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, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and 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 a loss of 5.6 percent for 2018.

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 following table displays the Board-approved asset allocation policy for 2018 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	2.42 %
Domestic Equities	21.00	6.21
Real Estate Investment Trust	6.00	5.98
International Equities	22.00	7.83
Other investments	17.00	5.57
Total	100.00 %	5.16 %

Discount Rate A single discount rate of 3.96 percent was used to measure the OPEB liability on the measurement date of December 31, 2018. A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. 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

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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 3.71 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 2031. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2031, 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 3.96 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 (2.96 percent) or one-percentage-point higher (4.96 percent) than the current rate:

	1% Decrease (2.96%)	Current Discount Rate (3.96%)	1% Increase (4.96%)
City's proportionate share of the net OPEB liability	\$9,952,289	\$7,779,038	\$6,050,729

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 2019 is 10.00 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 actuary’s 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 3.25 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	\$7,477,343	\$7,779,038	\$8,126,509

Actuarial Assumptions – OP&F

OP&F’s total OPEB liability as of December 31, 2018, is based on the results of an actuarial valuation date of January 1, 2018, 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

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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.

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 as follows:

Valuation Date	January 1, 2018, with actuarial liabilities rolled forward to December 31, 2018
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	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Single discount rate:	
Current measurement date	4.66 percent
Prior measurement date	3.24 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.

<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.

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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 4.66 percent. For 2018, the total OPEB liability was calculated using the discount rate of 3.24 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 4.13 percent at December 31, 2018 and 3.16 percent at December 31, 2017, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 4.66 percent for 2018 and 3.24 percent for 2017. 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 2031. The long-term expected rate of return on health care investments was applied to projected costs through 2031, 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 4.66 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 (3.66 percent), or one percentage point higher (5.66 percent) than the current rate.

	1% Decrease (3.66%)	Current Discount Rate (4.66%)	1% Increase (5.66%)
City's proportionate share of the net OPEB liability	\$2,504,315	\$2,055,627	\$1,678,992

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.

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

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. 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 \$20,000 during 2019.

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 2019. Financial information can be obtained by contacting Ron McVoy, Board Chairman, 31320 Solon Road, Suite 20, Solon, Ohio 44139 or at the website www.nopecinfo.org.

City of Independence, Ohio
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For the Year Ended December 31, 2019

Cuyahoga Valley Council of Governments

The City participates in the Cuyahoga Valley 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 2019, 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 \$183,815 to the CVDC during 2019. 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 350 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 2019, the City paid RITA \$302,693 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.

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

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 and 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
General Obligation Bonds			
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
Special Assessment Bonds			
2018 Rockside Woods N. Sanitary Sewer Bonds	2.50-4.00	3,190,000	December 1, 2043
Ohio Public Works Commission Loans from Direct Borrowings			
2011 Pleasant Valley Intersection	0.00	225,000	January 1, 2032
2015 Pleasant Valley Widening	0.00	4,164,161	January 1, 2036

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

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

	Balance 12/31/18	Additions	Reductions	Balance 12/31/19	Amounts Due in One Year
Governmental Activities					
General Obligation Bonds					
2014 Northeast Quadrant TIF Refunding					
Serial Bonds	\$3,500,000	\$0	(\$245,000)	\$3,255,000	\$255,000
Unamortized Premium	221,278	0	(18,440)	202,838	0
Total 2014 Northeast Quadrant TIF	3,721,278	0	(263,440)	3,457,838	255,000
2011 Various Purpose Refunding					
Serial Bonds	9,285,000	0	(4,755,000)	4,530,000	470,000
Unamortized Premium	524,524	0	(271,329)	253,195	0
Total 2011 Various Purpose Refunding	9,809,524	0	(5,026,329)	4,783,195	470,000
Total General Obligation Bonds	13,530,802	0	(5,289,769)	8,241,033	725,000
Special Assessment Bonds					
2018 Rockside Woods N. Sanitary Sewer					
Serial Bonds	840,000	0	(60,000)	780,000	90,000
Term Bonds	2,350,000	0	0	2,350,000	0
Unamortized Premium	107,520	0	(4,315)	103,205	0
Total Special Assessment Bonds	3,297,520	0	(64,315)	3,233,205	90,000
OPWC Loans from Direct Borrowings					
2011 Pleasant Valley Intersection	151,875	0	(11,250)	140,625	5,625
2015 Pleasant Valley Widening	3,643,641	0	(208,208)	3,435,433	104,104
Total OPWC Loans	3,795,516	0	(219,458)	3,576,058	109,729
Other Long-term Obligations					
Net Pension Liability					
OPERS	8,888,072	6,685,003	0	15,573,075	0
OP&F	13,806,996	4,618,620	0	18,425,616	0
Total Net Pension Liability	22,695,068	11,303,623	0	33,998,691	0
Net OPEB Liability					
OPERS	6,302,718	1,476,320	0	7,779,038	0
OP&F	12,746,089	0	(10,690,462)	2,055,627	0
Total Net OPEB Liability	19,048,807	1,476,320	(10,690,462)	9,834,665	0
Compensated Absences	835,123	318,414	(358,422)	795,115	359,261
Total Other Long-term Obligations	42,578,998	13,098,357	(11,048,884)	44,628,471	359,261
Total General Long-term Obligations	\$63,202,836	\$13,098,357	(\$16,622,426)	\$59,678,767	\$1,283,990

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, 2019, \$4,430,000 of the defeased bonds are still outstanding.

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

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, 2019, \$3,290,000 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, 2019, \$3,370,000 of the defeased bonds are still outstanding.

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 \$3,576,058 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. 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.

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

The City's overall legal debt margin was \$49,942,574 at December 31, 2019. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2019, are as follows:

	General Obligation Bonds		Special Assessment Bonds		From Direct Borrowings OPWC Loan
	Principal	Interest	Principal	Interest	Principal
2020	\$725,000	\$276,125	\$90,000	\$111,519	\$109,729
2021	740,000	256,925	90,000	109,269	329,187
2022	780,000	227,725	100,000	107,019	219,458
2023	735,000	204,325	100,000	104,519	219,458
2024	765,000	181,112	100,000	102,019	219,458
2025-2029	3,685,000	467,112	525,000	466,568	1,097,290
2030-2034	355,000	14,200	625,000	360,217	1,069,165
2035-2039	0	0	770,000	224,019	312,313
2040-2043	0	0	730,000	67,064	0
Total	\$7,785,000	\$1,627,524	\$3,130,000	\$1,652,213	\$3,576,058

Note 17 – Notes Payable

Changes in the City's note activity for the year ended December 31, 2019, were as follows:

Types / Issues	Balance	Additions	Reductions	Balance
	12/31/2018			12/31/2019
Selig Drive Improvements	\$1,850,000	\$1,525,000	(\$1,850,000)	\$1,525,000
Premium on Notes	13,601	10,980	(14,516)	10,065
Southwest Quadrant Improvements	3,800,000	3,300,000	(3,800,000)	3,300,000
Premium on Notes	27,936	23,760	(29,916)	21,780
Northwest Quadrant Improvements	1,300,000	1,300,000	(1,300,000)	1,300,000
Premium on Notes	9,557	9,360	(10,337)	8,580
Northeast Quadrant Improvements	5,350,000	11,250,000	(5,350,000)	11,250,000
Premium on Notes	39,331	81,000	(46,081)	74,250
Total Short-Term Notes	\$12,390,425	\$17,500,100	(\$12,400,850)	\$17,489,675

All the notes are backed by the full faith and credit of the City of Independence and mature within one year. The maturity date for all outstanding notes is December 4, 2020. The note liability is reflected in the funds which received the proceeds. All note proceeds have been fully expended. The notes will be paid out of the quadrant tax increment financing debt service fund with payments in lieu of taxes.

By Ohio law, notes can be issued in anticipation of bond proceeds, special assessment bond proceeds and levies, or for up to 50 percent of anticipated revenue collections. There are limitations on the number of times a note can be renewed. All notes outstanding at year-end are bond anticipation notes. As the result, the \$17,489,675 liability outstanding at December 31, 2019, was presented as a fund liability in the financial statements.

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 18 – Interfund Transactions

Interfund Balances

Interfund Payable	Interfund Receivable		Totals
	General	Other Governmental Funds	
Quadrant Tax Increment Financing	\$20,168,500	\$680,000	\$20,848,500
Street Resurfacing	1,100,000	0	1,100,000
Other Governmental Funds	125,000	0	125,000
Total	\$21,393,500	\$680,000	\$22,073,500

The interfund receivables and payables are advances for grant monies and payment in lieu of tax revenue that were not repaid by year end. The City advances grant monies in the event that the award was not received when expected. The City advances money to fund the various TIF projects. All interfund balances, except the balance of \$20,168,500, are expected to be repaid within one year.

Interfund Transfers

Interfund transfers for the year ended December 31, 2019, consisted of the following:

Transfer To	Transfer From			Total
	General	Quadrant Tax Increment Financing	Other Governmental	
Major Funds:				
Quadrant Tax Increment Financing	\$1,850,000	\$0	\$0	\$1,850,000
Street Resurfacing	5,800,000	0	0	5,800,000
Total Major Funds	7,650,000	0	0	7,650,000
Other Governmental Funds:				
Street Construction, Maintenance and Repair	700,000	0	0	700,000
Twenty-Five and Alive	2,000	0	0	2,000
I Can	2,000	0	0	2,000
Cemetery	60,000	0	0	60,000
Recreation	200,000	0	0	200,000
Police Pension	550,000	0	0	550,000
Non-TIF Project	4,546,000	0	252,100	4,798,100
TIF Projects	0	1,149,800	0	1,149,800
Capital Improvements	1,200,000	0	0	1,200,000
Drain Water	225,000	0	0	225,000
Public Safety Equipment	375,000	0	0	375,000
Route 21 and Pleasant Valley	11,500	0	0	11,500
Total Other Governmental Funds	7,871,500	1,149,800	252,100	9,273,400
Internal Service	300,000	0	0	300,000
Total	\$15,821,500	\$1,149,800	\$252,100	\$17,223,400

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

The general fund transfer to the street resurfacing capital projects fund and street construction, maintenance and repair special revenue fund were made to pay for street improvement and maintenance costs. The general fund transfers to the twenty-five and alive, I can, cemetery and recreation special revenue funds were to provide additional support for these various programs and services. The general fund transfer to the internal service fund was to provide resources for claims. The general fund transfer to the police pension special revenue fund was to pay the annual liability and payment to the police pension system not covered by property tax revenue. The general fund transfer to the non-TIF project debt service fund was to pay for debt service requirements and advance refunding of bonds. 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 other governmental transfers to the non-TIF project debt service fund was to pay for debt service requirements.

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	\$1,274,492
HIDTA	7,035
Quadrant Tax Increment Financing	9,004,274
Street Resurfacing	10,577,817
Other Governmental Funds	6,525,143
<i>Total Governmental Funds</i>	<u>\$27,388,761</u>
Internal Service Fund	<u>\$103,611</u>

Contractual Commitments

As of December 31, 2019, the City had the following contract balances for various construction projects:

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Project	Original Contract	Amount Paid to Date	Remaining Amount
All-Purpose Trail	\$4,327,200	\$4,158,961	\$168,239
Brecksville Road (21 to Cloverleaf)	1,349,293	461,867	887,426
Brettin Drive	1,419,633	1,128,169	291,464
Brookside/Bramley	5,813,210	2,007,260	3,805,950
Evergreen & Tanglewood Drive	493,605	410,496	83,109
Lafayette Subdivision	3,206,397	1,256,265	1,950,132
Lower Rockside Road Bridge Lighting	80,000	36,100	43,900
Oaktree Streetscape	487,135	484,275	2,860
Old Rockside Road Bridge	1,732,524	540,826	1,191,698
Park Improvements Downtown	517,655	514,876	2,779
Plaza Drive & Heritage Way	50,000	40,016	9,984
Pleasant Valley & Midland Signal	308,578	276,443	32,135
Rockside Road - IMS	300,000	197,158	102,842
Rockside Woods Boulevard North	10,172,067	5,470,644	4,701,423
Upper Brookside	2,227,474	29,250	2,198,224
West Creek Road	1,448,613	1,407,879	40,734
Total	<u>\$33,933,384</u>	<u>\$18,420,485</u>	<u>\$15,512,899</u>

Remaining commitment amounts were encumbered at year end.

Note 20 – Change in Accounting Principle and Restatement of Net Position

Changes in Accounting Principles

The Governmental Accounting Standards Board (GASB) recently issued GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The City evaluated implementing these certain GASB pronouncements based on the guidance in GASB 95.

For 2019, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* and related guidance from (GASB) Implementation Guide No. 2019-2, *Fiduciary Activities*.

For 2019, the City also implemented the Governmental Accounting Standards Board's (GASB) *Implementation Guide No. 2018-1*. These changes were incorporated in the City's 2019 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 84 established specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the City will no longer be reporting agency funds. The City reviewed its agency funds and certain funds will be reported in the new fiduciary fund classification of custodial funds, while other funds have been reclassified as governmental funds. These fund reclassifications resulted in the restatement of the City's financial statements.

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

GASB Statement 88 improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. These changes were incorporated in the City's fiscal year 2019 financial statements; however, there was no effect on beginning net position/fund balance.

Restatement of Fund Balances and Net Position

The implementation of GASB Statement No. 84 had the following effect on fund balance as of December 31, 2018:

	<u>General</u>	<u>HIDTA</u>	<u>Quadrant Tax Increment Financing</u>
Fund Balances, December 31, 2018	\$32,792,574	\$150,141	(\$24,134,782)
Adjustments:			
GASB Statement 84	<u>(33,592)</u>	<u>0</u>	<u>0</u>
Restated Fund Balances, December 31, 2018	<u><u>\$32,758,982</u></u>	<u><u>\$150,141</u></u>	<u><u>(\$24,134,782)</u></u>

	<u>Street Resurfacing</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balances, December 31, 2018	\$9,485,919	\$8,216,139	\$26,509,991
Adjustments:			
GASB Statement 84	<u>0</u>	<u>2,843</u>	<u>(30,749)</u>
Restated Fund Balances, December 31, 2018	<u><u>\$9,485,919</u></u>	<u><u>\$8,218,982</u></u>	<u><u>\$26,479,242</u></u>

The implementation of GASB Statement No. 84 had the following effect on net position as of December 31, 2018:

	<u>Governmental Activities</u>
Net Position December 31, 2018	\$90,696,163
Adjustments:	
GASB Statement 84	<u>(30,749)</u>
Restated Net Position December 31, 2018	<u><u>\$90,665,414</u></u>

The implementation of GASB Statement No. 84 had the following effect on fiduciary net position as of December 31, 2018:

City of Independence, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

	Fiduciary Funds	
	Agency	Custodial
Net Position December 31, 2018	\$0	\$0
Adjustments:		
Assets	(642,620)	30,749
Liabilities	(642,620)	21,651
Restated Net Position December 31, 2018	\$0	\$9,098

Note 19 – Subsequent Event

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 ensuing emergency measures will impact subsequent periods of the City. The City’s investment portfolio and the investments of the pension and other employee benefit plans in which the City participates fluctuate with market conditions, and due to market volatility, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the City’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

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 Six Years (1)

	2019	2018	2017
City's Proportion of the Net Pension Liability	0.05686100%	0.05665500%	0.05729900%
City's Proportionate Share of the Net Pension Liability	\$15,573,075	\$8,888,072	\$13,011,628
City's Covered Payroll	\$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	228.05%	118.72%	175.66%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	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
0.05849400%	0.05822900%	0.05822900%
\$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 Two Years (1)

	2019	2018
City's Proportion of the Net Pension Asset	0.06369300%	0.05538700%
City's Proportionate Share of the Net Pension Asset	\$71,224	\$75,399
City's Covered Payroll	\$240,443	\$226,838
City's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	-29.62%	-33.24%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset	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 Three Years (1)

	2019	2018	2017
City's Proportion of the Net OPEB Liability	0.0596660%	0.0580400%	0.0560000%
City's Proportionate Share of the Net OPEB Liability	\$7,779,038	\$6,302,718	\$5,656,190
City's Covered Payroll	\$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	101.17%	76.67%	73.09%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	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 Six Years (1)

	2019	2018	2017
City's Proportion of the Net Pension Liability	0.2257310%	0.2249630%	0.2269520%
City's Proportionate Share of the Net Pension Liability	\$18,425,616	\$13,806,996	\$14,374,911
City's Covered Payroll	\$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	353.45%	277.54%	300.93%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	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 Three Years (1)

	2019	2018	2017
City's Proportion of the Net OPEB Liability	0.2257310%	0.2249630%	0.2269520%
City's Proportionate Share of the Net OPEB Liability	\$2,055,627	\$12,746,089	\$10,772,901
City's Covered Payroll	\$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	39.43%	256.21%	225.53%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	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 Seven Years (1)

	2019	2018	2017	2016
Net Pension Liability - Traditional Plan				
Contractually Required Contribution	\$990,470	\$956,035	\$973,259	\$888,860
Contributions in Relation to the Contractually Required Contribution	(990,470)	(956,035)	(973,259)	(888,860)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$7,074,786	\$6,828,821	\$7,486,608	\$7,407,167
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>13.00%</u>	<u>12.00%</u>
Net Pension Liability - Combined Plan				
Contractually Required Contribution	\$31,719	\$33,662	\$29,489	\$17,455
Contributions in Relation to the Contractually Required Contribution	(31,719)	(33,662)	(29,489)	(17,455)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$226,564	\$240,443	\$226,838	\$145,458
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>13.00%</u>	<u>12.00%</u>
Net OPEB Liability - OPEB Plan (2)				
Contractually Required Contribution	\$26,611	\$24,805	\$97,408	\$158,504
Contributions in Relation to the Contractually Required Contribution	(26,611)	(24,805)	(97,408)	(158,504)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll (3)	\$7,966,625	\$7,689,389	\$8,220,296	\$7,738,900
OPEB Contributions as a Percentage of Covered Payroll	<u>0.33%</u>	<u>0.32%</u>	<u>1.18%</u>	<u>2.05%</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.

<u>2015</u>	<u>2014</u>	<u>2013</u>
\$873,610	\$856,690	\$910,447
<u>(873,610)</u>	<u>(856,690)</u>	<u>(910,447)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$7,280,083	\$7,139,083	\$7,003,438
<u>12.00%</u>	<u>12.00%</u>	<u>13.00%</u>
\$9,447	\$8,643	\$8,901
<u>(9,447)</u>	<u>(8,643)</u>	<u>(8,901)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$78,725	\$72,025	\$68,469
<u>12.00%</u>	<u>12.00%</u>	<u>13.00%</u>

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

	2019	2018	2017	2016
Net Pension Liability				
Contractually Required Contribution	\$1,127,482	\$1,079,917	\$1,033,612	\$991,894
Contributions in Relation to the Contractually Required Contribution	<u>(1,127,482)</u>	<u>(1,079,917)</u>	<u>(1,033,612)</u>	<u>(991,894)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll (1)	\$5,437,928	\$5,213,083	\$4,974,812	\$4,776,754
Pension Contributions as a Percentage of Covered Payroll	<u>20.73%</u>	<u>20.72%</u>	<u>20.78%</u>	<u>20.77%</u>
Net OPEB Liability				
Contractually Required Contribution	\$27,190	\$26,066	\$24,874	\$23,884
Contributions in Relation to the Contractually Required Contribution	<u>(27,190)</u>	<u>(26,066)</u>	<u>(24,874)</u>	<u>(23,884)</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>21.23%</u>	<u>21.22%</u>	<u>21.28%</u>	<u>21.27%</u>

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

See accompanying notes to the required supplementary information.

2015	2014	2013	2012	2011	2010
\$946,316	\$915,539	\$756,233	\$619,797	\$631,679	\$658,058
<u>(946,316)</u>	<u>(915,539)</u>	<u>(756,233)</u>	<u>(619,797)</u>	<u>(631,679)</u>	<u>(658,058)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$4,561,994	\$4,415,260	\$4,301,102	\$4,293,869	\$4,359,499	\$4,536,830
<u>20.74%</u>	<u>20.74%</u>	<u>17.58%</u>	<u>14.43%</u>	<u>14.49%</u>	<u>14.50%</u>
\$22,810	\$22,077	\$155,557	\$289,836	\$294,266	\$306,236
<u>(22,810)</u>	<u>(22,077)</u>	<u>(155,557)</u>	<u>(289,836)</u>	<u>(294,266)</u>	<u>(306,236)</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>3.62%</u>	<u>6.75%</u>	<u>6.75%</u>	<u>6.75%</u>
<u>21.24%</u>	<u>21.24%</u>	<u>21.20%</u>	<u>21.18%</u>	<u>21.24%</u>	<u>21.25%</u>

City of Independence, Ohio
Notes to the Required Supplementary Information
For the year ended December 31, 2019

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 beginning in 2017 and in 2016 and prior are presented as follows:

	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	3 percent, simple through 2018, then 2.15 percent, simple	3 percent, simple through 2018, then 2.15 percent, simple	3 percent, simple through 2018, then 2.8 percent, simple
Investment Rate of Return	7.2 percent	7.5 percent	8 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age	Individual Entry Age

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 previously 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.

Changes in Assumptions – OPERS Pension – Combined 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 as follows:

City of Independence, Ohio
Notes to the Required Supplementary Information
For the year ended December 31, 2019

	Beginning in 2018	2017 and Prior
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.

Age	Police	Fire
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.

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

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

For 2019, the single discount rate changed from 3.85 percent to 3.96 percent and the municipal bond rate changed from 3.31 percent to 3.71 percent. For 2019, the health care cost trend rate was 10 percent, initial; 3.25 ultimate in 2029. For 2018, the health care cost trend rate was 7.25 percent, initial; 3.25 percent ultimate in 2028.

For 2018, the single discount rate changed from 4.23 percent to 3.85 percent.

City of Independence, Ohio
Notes to the Required Supplementary Information
For the year ended December 31, 2019

Changes in Assumptions – OP&F OPEB

For 2019, the single discount rate changed from 3.24 percent to 4.66 percent.

For 2018, the single discount rate changed from 3.79 percent to 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.

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.

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

(continued)

Nonmajor Special Revenue Funds (continued)

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

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

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

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

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

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

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

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

Nonmajor Debt Service 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.

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.

(continued)

Nonmajor Capital Projects Funds (continued)

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.

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City of Independence, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2019

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$2,661,987	\$201,406	\$4,963,033	\$7,826,426
Cash and Cash Equivalents In Segregated Accounts	1,102	0	0	1,102
Interfund Receivable	0	0	680,000	680,000
Intergovernmental Receivable	327,089	0	65,350	392,439
Prepaid Items	566	0	433	999
Accrued Interest Receivable	1,679	0	0	1,679
Special Assessments Receivable	0	0	3,287,157	3,287,157
Property Taxes Receivable	135,430	0	0	135,430
<i>Total Assets</i>	<u>\$3,127,853</u>	<u>\$201,406</u>	<u>\$8,995,973</u>	<u>\$12,325,232</u>
Liabilities				
Accounts Payable	\$31,575	\$0	\$31,551	\$63,126
Accrued Wages	28,387	0	0	28,387
Contracts Payable	0	0	23,339	23,339
Intergovernmental Payable	63,493	0	973	64,466
Retainage Payable	0	0	16,404	16,404
Interfund Payable	100,000	0	25,000	125,000
<i>Total Liabilities</i>	<u>223,455</u>	<u>0</u>	<u>97,267</u>	<u>320,722</u>
Deferred Inflows of Resources				
Property Taxes	132,032	0	0	132,032
Unavailable Revenue	276,288	0	3,287,157	3,563,445
<i>Total Deferred Inflows of Resources</i>	<u>408,320</u>	<u>0</u>	<u>3,287,157</u>	<u>3,695,477</u>
Fund Balances				
Nonspendable	566	0	433	999
Restricted	1,879,975	201,151	4,551,528	6,632,654
Committed	645,948	0	0	645,948
Assigned	0	255	1,082,994	1,083,249
Unassigned (Deficit)	(30,411)	0	(23,406)	(53,817)
<i>Total Fund Balances</i>	<u>2,496,078</u>	<u>201,406</u>	<u>5,611,549</u>	<u>8,309,033</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$3,127,853</u>	<u>\$201,406</u>	<u>\$8,995,973</u>	<u>\$12,325,232</u>

City of Independence, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2019

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Property Taxes	\$131,932	\$0	\$0	\$131,932
Intergovernmental	1,821,070	0	97,943	1,919,013
Investment Income	10,256	0	0	10,256
Fees, Licenses and Permits	422,996	0	0	422,996
Fines and Forfeitures	116,173	0	0	116,173
Charges for Services	22,990	0	0	22,990
Rentals	0	0	11,545	11,545
Special Assessments	0	0	198,880	198,880
Miscellaneous	80,210	0	1,280	81,490
<i>Total Revenues</i>	<u>2,605,627</u>	<u>0</u>	<u>309,648</u>	<u>2,915,275</u>
Expenditures				
Current:				
General Government	1,268,427	0	0	1,268,427
Security of Persons and Property	758,230	0	0	758,230
Public Health and Welfare	72,067	0	0	72,067
Leisure Time Activities	568,266	0	0	568,266
Transportation	1,287,104	0	0	1,287,104
Capital Outlay	0	0	2,008,162	2,008,162
Debt Service:				
Principal Retirement	0	963,208	11,250	974,458
Payment to Refunded Bond Escrow Agent	0	4,464,877	0	4,464,877
Interest and Fiscal Charges	0	444,933	0	444,933
<i>Total Expenditures</i>	<u>3,954,094</u>	<u>5,873,018</u>	<u>2,019,412</u>	<u>11,846,524</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,348,467)</u>	<u>(5,873,018)</u>	<u>(1,709,764)</u>	<u>(8,931,249)</u>
Other Financing Sources (Uses)				
Transfers In	1,514,000	5,947,900	1,811,500	9,273,400
Transfers Out	0	0	(252,100)	(252,100)
<i>Total Other Financing Sources (Uses)</i>	<u>1,514,000</u>	<u>5,947,900</u>	<u>1,559,400</u>	<u>9,021,300</u>
<i>Net Change in Fund Balances</i>	165,533	74,882	(150,364)	90,051
<i>Fund Balances</i>				
<i>Beginning of Year - Restated (See Note 20)</i>	<u>2,330,545</u>	<u>126,524</u>	<u>5,761,913</u>	<u>8,218,982</u>
<i>Fund Balances End of Year</i>	<u>\$2,496,078</u>	<u>\$201,406</u>	<u>\$5,611,549</u>	<u>\$8,309,033</u>

City of Independence, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2019

	State Highway	Motor Vehicle License Tax	Street Construction, Maintenance and Repair	Enforcement and Education	Drug Offense
Assets					
Equity in Pooled Cash and Cash Equivalents	\$102,746	\$71,126	\$743,819	\$14,374	\$47,769
Cash and Cash Equivalents In Segregated Accounts	0	0	0	0	0
Intergovernmental Receivable	23,146	10,238	285,466	0	0
Prepaid Items	0	0	0	0	0
Accrued Interest Receivable	0	0	1,679	0	0
Property Taxes Receivable	0	0	0	0	0
<i>Total Assets</i>	<u>\$125,892</u>	<u>\$81,364</u>	<u>\$1,030,964</u>	<u>\$14,374</u>	<u>\$47,769</u>
Liabilities					
Accounts Payable	\$0	\$0	\$12,177	\$0	\$0
Accrued Wages	0	0	21,148	0	0
Intergovernmental Payable	0	0	4,848	0	0
Interfund Payable	0	0	0	0	0
<i>Total Liabilities</i>	<u>0</u>	<u>0</u>	<u>38,173</u>	<u>0</u>	<u>0</u>
Deferred Inflows of Resources					
Property Taxes	0	0	0	0	0
Unavailable Revenue	19,375	8,514	238,964	0	0
<i>Total Deferred Inflows of Resources</i>	<u>19,375</u>	<u>8,514</u>	<u>238,964</u>	<u>0</u>	<u>0</u>
Fund Balances					
Nonspendable	0	0	0	0	0
Restricted	106,517	72,850	753,827	14,374	47,769
Committed	0	0	0	0	0
Unassigned (Deficit)	0	0	0	0	0
<i>Total Fund Balances (Deficit)</i>	<u>106,517</u>	<u>72,850</u>	<u>753,827</u>	<u>14,374</u>	<u>47,769</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$125,892</u>	<u>\$81,364</u>	<u>\$1,030,964</u>	<u>\$14,374</u>	<u>\$47,769</u>

<u>Law Enforcement</u>	<u>Federal Forfeiture</u>	<u>Strike Force</u>	<u>Mayor's Court Computer</u>	<u>FEMA Grant</u>
\$38,909	\$37,971	\$69,589	\$39,293	\$4,280
0	0	0	1,102	0
2,202	275	0	0	0
0	283	0	283	0
0	0	0	0	0
0	0	0	0	0
<u>\$41,111</u>	<u>\$38,529</u>	<u>\$69,589</u>	<u>\$40,678</u>	<u>\$4,280</u>
\$0	\$0	\$0	\$0	\$0
0	0	0	0	0
0	600	0	100	0
0	0	100,000	0	0
0	600	100,000	100	0
0	0	0	0	0
0	275	0	0	0
0	275	0	0	0
0	283	0	283	0
41,111	37,371	0	40,295	4,280
0	0	0	0	0
0	0	(30,411)	0	0
<u>41,111</u>	<u>37,654</u>	<u>(30,411)</u>	<u>40,578</u>	<u>4,280</u>
<u>\$41,111</u>	<u>\$38,529</u>	<u>\$69,589</u>	<u>\$40,678</u>	<u>\$4,280</u>

(continued)

City of Independence, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2019

	Handicap Parking	Friends for Life	Twenty- Five and Alive	Home Days	I Can
Assets					
Equity in Pooled Cash and Cash Equivalents	\$28,108	\$2,085	\$19,297	\$43,919	\$32,371
Cash and Cash Equivalents In Segregated Accounts	0	0	0	0	0
Intergovernmental Receivable	0	0	0	0	0
Prepaid Items	0	0	0	0	0
Accrued Interest Receivable	0	0	0	0	0
Property Taxes Receivable	0	0	0	0	0
<i>Total Assets</i>	<u>\$28,108</u>	<u>\$2,085</u>	<u>\$19,297</u>	<u>\$43,919</u>	<u>\$32,371</u>
Liabilities					
Accounts Payable	\$0	\$0	\$0	\$0	\$2,263
Accrued Wages	0	0	0	0	0
Intergovernmental Payable	0	0	0	0	0
Interfund Payable	0	0	0	0	0
<i>Total Liabilities</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,263</u>
Deferred Inflows of Resources					
Property Taxes	0	0	0	0	0
Unavailable Revenue	0	0	0	0	0
<i>Total Deferred Inflows of Resources</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances					
Nonspendable	0	0	0	0	0
Restricted	0	0	0	0	0
Committed	28,108	2,085	19,297	43,919	30,108
Unassigned (Deficit)	0	0	0	0	0
<i>Total Fund Balances (Deficit)</i>	<u>28,108</u>	<u>2,085</u>	<u>19,297</u>	<u>43,919</u>	<u>30,108</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$28,108</u>	<u>\$2,085</u>	<u>\$19,297</u>	<u>\$43,919</u>	<u>\$32,371</u>

<u>Tree</u>	<u>Cemetery</u>	<u>Recreation</u>	<u>Police Pension</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$37,952	\$37,989	\$472,964	\$817,426	\$2,661,987
0	0	0	0	1,102
0	0	0	5,762	327,089
0	0	0	0	566
0	0	0	0	1,679
0	0	0	135,430	135,430
<u>\$37,952</u>	<u>\$37,989</u>	<u>\$472,964</u>	<u>\$958,618</u>	<u>\$3,127,853</u>
\$0	\$0	\$17,135	\$0	\$31,575
0	1,864	5,375	0	28,387
0	613	1,487	55,845	63,493
0	0	0	0	100,000
0	2,477	23,997	55,845	223,455
0	0	0	132,032	132,032
0	0	0	9,160	276,288
0	0	0	141,192	408,320
0	0	0	0	566
0	0	0	761,581	1,879,975
37,952	35,512	448,967	0	645,948
0	0	0	0	(30,411)
<u>37,952</u>	<u>35,512</u>	<u>448,967</u>	<u>761,581</u>	<u>2,496,078</u>
<u>\$37,952</u>	<u>\$37,989</u>	<u>\$472,964</u>	<u>\$958,618</u>	<u>\$3,127,853</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, 2019

	State Highway	Motor Vehicle License Tax	Street Construction, Maintenance and Repair	Enforcement and Education	Drug Offense
Revenues					
Property Taxes	\$0	\$0	\$0	\$0	\$0
Intergovernmental	43,988	23,997	542,515	0	0
Investment Income	929	549	8,778	0	0
Fees, Licenses and Permits	0	0	0	0	0
Fines and Forfeitures	0	0	0	350	2,568
Charges for Services	0	0	0	0	0
Miscellaneous	0	0	0	0	0
<i>Total Revenues</i>	<u>44,917</u>	<u>24,546</u>	<u>551,293</u>	<u>350</u>	<u>2,568</u>
Expenditures					
Current:					
General Government	0	0	0	0	0
Security of Persons and Property	0	0	0	500	0
Public Health and Welfare	0	0	0	0	0
Leisure Time Activities	0	0	0	0	0
Transportation	15,527	25,000	1,246,577	0	0
<i>Total Expenditures</i>	<u>15,527</u>	<u>25,000</u>	<u>1,246,577</u>	<u>500</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	29,390	(454)	(695,284)	(150)	2,568
Other Financing Sources (Uses)					
Transfers In	0	0	700,000	0	0
<i>Net Change in Fund Balances</i>	29,390	(454)	4,716	(150)	2,568
<i>Fund Balances (Deficit) Beginning of Year - Restated (See Note 20)</i>	<u>77,127</u>	<u>73,304</u>	<u>749,111</u>	<u>14,524</u>	<u>45,201</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$106,517</u>	<u>\$72,850</u>	<u>\$753,827</u>	<u>\$14,374</u>	<u>\$47,769</u>

Law Enforcement	Federal Forfeiture	Strike Force	Mayor's Court Computer	FEMA Grant
\$0	\$0	\$0	\$0	\$0
0	23,945	1,171,968	0	3,133
0	0	0	0	0
0	0	0	0	0
62,121	30,965	0	19,889	0
0	0	0	0	0
0	0	0	0	0
<u>62,121</u>	<u>54,910</u>	<u>1,171,968</u>	<u>19,889</u>	<u>3,133</u>
0	0	1,189,760	13,979	0
54,676	42,536	0	0	3,288
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
<u>54,676</u>	<u>42,536</u>	<u>1,189,760</u>	<u>13,979</u>	<u>3,288</u>
7,445	12,374	(17,792)	5,910	(155)
0	0	0	0	0
<u>7,445</u>	<u>12,374</u>	<u>(17,792)</u>	<u>5,910</u>	<u>(155)</u>
<u>33,666</u>	<u>25,280</u>	<u>(12,619)</u>	<u>34,668</u>	<u>4,435</u>
<u>\$41,111</u>	<u>\$37,654</u>	<u>(\$30,411)</u>	<u>\$40,578</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, 2019

	Handicap Parking	Friends for Life	Twenty- Five and Alive	Home Days	I Can
Revenues					
Property Taxes	\$0	\$0	\$0	\$0	\$0
Intergovernmental	0	0	0	0	0
Investment Income	0	0	0	0	0
Fees, Licenses and Permits	0	0	0	0	0
Fines and Forfeitures	280	0	0	0	0
Charges for Services	0	0	0	0	0
Miscellaneous	0	0	815	60,809	9,853
<i>Total Revenues</i>	<u>280</u>	<u>0</u>	<u>815</u>	<u>60,809</u>	<u>9,853</u>
Expenditures					
Current:					
General Government	0	0	1,629	54,951	8,108
Security of Persons and Property	0	0	0	0	0
Public Health and Welfare	0	0	0	0	0
Leisure Time Activities	0	0	0	0	0
Transportation	0	0	0	0	0
<i>Total Expenditures</i>	<u>0</u>	<u>0</u>	<u>1,629</u>	<u>54,951</u>	<u>8,108</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	280	0	(814)	5,858	1,745
Other Financing Sources (Uses)					
Transfers In	0	0	2,000	0	2,000
<i>Net Change in Fund Balances</i>	280	0	1,186	5,858	3,745
<i>Fund Balances (Deficit) Beginning of Year - Restated (See Note 20)</i>	<u>27,828</u>	<u>2,085</u>	<u>18,111</u>	<u>38,061</u>	<u>26,363</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$28,108</u>	<u>\$2,085</u>	<u>\$19,297</u>	<u>\$43,919</u>	<u>\$30,108</u>

Tree	Cemetery	Recreation	Police Pension	Total Nonmajor Special Revenue Funds
\$0	\$0	\$0	\$131,932	\$131,932
0	0	0	11,524	1,821,070
0	0	0	0	10,256
0	0	422,996	0	422,996
0	0	0	0	116,173
0	22,990	0	0	22,990
0	0	8,733	0	80,210
0	22,990	431,729	143,456	2,605,627
0	0	0	0	1,268,427
0	0	0	657,230	758,230
0	72,067	0	0	72,067
0	0	568,266	0	568,266
0	0	0	0	1,287,104
0	72,067	568,266	657,230	3,954,094
0	(49,077)	(136,537)	(513,774)	(1,348,467)
0	60,000	200,000	550,000	1,514,000
0	10,923	63,463	36,226	165,533
37,952	24,589	385,504	725,355	2,330,545
\$37,952	\$35,512	\$448,967	\$761,581	\$2,496,078

City of Independence, Ohio
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2019

	Bond Retirement	Non -TIF Project	TIF Projects	Total Nonmajor Debt Service Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$50,557	\$255	\$150,594	\$201,406
Fund Balances				
Restricted	\$50,557	\$0	\$150,594	\$201,151
Assigned	0	255	0	255
<i>Total Fund Balances</i>	\$50,557	\$255	\$150,594	\$201,406

City of Independence, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended December 31, 2019

	Bond Retirement	Non -TIF Project	TIF Projects	Total Nonmajor Debt Service Funds
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Debt Service:				
Principal Retirement	0	106,500	856,708	963,208
Payment to Refunded Bond Escrow Agent	0	4,464,877	0	4,464,877
Interest and Fiscal Charges	375	226,566	217,992	444,933
<i>Total Expenditures</i>	375	4,797,943	1,074,700	5,873,018
<i>Excess of Revenues Over (Under) Expenditures</i>	(375)	(4,797,943)	(1,074,700)	(5,873,018)
Other Financing Sources (Uses)				
Transfers In	0	4,798,100	1,149,800	5,947,900
<i>Net Change in Fund Balances</i>	(375)	157	75,100	74,882
<i>Fund Balances Beginning of Year</i>	50,932	98	75,494	126,524
<i>Fund Balances End of Year</i>	\$50,557	\$255	\$150,594	\$201,406

City of Independence, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2019

	Capital Improvements	Drain Water	Rockside Woods
Assets			
Equity in Pooled Cash and Cash Equivalents	\$3,739,856	\$50,823	\$1,594
Interfund Receivable	680,000	0	0
Intergovernmental Receivable	0	65,350	0
Prepaid Items	0	0	0
Special Assessments Receivable	0	0	3,130,000
<i>Total Assets</i>	<u>\$4,419,856</u>	<u>\$116,173</u>	<u>\$3,131,594</u>
Liabilities			
Accounts Payable	\$20,244	\$0	\$0
Contracts Payable	0	23,339	0
Intergovernmental Payable	0	973	0
Retainage Payable	0	16,404	0
Interfund Payable	0	0	25,000
<i>Total Liabilities</i>	<u>20,244</u>	<u>40,716</u>	<u>25,000</u>
Deferred Inflows of Resources			
Unavailable Revenue	0	0	3,130,000
Fund Balances			
Nonspendable	0	0	0
Restricted	4,399,612	75,457	0
Assigned	0	0	0
Unassigned (Deficit)	0	0	(23,406)
<i>Total Fund Balances</i>	<u>4,399,612</u>	<u>75,457</u>	<u>(23,406)</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$4,419,856</u>	<u>\$116,173</u>	<u>\$3,131,594</u>

<u>Issue II</u>	<u>Public Safety Equipment</u>	<u>Route 21 and Pleasant Valley</u>	<u>Total Nonmajor Capital Projects Funds</u>
\$76,459	\$1,092,206	\$2,095	\$4,963,033
0	0	0	680,000
0	0	0	65,350
0	433	0	433
157,157	0	0	3,287,157
<u>\$233,616</u>	<u>\$1,092,639</u>	<u>\$2,095</u>	<u>\$8,995,973</u>
\$0	\$11,307	\$0	\$31,551
0	0	0	23,339
0	0	0	973
0	0	0	16,404
0	0	0	25,000
0	11,307	0	97,267
157,157	0	0	3,287,157
0	433	0	433
76,459	0	0	4,551,528
0	1,080,899	2,095	1,082,994
0	0	0	(23,406)
76,459	1,081,332	2,095	5,611,549
<u>\$233,616</u>	<u>\$1,092,639</u>	<u>\$2,095</u>	<u>\$8,995,973</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, 2019

	Capital Improvements	Drain Water	Rockside Woods
Revenues			
Intergovernmental	\$27,093	\$70,850	\$0
Rentals	11,545	0	0
Special Assessments	0	0	164,168
Miscellaneous	1,280	0	0
<i>Total Revenues</i>	<u>39,918</u>	<u>70,850</u>	<u>164,168</u>
Expenditures			
Capital Outlay	1,292,259	604,453	0
Debt Service:			
Principal Retirement	0	0	0
<i>Total Expenditures</i>	<u>1,292,259</u>	<u>604,453</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,252,341)</u>	<u>(533,603)</u>	<u>164,168</u>
Other Financing Sources (Uses)			
Transfers In	1,200,000	225,000	0
Transfers Out	0	0	(198,000)
<i>Total Other Financing Sources (Uses)</i>	<u>1,200,000</u>	<u>225,000</u>	<u>(198,000)</u>
<i>Net Change in Fund Balances</i>	(52,341)	(308,603)	(33,832)
<i>Fund Balances Beginning of Year</i>	<u>4,451,953</u>	<u>384,060</u>	<u>10,426</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>\$4,399,612</u></u>	<u><u>\$75,457</u></u>	<u><u>(\$23,406)</u></u>

Issue II	Public Safety Equipment	Route 21 and Pleasant Valley	Total Nonmajor Capital Projects Funds
\$0	\$0	\$0	\$97,943
0	0	0	11,545
34,712	0	0	198,880
0	0	0	1,280
34,712	0	0	309,648
0	111,450	0	2,008,162
0	0	11,250	11,250
0	111,450	11,250	2,019,412
34,712	(111,450)	(11,250)	(1,709,764)
0	375,000	11,500	1,811,500
(54,100)	0	0	(252,100)
(54,100)	375,000	11,500	1,559,400
(19,388)	263,550	250	(150,364)
95,847	817,782	1,845	5,761,913
\$76,459	\$1,081,332	\$2,095	\$5,611,549

**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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$832,778	\$833,129	\$841,193	\$8,064
Municipal Income Taxes	33,284,104	33,296,926	33,641,145	344,219
Hotel/Motel Taxes	1,325,114	1,325,624	1,337,422	11,798
Amusement Taxes	22,535	22,543	22,744	201
Intergovernmental	311,215	311,307	313,428	2,121
Investment Income	475,166	475,349	479,580	4,231
Fees, Licenses and Permits	401,839	401,993	405,571	3,578
Fines and Forfeitures	335,376	335,505	338,491	2,986
Charges for Services	616,507	616,744	622,233	5,489
Rentals	254,327	254,425	256,689	2,264
Miscellaneous	899,400	899,766	908,213	8,447
<i>Total Revenues</i>	<u>38,758,361</u>	<u>38,773,311</u>	<u>39,166,709</u>	<u>393,398</u>
Expenditures				
Current:				
General Government:				
Mayor:				
Salaries and Wages	252,400	251,200	250,513	687
Benefits	101,000	92,000	89,944	2,056
Other	33,100	16,600	13,029	3,571
Total Mayor	<u>386,500</u>	<u>359,800</u>	<u>353,486</u>	<u>6,314</u>
Finance Department:				
Salaries and Wages	371,400	317,400	313,699	3,701
Benefits	154,700	136,700	134,519	2,181
Other	17,400	6,400	5,598	802
Total Finance Department	<u>543,500</u>	<u>460,500</u>	<u>453,816</u>	<u>6,684</u>
Council:				
Salaries and Wages	153,200	143,700	142,745	955
Benefits	189,200	189,200	187,372	1,828
Other	10,200	10,200	7,077	3,123
Total Council	<u>352,600</u>	<u>343,100</u>	<u>337,194</u>	<u>5,906</u>
Law Director:				
Other	<u>\$282,400</u>	<u>\$282,400</u>	<u>\$279,199</u>	<u>\$3,201</u>

(continued)

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Other:				
Salaries and Wages	\$99,300	\$92,900	\$92,528	\$372
Benefits	251,400	233,400	227,417	5,983
Insurance	389,000	439,000	436,785	2,215
Professional Fees	622,073	719,073	678,756	40,317
Other	1,739,687	1,820,687	1,792,139	28,548
Total Other	3,101,460	3,305,060	3,227,625	77,435
Court:				
Salaries and Wages	255,600	255,600	248,987	6,613
Benefits	91,500	91,500	89,821	1,679
Other	24,863	24,863	10,154	14,709
Total Court	371,963	371,963	348,962	23,001
Service Administration:				
Salaries and Wages	426,400	414,900	414,602	298
Benefits	171,545	173,545	166,363	7,182
Other	8,200	6,300	1,394	4,906
Total Service Administration	606,145	594,745	582,359	12,386
Income Tax Collection:				
Other	1,200,000	1,000,000	979,042	20,958
Court Program Fees:				
Other	31,629	31,629	29,254	2,375
Total General Government	6,876,197	6,749,197	6,590,937	158,260
Security of Persons and Property:				
Police:				
Salaries and Wages	3,728,800	3,715,700	3,701,874	13,826
Benefits	888,500	808,800	801,849	6,951
Other	1,048,780	1,009,480	977,983	31,497
Total Police	5,666,080	5,533,980	5,481,706	52,274
Fire:				
Salaries and Wages	2,451,500	2,401,500	2,337,108	64,392
Benefits	1,113,454	1,096,454	1,079,819	16,635
Other	162,730	166,230	147,336	18,894
Total Fire	3,727,684	3,664,184	3,564,263	99,921
Total Security of Persons and Property	\$9,393,764	\$9,198,164	\$9,045,969	\$152,195

(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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Leisure Time Activities:				
Parks and Playgrounds:				
Salaries and Wages	\$253,700	\$211,200	\$202,964	\$8,236
Benefits	81,300	76,300	74,323	1,977
Other	137,171	144,671	119,548	25,123
Total Parks and Playgrounds	472,171	432,171	396,835	35,336
Pools:				
Salaries and Wages	262,400	257,400	253,534	3,866
Benefits	43,000	43,000	40,104	2,896
Other	69,657	69,657	53,129	16,528
Total Pools	375,057	370,057	346,767	23,290
Concession Stand:				
Salaries and Wages	39,700	50,700	26,682	24,018
Other	53,597	43,597	37,888	5,709
Total Concession Stand	93,297	94,297	64,570	29,727
Field House:				
Salaries and Wages	23,400	18,000	17,076	924
Benefits	4,600	3,100	2,497	603
Other	31,748	28,748	16,658	12,090
Total Field House	59,748	49,848	36,231	13,617
Administration:				
Salaries and Wages	517,192	421,192	416,542	4,650
Benefits	403,300	378,300	362,892	15,408
Other	5,200	6,300	4,077	2,223
Total Administration	925,692	805,792	783,511	22,281
Civic Center Recreation:				
Salaries and Wages	216,360	216,360	216,360	0
Custodial:				
Salaries and Wages	\$289,948	\$289,948	\$289,948	\$0

(continued)

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Civic Center:				
Salaries and Wages	\$628,700	\$577,200	\$570,979	\$6,221
Benefits	219,405	206,405	203,456	2,949
Other	111,269	112,769	75,310	37,459
Total Civic Center	959,374	896,374	849,745	46,629
Total Leisure Time Activities	3,391,647	3,154,847	2,983,967	170,880
Community Environment:				
Building and Lands:				
Salaries and Wages	545,800	571,800	567,581	4,219
Benefits	194,700	232,200	231,539	661
Other	356,606	375,606	353,853	21,753
Total Building and Lands	1,097,106	1,179,606	1,152,973	26,633
Technical Services:				
Salaries and Wages	487,600	482,950	476,217	6,733
Benefits	187,600	189,100	184,003	5,097
Other	350,794	345,794	322,752	23,042
Total Technical Services	1,025,994	1,017,844	982,972	34,872
IT Department:				
Salaries and Wages	158,900	133,700	133,654	46
Benefits	53,500	50,500	48,633	1,867
Other	170,982	159,582	154,203	5,379
Total IT Department	383,382	343,782	336,490	7,292
Building Department:				
Salaries and Wages	234,700	235,200	233,673	1,527
Benefits	64,700	66,700	65,182	1,518
Other	319,870	373,370	361,186	12,184
Total Building Department	619,270	675,270	660,041	15,229
Engineering Department:				
Salaries and Wages	393,200	394,600	393,462	1,138
Benefits	127,000	130,500	128,412	2,088
Other	44,173	31,973	28,201	3,772
Total Engineering Department	\$564,373	\$557,073	\$550,075	\$6,998

(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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Economic Department:				
Salaries and Wages	\$105,100	\$106,600	\$106,550	\$50
Benefits	38,900	38,400	37,819	581
Other	78,325	95,025	94,477	548
Total Economic Department	222,325	240,025	238,846	1,179
Boards and Commissions:				
Salaries and Wages	56,200	48,500	33,780	14,720
Benefits	6,200	6,200	4,905	1,295
Other	500	0	0	0
Total Boards and Commissions	62,900	54,700	38,685	16,015
Total Community Environment	3,975,350	4,068,300	3,960,082	108,218
Basic Utility Services:				
Rubbish:				
Salaries and Wages	235,400	206,400	202,302	4,098
Benefits	87,600	92,600	91,768	832
Other	328,259	358,959	357,015	1,944
Total Rubbish	651,259	657,959	651,085	6,874
Sewer/Water Control:				
Salaries and Wages	193,000	187,000	184,280	2,720
Benefits	100,600	61,600	59,890	1,710
Other	9,800	9,800	965	8,835
Total Sewer/Water Control	303,400	258,400	245,135	13,265
Total Basic Utility Services	954,659	916,359	896,220	20,139
Transportation:				
Equipment and Motor Pool:				
Salaries and Wages	282,843	196,343	192,520	3,823
Benefits	108,100	73,100	69,953	3,147
Other	383,483	470,483	424,816	45,667
Total Transportation	774,426	739,926	687,289	52,637
<i>Total Expenditures</i>	25,366,043	24,826,793	24,164,464	662,329
<i>Excess of Revenues Over (Under) Expenditures</i>	\$13,392,318	\$13,946,518	\$15,002,245	\$1,055,727

(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, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Other Financing Sources (Uses)				
Sale of Capital Assets	\$49,398	\$49,398	\$49,398	\$0
Advances In	689,400	414,400	414,400	0
Advances Out	(2,060,000)	(3,235,000)	(3,235,000)	0
Transfers Out	<u>(16,265,500)</u>	<u>(16,671,500)</u>	<u>(16,671,500)</u>	<u>0</u>
<i>Total Other Financing (Uses)</i>	<u>(17,586,702)</u>	<u>(19,442,702)</u>	<u>(19,442,702)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(4,194,384)	(5,496,184)	(4,440,457)	1,055,727
<i>Fund Balance Beginning of Year</i>	8,362,601	8,362,601	8,362,601	0
Prior Year Encumbrances Appropriated	<u>709,943</u>	<u>709,943</u>	<u>709,943</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$4,878,160</u>	<u>\$3,576,360</u>	<u>\$4,632,087</u>	<u>\$1,055,727</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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$3,760,000	\$5,360,000	\$5,348,150	(\$11,850)
Charges for Services	240,000	240,000	223,682	(16,318)
<i>Total Revenues</i>	4,000,000	5,600,000	5,571,832	(28,168)
Expenditures				
Current:				
General Government:				
Salaries and Wages	721,582	1,019,234	979,587	39,647
Benefits	215,700	304,677	292,825	11,852
Other	3,127,593	4,390,964	4,164,844	226,120
<i>Total Expenditures</i>	4,064,875	5,714,875	5,437,256	277,619
<i>Net Change in Fund Balance</i>	(64,875)	(114,875)	134,576	249,451
<i>Fund Balance Beginning of Year</i>	85,266	85,266	85,266	0
Prior Year Encumbrances Appropriated	64,875	64,875	64,875	0
<i>Fund Balance End of Year</i>	\$85,266	\$35,266	\$284,717	\$249,451

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, 2019

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$75,000	\$75,000	\$62,384	(\$12,616)
Payments in Lieu of Taxes	2,430,500	2,122,500	2,124,598	2,098
Miscellaneous	5,000	5,000	5,000	0
<i>Total Revenues</i>	<u>2,510,500</u>	<u>2,202,500</u>	<u>2,191,982</u>	<u>(10,518)</u>
Expenditures				
Capital Outlay	16,132,995	16,507,995	16,459,546	48,449
Debt Service:				
Principal Retirement	12,300,000	12,300,000	12,300,000	0
Interest and Fiscal Charges	444,542	444,542	444,542	0
Debt Issuance Cost	49,558	49,558	49,558	0
<i>Total Debt Service</i>	<u>12,794,100</u>	<u>12,794,100</u>	<u>12,794,100</u>	<u>0</u>
<i>Total Expenditures</i>	<u>28,927,095</u>	<u>29,302,095</u>	<u>29,253,646</u>	<u>48,449</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(26,416,595)</u>	<u>(27,099,595)</u>	<u>(27,061,664)</u>	<u>37,931</u>
Other Financing Sources (Uses)				
General Obligation Notes Issued	17,375,000	17,375,000	17,375,000	0
Premium on Notes Issued	125,100	125,100	125,100	0
Advances In	2,000,000	2,050,000	2,050,000	0
Advances Out	(690,000)	(385,000)	(385,000)	0
Transfers In	1,220,000	1,850,000	1,850,000	0
Transfers Out	(1,244,600)	(1,149,800)	(1,149,800)	0
<i>Total Other Financing Sources (Uses)</i>	<u>18,785,500</u>	<u>19,865,300</u>	<u>19,865,300</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(7,631,095)</u>	<u>(7,234,295)</u>	<u>(7,196,364)</u>	<u>37,931</u>
<i>Fund Balance Beginning of Year</i>	374,236	374,236	374,236	0
Prior Year Encumbrances Appropriated	7,543,195	7,543,195	7,543,195	0
<i>Fund Balance End of Year</i>	<u>\$286,336</u>	<u>\$683,136</u>	<u>\$721,067</u>	<u>\$37,931</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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$350,000	\$300,000	\$489,380	\$189,380
Investment Income	150,000	115,000	206,212	91,212
<i>Total Revenues</i>	500,000	415,000	695,592	280,592
Expenditures				
Capital Outlay	16,517,019	17,352,019	17,336,011	16,008
<i>Excess of Revenues Over (Under) Expenditures</i>	(16,017,019)	(16,937,019)	(16,640,419)	296,600
Other Financing Sources (Uses)				
Advances In	1,100,000	1,100,000	1,100,000	0
Transfers In	5,000,000	5,800,000	5,800,000	0
<i>Total Other Financing Sources (Uses)</i>	6,100,000	6,900,000	6,900,000	0
<i>Net Change in Fund Balance</i>	(9,917,019)	(10,037,019)	(9,740,419)	296,600
<i>Fund Balance Beginning of Year</i>	48,845	48,845	48,845	0
Prior Year Encumbrances Appropriated	10,002,519	10,002,519	10,002,519	0
<i>Fund Balance End of Year</i>	<u>\$134,345</u>	<u>\$14,345</u>	<u>\$310,945</u>	<u>\$296,600</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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$32,500	\$40,000	\$42,757	\$2,757
Investment Income	0	0	929	929
<i>Total Revenues</i>	32,500	40,000	43,686	3,686
Expenditures				
Current:				
Transportation:				
Streets, Sidewalks, and Maintenance:				
Other	40,527	50,527	50,527	0
<i>Net Change in Fund Balance</i>	(8,027)	(10,527)	(6,841)	3,686
<i>Fund Balance Beginning of Year</i>	59,060	59,060	59,060	0
Prior Year Encumbrances Appropriated	15,527	15,527	15,527	0
<i>Fund Balance End of Year</i>	<u>\$66,560</u>	<u>\$64,060</u>	<u>\$67,746</u>	<u>\$3,686</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, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$20,000	\$24,000	\$24,027	\$27
Investment Income	0	500	549	49
<i>Total Revenues</i>	20,000	24,500	24,576	76
Expenditures				
Current:				
Transportation:				
Streets, Sidewalks, and Maintenance:				
Other	50,000	60,000	60,000	0
<i>Net Change in Fund Balance</i>	(30,000)	(35,500)	(35,424)	76
<i>Fund Balance Beginning of Year</i>	46,550	46,550	46,550	0
Prior Year Encumbrances Appropriated	25,000	25,000	25,000	0
<i>Fund Balance End of Year</i>	<u>\$41,550</u>	<u>\$36,050</u>	<u>\$36,126</u>	<u>\$76</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, 2019

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$400,000	\$500,000	\$527,342	\$27,342
Investment Income	0	0	8,720	8,720
<i>Total Revenues</i>	<u>400,000</u>	<u>500,000</u>	<u>536,062</u>	<u>36,062</u>
Expenditures				
Current:				
Transportation:				
Streets, Sidewalks, and Maintenance:				
Salaries and Wages	424,700	399,700	396,622	3,078
Benefits	182,300	175,800	175,186	614
Other	848,315	1,028,315	982,407	45,908
<i>Total Expenditures</i>	<u>1,455,315</u>	<u>1,603,815</u>	<u>1,554,215</u>	<u>49,600</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(1,055,315)	(1,103,815)	(1,018,153)	85,662
Other Financing Sources (Uses)				
Transfers In	700,000	700,000	700,000	0
<i>Net Change in Fund Balance</i>	(355,315)	(403,815)	(318,153)	85,662
<i>Fund Balance Beginning of Year</i>	671,416	671,416	671,416	0
Prior Year Encumbrances Appropriated	93,015	93,015	93,015	0
<i>Fund Balance End of Year</i>	<u>\$409,116</u>	<u>\$360,616</u>	<u>\$446,278</u>	<u>\$85,662</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, 2019*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeitures	\$1,000	\$1,000	\$350	(\$650)
Expenditures				
Current:				
Security of Persons and Property:				
Police Department:				
Other	1,000	1,000	500	500
<i>Net Change in Fund Balance</i>	0	0	(150)	(150)
<i>Fund Balance Beginning of Year</i>	14,524	14,524	14,524	0
<i>Fund Balance End of Year</i>	<u>\$14,524</u>	<u>\$14,524</u>	<u>\$14,374</u>	<u>(\$150)</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, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines and Forfeitures	\$5,000	\$5,000	\$4,693	(\$307)
Expenditures				
Current:				
Security of Persons and Property:				
Police Department:				
Other	25,096	25,096	25,096	0
<i>Net Change in Fund Balance</i>	(20,096)	(20,096)	(20,403)	(307)
<i>Fund Balance Beginning of Year</i>	27,980	27,980	27,980	0
Prior Year Encumbrances Appropriated	15,096	15,096	15,096	0
<i>Fund Balance End of Year</i>	<u>\$22,980</u>	<u>\$22,980</u>	<u>\$22,673</u>	<u>(\$307)</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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeitures	\$15,000	\$65,500	\$59,919	(\$5,581)
Expenditures				
Current:				
Security of Persons and Property:				
Police Department:				
Other	28,060	81,060	65,141	15,919
<i>Net Change in Fund Balance</i>	(13,060)	(15,560)	(5,222)	10,338
<i>Fund Balance Beginning of Year</i>	20,606	20,606	20,606	0
Prior Year Encumbrances Appropriated	13,060	13,060	13,060	0
<i>Fund Balance End of Year</i>	<u>\$20,606</u>	<u>\$18,106</u>	<u>\$28,444</u>	<u>\$10,338</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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$10,000	\$30,000	\$23,945	(\$6,055)
Fines and Forfeitures	15,000	35,000	32,790	(2,210)
<i>Total Revenues</i>	25,000	65,000	56,735	(8,265)
Expenditures				
Current:				
Security of Persons and Property:				
Police Department:				
Other	48,276	48,276	46,551	1,725
<i>Excess of Revenues Over (Under) Expenditures</i>	(23,276)	16,724	10,184	(6,540)
Other Financing Sources				
Advances Out	(35,000)	(35,000)	(35,000)	0
<i>Net Change in Fund Balance</i>	(58,276)	(18,276)	(24,816)	(6,540)
<i>Fund Balance Beginning of Year</i>	18,911	18,911	18,911	0
Prior Year Encumbrances Appropriated	43,276	43,276	43,276	0
<i>Fund Balance End of Year</i>	<u>\$3,911</u>	<u>\$43,911</u>	<u>\$37,371</u>	<u>(\$6,540)</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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$500,000	\$1,175,000	\$1,171,968	(\$3,032)
Expenditures				
Current:				
General Government:				
Strike Force:				
Other	500,000	1,194,000	1,191,480	2,520
<i>Net Change in Fund Balance</i>	0	(19,000)	(19,512)	(512)
<i>Fund Balance Beginning of Year</i>	89,101	89,101	89,101	0
<i>Fund Balance End of Year</i>	\$89,101	\$70,101	\$69,589	(\$512)

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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeitures	\$12,000	\$22,000	\$22,073	\$73
Expenditures				
Current:				
General Government:				
Mayor's Court Computer:				
Other	18,080	19,080	17,986	1,094
<i>Net Change in Fund Balance</i>	(6,080)	2,920	4,087	1,167
<i>Fund Balance Beginning of Year</i>	27,182	27,182	27,182	0
Prior Year Encumbrances Appropriated	6,080	6,080	6,080	0
<i>Fund Balance End of Year</i>	<u>\$27,182</u>	<u>\$36,182</u>	<u>\$37,349</u>	<u>\$1,167</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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$24,400	\$3,000	\$3,133	\$133
Expenditures				
Current:				
Security of Persons and Property:				
Fire Department:				
Other	3,288	3,288	3,288	0
<i>Excess of Revenues Over (Under) Expenditures</i>	21,112	(288)	(155)	133
Other Financing Sources (Uses)				
Advances Out	(24,400)	(24,400)	(24,400)	0
<i>Net Change in Fund Balance</i>	(3,288)	(24,688)	(24,555)	133
<i>Fund Balance Beginning of Year</i>	25,547	25,547	25,547	0
Prior Year Encumbrances Appropriated	3,288	3,288	3,288	0
<i>Fund Balance End of Year</i>	<u>\$25,547</u>	<u>\$4,147</u>	<u>\$4,280</u>	<u>\$133</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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeitures	\$1,000	\$500	\$530	\$30
Expenditures				
Current:				
General Government:				
Other General Government:				
Other	5,000	0	0	0
<i>Net Change in Fund Balance</i>	(4,000)	500	530	30
<i>Fund Balance Beginning of Year</i>	27,578	27,578	27,578	0
<i>Fund Balance End of Year</i>	<u>\$23,578</u>	<u>\$28,078</u>	<u>\$28,108</u>	<u>\$30</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, 2019

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

City of Independence, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Twenty-Five and Alive Fund
For the Year Ended December 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Miscellaneous	\$2,100	\$1,000	\$815	(\$185)
Expenditures				
Current:				
General Government:				
Other General Government:				
Other	7,767	2,267	2,129	138
<i>Excess of Revenues Over (Under) Expenditures</i>	(5,667)	(1,267)	(1,314)	(47)
Other Financing Sources (Uses)				
Transfers In	2,000	2,000	2,000	0
<i>Net Change in Fund Balance</i>	(3,667)	733	686	(47)
<i>Fund Balance Beginning of Year</i>	17,844	17,844	17,844	0
Prior Year Encumbrances Appropriated	267	267	267	0
<i>Fund Balance End of Year</i>	<u>\$14,444</u>	<u>\$18,844</u>	<u>\$18,797</u>	<u>(\$47)</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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Miscellaneous	\$60,000	\$60,000	\$60,809	\$809
Expenditures				
Current:				
General Government:				
Other General Government:				
Other	50,750	60,750	54,951	5,799
<i>Excess of Revenues Over (Under) Expenditures</i>	9,250	(750)	5,858	6,608
Other Financing Sources (Uses)				
Advances In	60,000	60,000	60,000	0
Advances Out	(70,000)	(70,000)	(70,000)	0
<i>Total Other Financing Sources (Uses)</i>	(10,000)	(10,000)	(10,000)	0
<i>Net Change in Fund Balance</i>	(750)	(10,750)	(4,142)	6,608
<i>Fund Balance Beginning of Year</i>	47,311	47,311	47,311	0
Prior Year Encumbrances Appropriated	750	750	750	0
<i>Fund Balance End of Year</i>	\$47,311	\$37,311	\$43,919	\$6,608

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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Miscellaneous	\$4,000	\$9,000	\$9,853	\$853
Expenditures				
Current:				
General Government:				
Other General Government:				
Other	8,481	8,481	7,892	589
<i>Excess of Revenues Over (Under) Expenditures</i>	(4,481)	519	1,961	1,442
Other Financing Sources (Uses)				
Transfers In	2,000	2,000	2,000	0
<i>Net Change in Fund Balance</i>	(2,481)	2,519	3,961	1,442
<i>Fund Balance Beginning of Year</i>	25,849	25,849	25,849	0
Prior Year Encumbrances Appropriated	1,481	1,481	1,481	0
<i>Fund Balance End of Year</i>	<u>\$24,849</u>	<u>\$29,849</u>	<u>\$31,291</u>	<u>\$1,442</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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Current:				
General Government:				
Other General Government:				
Other	12,125	7,125	7,125	0
<i>Net Change in Fund Balance</i>	(12,125)	(7,125)	(7,125)	0
<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>\$30,827</u>	<u>\$30,827</u>	<u>\$0</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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$10,000	\$20,000	\$22,990	\$2,990
Expenditures				
Current:				
Public Health and Welfare:				
Cemetery:				
Other	25,000	80,000	70,717	9,283
<i>Excess of Revenues Over (Under) Expenditures</i>	(15,000)	(60,000)	(47,727)	12,273
Other Financing Sources (Uses)				
Transfers In	0	60,000	60,000	0
<i>Net Change in Fund Balance</i>	(15,000)	0	12,273	12,273
<i>Fund Balance Beginning of Year</i>	25,716	25,716	25,716	0
<i>Fund Balance End of Year</i>	<u>\$10,716</u>	<u>\$25,716</u>	<u>\$37,989</u>	<u>\$12,273</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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fees, Licenses and Permits	\$425,000	\$425,000	\$422,996	(\$2,004)
Miscellaneous	0	0	8,733	8,733
<i>Total Revenues</i>	425,000	425,000	431,729	6,729
Expenditures				
Current:				
Leisure Time Activities:				
Recreation:				
Other	652,520	652,520	607,549	44,971
<i>Excess of Revenues Over (Under) Expenditures</i>	(227,520)	(227,520)	(175,820)	51,700
Other Financing Sources (Uses)				
Transfers In	200,000	200,000	200,000	0
<i>Net Change in Fund Balance</i>	(27,520)	(27,520)	24,180	51,700
<i>Fund Balance Beginning of Year</i>	376,496	376,496	376,496	0
Prior Year Encumbrances Appropriated	27,520	27,520	27,520	0
<i>Fund Balance End of Year</i>	<u>\$376,496</u>	<u>\$376,496</u>	<u>\$428,196</u>	<u>\$51,700</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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$123,064	\$123,064	\$131,932	\$8,868
Intergovernmental	11,524	11,524	11,524	0
<i>Total Revenues</i>	134,588	134,588	143,456	8,868
Expenditures				
Current:				
Security of Persons and Property:				
Police Department:				
Other	750,000	750,000	677,675	72,325
<i>Excess of Revenues Over (Under) Expenditures</i>	(615,412)	(615,412)	(534,219)	81,193
Other Financing Sources (Uses)				
Transfers In	550,000	550,000	550,000	0
<i>Net Change in Fund Balance</i>	(65,412)	(65,412)	15,781	81,193
<i>Fund Balance Beginning of Year</i>	801,645	801,645	801,645	0
<i>Fund Balance End of Year</i>	<u>\$736,233</u>	<u>\$736,233</u>	<u>\$817,426</u>	<u>\$81,193</u>

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, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Current:				
General Government:				
Other General Government:				
Other	<u>50,000</u>	<u>12,000</u>	<u>11,026</u>	<u>974</u>
<i>Net Change in Fund Balance</i>	(50,000)	(12,000)	(11,026)	974
<i>Fund Balance Beginning of Year</i>	<u>830,416</u>	<u>830,416</u>	<u>830,416</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$780,416</u></u>	<u><u>\$818,416</u></u>	<u><u>\$819,390</u></u>	<u><u>\$974</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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	0	0	0	0
Other Financing Sources (Uses)				
Transfers In	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	100,000	100,000	100,000	0
<i>Fund Balance Beginning of Year</i>	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$1,600,000</u></u>	<u><u>\$1,600,000</u></u>	<u><u>\$1,600,000</u></u>	<u><u>\$0</u></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, 2019

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Miscellaneous	\$0	\$25,000	\$25,000	\$0
Expenditures				
Current:				
General Government:				
Economic Development:				
Other	<u>1,972,003</u>	<u>2,072,003</u>	<u>2,070,857</u>	<u>1,146</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(1,972,003)	(2,047,003)	(2,045,857)	1,146
Other Financing Sources (Uses)				
Transfers In	<u>750,000</u>	<u>750,000</u>	<u>750,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(1,222,003)	(1,297,003)	(1,295,857)	1,146
<i>Fund Balance Beginning of Year</i>	1,232,425	1,232,425	1,232,425	0
Prior Year Encumbrances Appropriated	<u>72,003</u>	<u>72,003</u>	<u>72,003</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$82,425</u></u>	<u><u>\$7,425</u></u>	<u><u>\$8,571</u></u>	<u><u>\$1,146</u></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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Debt Service:				
Interest and Fiscal Charges	5,000	5,000	375	4,625
<i>Net Change in Fund Balance</i>	(5,000)	(5,000)	(375)	4,625
<i>Fund Balance Beginning of Year</i>	50,932	50,932	50,932	0
<i>Fund Balance End of Year</i>	<u>\$45,932</u>	<u>\$45,932</u>	<u>\$50,557</u>	<u>\$4,625</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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Debt Service:				
Principal Retirement	106,500	106,500	106,500	0
Payment to Refunded Bond Escrow Account	4,366,934	4,465,034	4,464,877	157
Interest and Fiscal Charges	226,566	226,566	226,566	0
<i>Total Expenditures</i>	4,700,000	4,798,100	4,797,943	157
<i>Excess of Revenues Over (Under) Expenditures</i>	(4,700,000)	(4,798,100)	(4,797,943)	157
Other Financing Sources (Uses)				
Transfers In	4,700,000	4,798,100	4,798,100	0
<i>Net Change in Fund Balance</i>	0	0	157	157
<i>Fund Balance Beginning of Year</i>	98	98	98	0
<i>Fund Balance End of Year</i>	\$98	\$98	\$255	\$157

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, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Expenditures				
Debt Service:				
Principal Retirement	856,708	856,708	856,708	0
Interest and Fiscal Charges	<u>367,892</u>	<u>217,992</u>	<u>217,992</u>	<u>0</u>
<i>Total Expenditures</i>	<u>1,224,600</u>	<u>1,074,700</u>	<u>1,074,700</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(1,224,600)	(1,074,700)	(1,074,700)	0
Other Financing Sources (Uses)				
Transfers In	<u>1,224,600</u>	<u>1,149,800</u>	<u>1,149,800</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	75,100	75,100	0
<i>Fund Balance Beginning of Year</i>	<u>75,494</u>	<u>75,494</u>	<u>75,494</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$75,494</u></u>	<u><u>\$150,594</u></u>	<u><u>\$150,594</u></u>	<u><u>\$0</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, 2019

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$12,000	\$11,000	\$11,545	\$545
Rentals	30,000	23,000	27,093	4,093
Miscellaneous	13,000	1,000	1,280	280
<i>Total Revenues</i>	55,000	35,000	39,918	4,918
Expenditures				
Capital Outlay	5,125,594	5,125,594	5,089,546	36,048
<i>Excess of Revenues Over (Under) Expenditures</i>	(5,070,594)	(5,090,594)	(5,049,628)	40,966
Other Financing Sources (Uses)				
Advances In	100,000	100,000	100,000	0
Transfers In	1,200,000	1,200,000	1,200,000	0
<i>Total Other Financing Sources (Uses)</i>	1,300,000	1,300,000	1,300,000	0
<i>Net Change in Fund Balance</i>	(3,770,594)	(3,790,594)	(3,749,628)	40,966
<i>Fund Balance Beginning of Year</i>	680,913	680,913	680,913	0
Prior Year Encumbrances Appropriated	3,229,094	3,229,094	3,229,094	0
<i>Fund Balance End of Year</i>	<u>\$139,413</u>	<u>\$119,413</u>	<u>\$160,379</u>	<u>\$40,966</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, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$28,800	\$70,500	\$5,500	(\$65,000)
Expenditures				
Capital Outlay	662,252	690,752	688,797	1,955
<i>Excess of Revenues Over (Under) Expenditures</i>	(633,452)	(620,252)	(683,297)	(63,045)
Other Financing Sources (Uses)				
Transfers In	375,000	225,000	225,000	0
<i>Net Change in Fund Balance</i>	(258,452)	(395,252)	(458,297)	(63,045)
<i>Fund Balance Beginning of Year</i>	229,369	229,369	229,369	0
Prior Year Encumbrances Appropriated	180,752	180,752	180,752	0
<i>Fund Balance End of Year</i>	<u>\$151,669</u>	<u>\$14,869</u>	<u>(\$48,176)</u>	<u>(\$63,045)</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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Special Assessments	\$175,000	\$162,000	\$161,711	(\$289)
Expenditures	0	0	0	\$0
<i>Excess of Revenues Over (Under) Expenditures</i>	175,000	162,000	161,711	(289)
Other Financing Sources (Uses)				
Advances In	25,000	25,000	25,000	0
Transfers Out	(198,800)	(198,000)	(198,000)	0
<i>Total Other Financing Sources</i>	(173,800)	(173,000)	(173,000)	0
<i>Net Change in Fund Balance</i>	1,200	(11,000)	(11,289)	(289)
<i>Fund Balance Beginning of Year</i>	12,883	12,883	12,883	0
<i>Fund Balance End of Year</i>	\$14,083	\$1,883	\$1,594	(\$289)

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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Special Assessments	\$28,700	\$35,000	\$34,712	(\$288)
Expenditures	0	0	0	0
<i>Excess of Revenues Over (Under) Expenditures</i>	28,700	35,000	34,712	(288)
Other Financing Sources (Uses)				
Transfers Out	(54,100)	(54,100)	(54,100)	0
<i>Total Other Financing Sources (Uses)</i>	(54,100)	(54,100)	(54,100)	0
<i>Net Change in Fund Balance</i>	(25,400)	(19,100)	(19,388)	(288)
<i>Fund Balance Beginning of Year</i>	95,847	95,847	95,847	0
<i>Fund Balance End of Year</i>	\$70,447	\$76,747	\$76,459	(\$288)

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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Miscellaneous	\$8,800	\$0	\$0	\$0
Expenditures				
Capital Outlay	1,377,313	1,374,913	1,374,486	427
<i>Excess of Revenues Over (Under) Expenditures</i>	(1,368,513)	(1,374,913)	(1,374,486)	427
Other Financing Sources (Uses)				
Transfers In	375,000	375,000	375,000	0
<i>Net Change in Fund Balance</i>	(993,513)	(999,913)	(999,486)	427
<i>Fund Balance Beginning of Year</i>	31,234	31,234	31,234	0
Prior Year Encumbrances Appropriated	1,009,913	1,009,913	1,009,913	0
<i>Fund Balance End of Year</i>	<u>\$47,634</u>	<u>\$41,234</u>	<u>\$41,661</u>	<u>\$427</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, 2019*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Debt Service:				
Principal Retirement	11,300	11,300	11,250	50
<i>Excess of Revenues Over (Under) Expenditures</i>	(11,300)	(11,300)	(11,250)	50
Other Financing Sources (Uses)				
Transfers In	11,500	11,500	11,500	0
<i>Net Change in Fund Balance</i>	200	200	250	50
<i>Fund Balance Beginning of Year</i>	1,845	1,845	1,845	0
<i>Fund Balance End of Year</i>	<u>\$2,045</u>	<u>\$2,045</u>	<u>\$2,095</u>	<u>\$50</u>

City of Independence, Ohio
Schedule of Revenues, Expenses and Changes
in Fund Equity - Budget (Non-GAAP Basis) and Actual
Insurance Fund
For the Year Ended December 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Other	\$15,000	\$10,000	\$9,084	(\$916)
Expenses				
Contractual Services	33,773	33,773	33,773	0
Claims	424,667	299,667	296,276	3,391
<i>Total Expenses</i>	<u>458,440</u>	<u>333,440</u>	<u>330,049</u>	<u>3,391</u>
<i>Excess of Revenues Over (Under) Expenses Before Transfers</i>	(443,440)	(323,440)	(320,965)	2,475
Other Financing Sources (Uses)				
Transfers In	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>0</u>
<i>Net Change in Fund Equity</i>	(143,440)	(23,440)	(20,965)	2,475
<i>Fund Equity Beginning of Year</i>	1,788,665	1,788,665	1,788,665	0
Prior Year Encumbrances Appropriated	<u>158,440</u>	<u>158,440</u>	<u>158,440</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u><u>\$1,803,665</u></u>	<u><u>\$1,923,665</u></u>	<u><u>\$1,926,140</u></u>	<u><u>\$2,475</u></u>

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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.

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

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

City of Independence, Ohio
Net Position by Component
Last Ten Years
(Accrual Basis of Accounting)

	2019	2018	2017	2016
Governmental Activities				
Net Investment in Capital Assets	\$90,680,280	\$83,597,246	\$78,544,131	\$75,112,616
Restricted:				
Capital Projects	18,022,928	15,519,182	12,649,662	7,059,950
Debt Service	0	0	7,805	0
State Highway	125,892	92,047	174,035	141,225
Street Construction, Maintenance and Repair	977,347	917,090	846,051	690,663
Police Pension	770,741	734,813	681,144	626,477
Other Purposes	279,520	423,959	282,001	354,824
Unrestricted (Deficit)	<u>(4,384,137)</u>	<u>(10,618,923)</u>	<u>(13,909,573)</u>	<u>7,494,703</u>
<i>Total Governmental Activities Net Position</i>	<u>\$106,472,571</u>	<u>\$90,665,414</u>	<u>\$79,275,256</u>	<u>\$91,480,458</u>

Note: 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.

2015	2014	2013	2012	2011	2010
\$75,013,690	\$70,074,840	\$64,925,722	\$62,244,507	\$61,396,249	\$60,224,288
8,807,685	7,906,956	7,231,782	6,332,527	5,970,224	5,626,721
0	0	0	0	0	0
149,136	111,791	103,078	63,120	50,709	47,440
539,077	585,918	913,005	785,419	488,409	417,443
532,177	463,968	475,691	493,713	266,244	178,065
248,778	210,794	275,126	612,104	382,347	376,685
(294,571)	(618,913)	17,847,927	16,064,345	13,997,009	8,859,361
<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>	<u>\$75,730,003</u>

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

	2019 (1)	2018 (2)	2017	2016
Program Revenues				
Governmental Activities:				
Charges for Services and Sales:				
General Government	\$729,996	\$568,552	\$422,384	\$390,744
Security of Persons and Property	671,078	773,764	685,495	666,445
Public Health and Welfare	22,990	21,597	24,535	26,534
Leisure Time Activities	615,300	667,903	665,636	696,312
Community Environment	251,164	254,142	259,837	236,571
Basic Utility Services	54,750	65,332	66,879	29,317
Transportation	42,816	54,902	49,462	51,358
Operating Grants and Contributions	6,859,993	4,963,281	2,883,237	658,459
Capital Grants and Assessments	1,838,283	5,215,374	352,701	122,246
<i>Total Government Activities Program Revenues</i>	<u>11,086,370</u>	<u>12,584,847</u>	<u>5,410,166</u>	<u>2,877,986</u>
Expenses				
Governmental Activities:				
General Government	19,039,488	15,473,963	12,449,390	9,239,305
Security of Persons and Property	1,295,610	11,766,180	10,502,201	10,377,823
Public Health and Welfare	93,402	63,584	68,850	58,324
Leisure Time Activities	4,336,089	4,216,895	4,138,515	3,798,602
Community Environment	4,700,395	3,579,814	4,052,023	3,542,366
Basic Utility Services	1,071,857	994,675	1,116,697	477,590
Transportation	3,796,646	4,317,772	3,662,443	3,832,243
Interest and Fiscal Charges	741,662	652,612	658,360	608,434
<i>Total Governmental Activities Expenses</i>	<u>35,075,149</u>	<u>41,065,495</u>	<u>36,648,479</u>	<u>31,934,687</u>
Net (Expense)/Revenue				
Governmental Activities	<u>(23,988,779)</u>	<u>(28,480,648)</u>	<u>(31,238,313)</u>	<u>(29,056,701)</u>
General Revenues and Other Changes in Net Position				
Governmental Activities				
Property and Other Local Taxes Levied For (1):				
General Purposes	837,220	772,071	337,278	798,355
Debt Service	0	0	0	0
Other Purposes	131,305	121,828	53,254	125,714
Municipal Income Tax levied for General Purposes	33,313,603	34,444,017	31,470,365	30,809,785
Estate Taxes (2)	0	0	0	0
Hotel/Motel Tax Levied for General Purposes	1,321,108	1,447,692	1,368,052	1,438,252
Amusement Tax Levied for General Purposes	22,972	21,065	16,345	55,777
Grants and Entitlements not Restricted to Specific Programs	322,822	271,459	354,005	192,221
Investment Income	705,271	243,358	104,063	68,228
Payments in Lieu of Taxes	2,084,777	2,020,950	528,917	1,577,104
Gain on Sale of Capital Assets	25,381	30,933	0	0
Miscellaneous	1,031,477	528,182	1,107,641	475,751
<i>Total Governmental Activities General Revenues</i>	<u>39,795,936</u>	<u>39,901,555</u>	<u>35,339,920</u>	<u>35,541,187</u>
Change in Governmental Activities Net Position	<u>\$15,807,157</u>	<u>\$11,420,907</u>	<u>\$4,101,607</u>	<u>\$6,484,486</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.

2015 (3)	2014	2013	2012	2011	2010
\$396,719	\$377,216	\$414,541	\$306,760	\$292,763	\$458,491
606,527	562,774	516,590	537,653	491,945	660,947
17,350	23,565	20,244	24,625	32,305	29,091
603,786	559,216	67,118	456,211	447,776	544,419
236,479	198,060	194,238	125,813	99,303	164,973
29,160	30,306	36,172	28,388	23,449	38,713
56,063	45,279	548,161	76,006	33,168	56,584
524,252	493,672	603,478	534,869	448,183	503,565
1,189,630	1,567,822	114,562	95,572	387,666	126,493
3,659,966	3,857,910	2,515,104	2,185,897	2,256,558	2,583,276
9,037,847	8,650,919	8,587,665	8,505,708	8,703,896	8,438,678
8,961,555	9,005,655	8,389,502	8,572,099	8,350,722	8,589,758
48,133	78,417	110,014	96,354	93,610	92,233
3,684,540	3,767,299	3,463,666	3,470,342	3,345,289	3,290,294
3,543,729	3,096,160	2,739,330	2,492,457	2,130,225	2,297,512
490,196	547,380	570,714	578,200	913,604	899,624
4,669,027	4,465,226	3,199,635	3,754,236	4,546,613	3,748,132
632,480	652,020	764,052	1,098,008	386,620	1,225,360
31,067,507	30,263,076	27,824,578	28,567,404	28,470,579	28,581,591
(27,407,541)	(26,405,166)	(25,309,474)	(26,381,507)	(26,214,021)	(25,998,315)
818,505	814,219	868,418	877,092	900,223	719,362
0	0	0	0	0	220,812
131,059	129,669	134,216	138,482	128,505	111,137
28,691,285	24,615,423	26,429,663	25,743,991	24,050,310	21,115,584
0	0	0	0	4,785,946	550,909
1,356,711	1,319,446	1,293,185	1,188,902	1,072,995	981,164
0	0	0	11,078	8,268	15,273
270,740	259,332	757,689	404,523	457,658	747,657
60,762	61,208	68,148	89,027	75,505	120,620
1,635,817	1,348,759	1,094,482	1,289,281	934,263	1,279,283
0	0	0	0	0	0
703,280	561,514	366,333	683,675	621,536	469,722
33,668,159	29,109,570	31,012,134	30,426,051	33,035,209	26,331,523
\$6,260,618	\$2,704,404	\$5,702,660	\$4,044,544	\$6,821,188	\$333,208

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

	2019	2018	2017	2016
General Fund				
Nonspendable	\$20,479,064	\$18,741,346	\$18,310,024	\$16,648,085
Assigned	3,012,332	5,954,127	2,475,871	2,148,860
Unassigned	8,386,497	8,063,509	10,818,370	8,847,647
Total General Fund	<u>31,877,893</u>	<u>32,758,982</u>	<u>31,604,265</u>	<u>27,644,592</u>
All Other Governmental Funds				
Nonspendable	999	3,603	2,154	3,091
Restricted	15,139,231	17,303,467	14,000,427	11,223,004
Committed	645,948	560,493	533,145	478,845
Assigned	1,083,249	98	0	0
Unassigned (Deficit)	(30,446,244)	(24,147,401)	(27,923,733)	(17,384,288)
Total All Other Governmental Funds	<u>(13,576,817)</u>	<u>(6,279,740)</u>	<u>(13,388,007)</u>	<u>(5,679,348)</u>
Total Governmental Funds	<u>\$18,301,076</u>	<u>\$26,479,242</u>	<u>\$18,216,258</u>	<u>\$21,965,244</u>

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

2015	2014	2013	2012	2011	2010
\$16,339,485	\$14,475,791	\$9,658,313	\$9,604,531	\$9,683,982	\$8,136,230
1,081,128	2,469,127	2,848,726	3,081,515	1,409,336	643,004
5,037,506	4,227,716	8,228,235	6,656,522	9,057,536	5,680,452
<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>	<u>14,459,686</u>
4,510	7,174	0	0	1,875,000	1,875,000
9,644,441	8,703,905	7,812,603	4,772,796	4,415,800	4,152,964
417,280	355,523	307,434	253,832	203,276	161,907
0	0	0	0	0	0
<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>(9,255,698)</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>(3,065,827)</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>	<u>\$11,393,859</u>

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

	2019 (2)	2018	2017	2016
Revenues				
Taxes (1)	\$36,280,879	\$36,010,214	\$33,443,423	\$32,863,392
Intergovernmental	7,841,460	7,299,392	3,586,708	1,010,882
Investment Income	705,271	243,358	79,860	52,886
Fees, Licenses and Permits	827,217	922,325	802,189	928,863
Fines and Forfeitures	423,876	512,922	424,521	358,482
Charges for Services	866,044	700,941	712,245	569,893
Rentals	278,142	260,772	235,273	240,043
Special Assessments	198,880	35,017	33,086	34,267
Payment in Lieu of Taxes	2,124,598	2,017,208	1,431,139	1,438,276
Miscellaneous	1,022,399	517,540	1,101,577	447,970
<i>Total Revenues</i>	<u>50,568,766</u>	<u>48,519,689</u>	<u>41,850,021</u>	<u>37,944,954</u>
Expenditures				
Current:				
General Government	13,911,302	10,787,548	7,946,192	5,412,864
Security of Persons and Property	9,763,014	9,581,281	9,171,683	8,876,769
Public Health and Welfare	72,067	60,713	58,523	56,141
Leisure Time Activities	3,523,973	3,668,531	3,621,031	3,527,981
Community Environment	3,854,204	3,180,703	3,611,465	3,330,249
Basic Utility Services	838,536	818,316	906,884	412,156
Transportation	1,944,350	2,139,277	1,783,539	2,537,295
Capital Outlay	18,312,015	10,319,276	9,795,563	9,338,664
Debt Service:				
Principal Retirement	974,458	1,884,458	1,839,458	1,696,531
Payment to Refunded Bond Escrow Agent	4,464,877	0	0	0
Refunded Notes Redeemed	0	0	5,700,000	3,950,000
Interest and Fiscal Charges	787,976	693,007	802,768	652,432
Debt Issuance Costs	49,558	140,481	86,901	52,907
<i>Total Expenditures</i>	<u>58,496,330</u>	<u>43,273,591</u>	<u>45,324,007</u>	<u>39,843,989</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(7,927,564)</u>	<u>5,246,098</u>	<u>(3,473,986)</u>	<u>(1,899,035)</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	49,398	49,755	0	0
Current Refunding	0	0	0	0
Refunding Notes Issued	0	0	0	3,600,000
General Obligation Refunding Bonds Issued	0	0	0	0
General Obligation Notes Issued	0	0	0	2,100,000
Special Assessment Bonds Issued	0	3,190,000	0	0
OPWC Loan Issued	0	0	0	0
OWDA Loan Issued	0	0	0	0
Premium on General Obligation Bonds	0	0	0	0
Premium on Special Assessment Bonds	0	107,880	0	0
Premium on Refunding Notes	0	0	0	24,990
Premium on Notes	0	0	0	47,005
Payment to Refunded Bond Escrow Agent	0	0	0	0
Transfers In	16,923,400	15,256,500	9,514,900	8,580,625
Transfers Out	(17,223,400)	(15,556,500)	(9,789,900)	(8,680,625)
<i>Total Other Financing Sources (Uses)</i>	<u>(250,602)</u>	<u>3,047,635</u>	<u>(275,000)</u>	<u>5,671,995</u>
<i>Net Change in Fund Balances</i>	<u>(\$8,178,166)</u>	<u>\$8,293,733</u>	<u>(\$3,748,986)</u>	<u>\$3,772,960</u>
Debt Service as a Percentage of Noncapital Expenditures	14.9%	7.3%	22.4%	19.9%

(1) Includes All Taxes

2015	2014	2013	2012	2011	2010
\$30,002,321	\$26,344,858	\$28,297,945	\$27,059,648	\$30,438,989	\$24,505,900
1,921,663	2,409,871	1,338,264	821,712	1,453,994	1,802,980
50,096	45,874	65,759	65,720	75,505	67,424
864,963	737,548	674,645	665,541	674,082	749,258
311,054	259,754	304,447	323,332	320,814	552,602
549,570	557,486	590,273	312,093	275,753	393,243
220,497	241,628	227,699	221,322	150,060	258,115
57,495	175,629	50,442	54,732	51,439	58,064
1,497,224	1,273,291	1,307,885	914,807	1,388,145	1,033,254
461,420	550,560	366,333	683,675	621,536	469,722
<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>	<u>29,890,562</u>
5,855,234	5,549,948	6,165,368	5,689,973	6,057,103	5,832,145
8,303,665	8,313,475	7,164,583	8,078,230	8,049,439	8,343,766
48,085	76,612	101,608	95,769	92,369	92,021
3,529,611	3,449,266	3,310,319	3,297,852	3,268,970	3,237,635
3,422,437	2,942,887	2,687,884	2,430,958	2,057,304	2,241,800
420,393	448,869	499,164	546,855	496,390	526,243
2,606,959	2,589,496	2,599,750	2,359,506	2,301,417	2,534,624
12,814,813	8,431,969	4,963,406	5,413,460	6,633,360	3,693,599
1,572,078	1,540,123	1,128,199	248,277	1,485,600	1,445,553
0	0	0	0	0	0
4,300,000	4,700,000	4,500,000	7,100,000	0	0
682,233	719,884	840,930	931,817	900,657	1,260,627
18,631	124,813	33,979	39,867	231,073	43,200
<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>29,251,213</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>	<u>639,349</u>
0	0	0	0	0	0
0	0	0	0	(6,600,000)	(5,900,000)
3,950,000	4,300,000	4,700,000	4,500,000	7,100,000	6,600,000
0	4,305,000	0	0	16,935,000	0
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	44,044
0	0	0	0	0	0
0	0	36,190	32,400	82,573	0
0	0	0	0	0	0
0	(4,503,365)	0	0	(17,706,306)	0
9,416,500	7,821,500	9,631,100	9,817,000	8,375,800	8,376,500
<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>(8,376,500)</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>744,044</u>
<u>\$376,325</u>	<u>(\$1,889,561)</u>	<u>\$3,964,692</u>	<u>(\$534,730)</u>	<u>\$4,881,699</u>	<u>\$1,383,393</u>
19.9%	21.6%	21.5%	25.7%	8.7%	10.1%

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
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
2010	245,966,560	223,875,870	1,342,406,943	12,934,290	14,698,057

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. Beginning in 2007, House Bill 66 switched telephone companies from being public utilities to general business taxpayers and began a four year phase out of the tangible personal property tax on local and inter-exchange telephone companies, at 5 percent for 2010. The last year telephone companies paid tangible personal property tax was 2010).

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

Source: Cuyahoga County, Ohio; County Fiscal Officer

Assessed Value	Total Estimated Actual Value	Ratio	Tax Rate
\$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
482,776,720	1,357,105,000	35.57	2.60

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

	2019	2018	2017	2016
Unvoted Millage				
Operating	\$1.9000	\$1.9000	\$1.9000	\$1.9000
Police Pension	0.3000	0.3000	0.3000	0.3000
<i>Total Unvoted Millage</i>	2.2000	2.2000	2.2000	2.2000
Charter Millage				
1990 Civic Center	0.0000	0.0000	0.0000	0.0000
Total Millage	\$2.2000	\$2.2000	\$2.2000	\$2.2000
Overlapping Rates by Taxing District				
Independence Local School District				
Residential/Agricultural Real	\$34.4400	\$34.7439	\$34.7329	\$34.1022
Commercial/Industrial and Public Utility Real	35.6800	35.8131	36.5959	36.1000
General Business and Public Utility Personal	36.7000	36.7000	36.7000	36.1000
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	13.9141	13.8802	13.8698
Commercial/Industrial and Public Utility Real	13.0800	14.0060	14.0124	14.0500
General Business and Public Utility Personal	14.0500	14.0500	14.0500	14.0500
Special Taxing Districts (1)				
Residential/Agricultural Real	8.9500	9.7637	9.2408	9.2368
Commercial/Industrial and Public Utility Real	8.2100	9.8422	9.3438	9.3676
General Business and Public Utility Personal	9.8800	9.8800	9.3800	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

2015	2014	2013	2012	2011	2010
\$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	0.4000	0.6000
\$2.2000	\$2.2000	\$2.2000	\$2.2000	\$2.6000	\$2.8000
\$34.3753 35.8000 35.8000	\$34.5646 36.0000 36.0000	\$33.7028 35.2000 35.2000	\$32.9393 34.0233 34.9000	\$29.8969 30.9096 31.9000	\$30.0066 30.8481 32.0000
2.0000 2.0000 2.0000	2.0000 2.0000 2.0000	2.0000 2.0000 2.0000	2.0000 2.0000 2.0000	2.0000 2.0000 2.0000	2.0000 2.0000 2.0000
14.0500 14.0195 14.0500	14.0500 13.9495 14.0500	13.2200 12.9968 13.2200	13.1182 12.7846 13.2200	13.1866 12.8412 13.3200	13.1789 12.8457 13.3200
9.3643 9.3401 9.3800	8.4639 8.3843 8.4800	7.5635 7.4621 7.5800	7.5041 7.3649 7.5800	7.4900 7.3450 7.5800	7.0068 6.9119 7.2800

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
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
2010	3,266,698	2,180,929	66.76	193,620

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.

Total Tax Collections (1)	Percent of Total Tax Collections to Tax Levy	Accumulated Outstanding Delinquent Taxes	Percentage of Delinquent Taxes to Total Tax Levy
\$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
2,374,549	72.69	939,371	28.76

City of Independence, Ohio
Principal Real Property Taxpayers
2019 and 2010

<i>2019</i>		
Taxpayer	Real Property Assessed Valuation	Percentage of Total Assessed Valuation
Park Center Plaza LP	\$17,252,340	3.87 %
Cleveland -Cuyahoga County Port Authority	14,700,000	3.29
Cleveland Electric Illuminating Company	14,209,500	3.18
American Transmission System	12,080,140	2.71
AHIP OH Cleveland Properties LLC	12,006,370	2.69
Summit Cleveland Realty LP	10,817,230	2.42
Rockside-77 Properties LLC	10,202,120	2.29
Corporate Plaza LP	7,491,060	1.68
East Ohio Gas	7,295,520	1.64
Jagi Cleveland Independence LLC	7,028,470	1.58
Total	\$113,082,750	25.35 %
Total Real Property Assessed Valuation	\$446,145,650	

<i>2010</i>		
Taxpayer	Real Property Assessed Valuation	Percentage of Total Assessed Valuation
Duke Realty Ohio	\$24,919,250	5.30 %
Investors Warranty of America Inc.	14,975,510	3.19
Cleveland Clinic	12,940,730	2.75
Rockside-77 Properties LLC	12,181,550	2.59
Cleveland Electric Illuminating Company	9,090,070	1.93
JDI Oak Tree Holdings LLC	7,390,290	1.57
City of Independence	7,321,870	1.56
AP/AM Independence Suites LLC	6,661,410	1.42
Jagi Cleveland Independence LLC	6,524,860	1.39
Independence Research	6,151,260	1.31
Total	\$108,156,800	23.02 %
Total Real Property Assessed Valuation	\$469,842,430	

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>
2019	2.00%	\$33,313,603	\$28,235,391	84.76%	\$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
2010	2.00	21,115,584	18,391,674	87.10	1,942,634	9.20	781,276	3.70

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

(2) Accrual basis.

City of Independence, Ohio
Income Tax Filers by Income Level
Tax Years 2019 and 2010

Tax Year 2019 (1)				
Income Range	Number of Filers	Percent of Filers	Taxable Income	Percent of Taxable Income
Over \$100,000	964	33.04 %	\$206,355,020	73.69 %
75,001-100,000	304	10.41	26,223,700	9.37
50,001-75,000	356	12.20	22,088,632	7.89
25,000-50,000	468	16.03	17,578,928	6.28
Under 25,000	827	28.32	7,768,714	2.77
Total	<u>2,919</u>	<u>100.00 %</u>	<u>\$280,014,994</u>	<u>100.00 %</u>

Tax Year 2010				
Income Range	Number of Filers	Percent of Filers	Taxable Income	Percent of Taxable Income
Over \$100,000	619	23.14 %	\$118,682,656	62.25 %
75,001-100,000	290	11.41	25,460,676	13.35
50,001-75,000	388	14.65	24,001,733	12.59
25,000-50,000	386	18.64	14,469,017	7.59
Under 25,000	836	32.16	8,047,793	4.22
Total	<u>2,519</u>	<u>100.00 %</u>	<u>\$190,661,875</u>	<u>100.00 %</u>

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

(1) Represents tax returns filed for tax year 2018

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
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
2010	23,983,905	1,357,105,000	1.77	3,362

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
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
2010	23,983,905	522,222	23,685	0	6,614,681

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

Total	Percentage of Personal Income	Per Capita
\$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
31,144,493	13.94	4,381

City of Independence, Ohio

Legal Debt Margin

Last Ten Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total Assessed Property Value	<u>\$475,643,560</u>	<u>\$459,545,250</u>	<u>\$448,792,810</u>	<u>\$453,851,680</u>
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	<u>\$49,942,574</u>	<u>\$48,252,251</u>	<u>\$47,123,245</u>	<u>\$47,654,426</u>
Debt Outstanding:				
General Obligation Bonds	7,785,000	12,785,000	14,450,000	16,070,000
Special Assessment Bonds	3,130,000	3,190,000	0	0
OPWC Loans	3,576,058	3,795,516	4,014,974	4,234,432
OWDA Loan	0	0	0	0
Notes	<u>17,375,000</u>	<u>12,300,000</u>	<u>12,150,000</u>	<u>12,550,000</u>
Total Gross Indebtedness	31,866,058	32,070,516	30,614,974	32,854,432
Less:				
General Obligation Bonds	(3,255,000)	(3,740,000)	(3,740,000)	(3,980,000)
Special Assessment Bonds	(3,130,000)	(3,190,000)	0	0
OPWC Loans	<u>(3,576,058)</u>	<u>(3,795,516)</u>	<u>(4,014,974)</u>	<u>(4,234,432)</u>
Total Net Debt Applicable to Debt Limit	<u>21,905,000</u>	<u>21,345,000</u>	<u>22,860,000</u>	<u>24,640,000</u>
Legal Debt Margin Within 10 ½ % Limitations	<u>\$28,037,574</u>	<u>\$26,907,251</u>	<u>\$24,263,245</u>	<u>\$23,014,426</u>
Legal Debt Margin as a Percentage of the Debt Limit	56.14%	55.76%	51.49%	48.29%
Unvoted Debt Limitation (5 ½ % of Assessed Valuation)	<u>\$26,160,396</u>	<u>\$25,274,989</u>	<u>\$24,683,605</u>	<u>\$24,961,842</u>
Gross Indebtedness	31,866,058	32,070,516	30,614,974	32,854,432
Less:				
General Obligation Bonds	(3,255,000)	(3,740,000)	(3,740,000)	(3,980,000)
Special Assessment Bonds	(3,130,000)	(3,190,000)	0	0
OPWC Loans	<u>(3,576,058)</u>	<u>(3,795,516)</u>	<u>(4,014,974)</u>	<u>(4,234,432)</u>
Net Debt Within 5 ½ % Limitations	<u>21,905,000</u>	<u>21,345,000</u>	<u>22,860,000</u>	<u>24,640,000</u>
Unvoted Legal Debt Margin Within 5 ½ % Limitations	<u>\$4,255,396</u>	<u>\$3,929,989</u>	<u>\$1,823,605</u>	<u>\$321,842</u>
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	16.27%	15.55%	7.39%	1.29%

Source: City Financial Records

2015	2014	2013	2012	2011	2010
<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>\$482,776,720</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>	<u>\$50,691,556</u>
17,640,000	19,190,000	20,620,000	21,720,000	21,895,000	23,235,000
0	0	0	0	0	500,000
4,349,786	196,875	211,509	229,526	241,918	23,685
11,177	22,005	32,494	42,676	4,785	0
<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>	<u>7,700,000</u>
26,300,963	24,108,880	26,314,003	28,792,202	29,241,703	31,458,685
(4,215,000)	(4,445,000)	(4,605,000)	(4,785,000)	(4,960,000)	(12,255,000)
0	0	0	0	0	(500,000)
<u>(4,349,786)</u>	<u>(196,875)</u>	<u>(211,509)</u>	<u>(229,526)</u>	<u>(241,918)</u>	<u>(23,685)</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>18,680,000</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>	<u>\$32,011,556</u>
63.12%	59.38%	55.07%	52.75%	52.36%	63.15%
<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>	<u>\$26,552,720</u>
26,300,963	24,108,880	26,314,003	28,792,202	29,241,703	31,458,685
(4,215,000)	(4,445,000)	(4,605,000)	(4,785,000)	(4,960,000)	(12,255,000)
0	0	0	0	0	(500,000)
<u>(4,349,786)</u>	<u>(196,875)</u>	<u>(211,509)</u>	<u>(229,526)</u>	<u>(241,918)</u>	<u>(23,685)</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>18,680,000</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>	<u>\$7,872,720</u>
29.59%	22.44%	14.23%	9.79%	9.04%	29.65%

City of Independence, Ohio
*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
December 31, 2019*

	Debt Attributable to Governmental Activities	Percentage Applicable to City (1)	Amount of Direct and Overlapping Debt
Direct Debt:			
City of Independence			
General Obligation Bonds	\$8,241,033	100.00 %	\$8,241,033
Special Assessment Bonds	3,233,205	100.00	3,233,205
OPWC Loan	<u>3,576,058</u>	100.00	<u>3,576,058</u>
<i>Total Direct Debt</i>	<u>15,050,296</u>		<u>15,050,296</u>
Overlapping Debt:			
Independence Local School District			
General Obligation Bonds	11,115,343	100.00	11,115,343
Cuyahoga County			
General Obligation Bonds	259,469,382	1.65	4,281,245
Revenue Bonds	596,158,206	1.65	9,836,610
Certificates of Participation	223,265,971	1.65	3,683,889
Loans Payable	1,345,885	1.65	22,207
Capital Lease Obligations	307,766,236	1.65	5,078,143
Greater Cleveland Regional Transit Authority			
General Obligation Bonds	<u>103,467,645</u>	1.65	<u>1,707,216</u>
<i>Total Overlapping Debt</i>	<u>1,502,588,668</u>		<u>35,724,653</u>
<i>Total Direct and Overlapping Debt</i>	<u><u>\$1,517,638,964</u></u>		<u><u>\$50,774,949</u></u>

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

- (1) Percentages were determined by dividing the assessed valuation of the overlapping government located within the boundaries of the City by the total assessed valuation of the government. The valuations used were for the 2019 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	
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
2010	7,133	223,448,358	31,326	69,727	8.6	10.1	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

2019 and 2010

2019			
Employer	Nature of Activity	Employees	Percentage of Total City Employment
Cleveland Clinic Foundation	Health Care	2,569	11.92 %
L D Kichler Co	Lighting Products	462	2.14
Airgas USA LLC	Gas Industry	387	1.80
Farmers Group Incorporated	Insurance Company	369	1.71
Independence Excavating INC	Construction Company	337	1.56
Nations Lending Corporation	Mortgage Company	330	1.53
Sterling Infosystems INC	Information Technology	306	1.42
SIRVA INC	Mortgage Company	282	1.31
Dayton Heidelberg Distributing	Beverage Distributions	249	1.16
USDA-National Finance Center	Financial Management	201	0.93
Total		5,492	25.49 %
Total Employment within the City		21,549	

2010			
Employer	Nature of Activity	Employees	Percentage of Total City Employment
Cleveland Clinic Foundation	Health Care	2,058	12.30 %
City of Independence	Municipality	473	2.83
L D Kichler Co	Lighting Products	410	2.45
Travelers Indemnity Company	Insurance Company	256	1.53
ADP Incorporated	Payroll Processing	240	1.43
Cellco Partnership	Communication	205	1.23
Ferro Corporation & Subsidiary	Manufacturing	181	1.08
Farmers Group Incorporated	Insurance Company	170	1.02
Honeywell International	Manufacturing	148	0.88
Cavaliers Holdings LLC	Professional Basketball Team	77	0.46
Total		4,218	25.21 %
Total Employment within the City		16,734	

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	2019	2018	2017	2016
General Government				
Council	4.50	4.50	4.50	4.50
Mayor	1.00	1.50	1.50	1.50
Finance	3.50	4.00	4.00	3.00
Purchasing	1.00	1.00	1.00	1.00
Mayor's Court	3.50	3.50	3.50	3.50
Technology	1.00	2.00	2.00	2.00
Engineering	5.50	5.50	5.00	5.00
Administrative Support	4.00	4.00	4.00	4.00
Security of Persons and Property				
Police	39.00	48.50	48.50	47.00
Fire	32.50	29.50	28.00	27.50
Leisure Time Activities				
Recreation Center	46.00	53.00	52.50	54.50
Community Services	24.00	28.00	17.50	18.00
Community Environment				
Building Inspection	3.50	4.00	4.00	3.00
Transportation				
Service and Technical Service	38.50	34.00	39.00	40.00
Totals:	<u>207.50</u>	<u>223.00</u>	<u>215.00</u>	<u>214.50</u>

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

Source: City Records

2015	2014	2013	2012	2011	2010
4.50	4.50	4.50	5.00	5.00	5.00
3.50	3.50	2.50	2.50	2.50	2.50
3.50	3.00	3.50	3.50	3.50	4.00
1.00	1.00	1.00	1.50	1.50	1.00
3.00	3.00	3.00	3.00	3.00	3.00
2.00	2.00	2.00	2.00	1.00	1.00
5.50	4.50	4.00	4.00	4.00	3.00
7.50	5.00	5.00	4.50	4.00	4.00
46.50	47.50	47.50	48.00	50.00	51.00
28.00	24.50	24.50	26.50	28.00	28.00
51.50	50.00	50.00	45.00	49.00	42.50
17.00	14.00	14.00	15.00	16.00	23.50
4.50	5.00	4.00	5.50	3.00	3.00
40.00	41.00	42.00	45.00	50.50	51.00
<u>218.00</u>	<u>208.50</u>	<u>207.50</u>	<u>211.00</u>	<u>221.00</u>	<u>222.50</u>

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

Function/Program	2019	2018	2017	2016
General Government				
Square Footage of Building (1)	35	35	35,200	35,200
Building Department Vehicles	2.0	2.0	2.0	1.5
Other Department Vehicles	11	8	7	8
Police				
Stations	1	1	1	1
Square Footage of Building (1)	35	35	35,200	35,200
Vehicles	44	46	35	31
Fire				
Stations	1	1	1	1
Square Footage of Building	19,350	19,350	19,350	19,350
Vehicles	12	13	13	13
Service Department				
Streets (miles)	52	52	52	52
Vehicles	49	51	43	45
Recreation				
Recreation Centers	2	2	2	2
New Recreation Center Square Footage (2)	82,000	82,000	82,000	82,000
Old Recreation Facility Square Footage	7,570	7,570	7,570	7,570
Number of Parks	1	1	1	1
Number of Baseball Diamonds	6	6	6	6
Number of Playgrounds	2	2	2	2
Number of Tennis Courts	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	4	4	4
Community Services				
Community Services Center Square Footage (2)	82,000	82,000	82,000	82,000
Vehicles	7	9	10	9

(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

2015	2014	2013	2012	2011	2010
35,200	35,200	35,200	35,200	35,200	35,200
1.5	4	4	4	3	3
7	5	5	5	8	0
1	1	1	1	1	1
35,200	35,200	35,200	35,200	35,200	35,200
35	39	39	39	37	37
1	1	1	1	1	1
19,350	19,350	19,350	19,350	19,350	19,350
13	13	13	13	12	11
52	52	52	52	52	52
43	53	53	53	56	55
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	5	5	5	5	5
6	0	0	0	0	0
6	0	0	0	0	0
3	0	0	0	0	0
3	3	3	3	3	3
4	3	3	3	3	3
82,000	82,000	82,000	82,000	82,000	82,000
7	7	7	6	6	9

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

Function/Program	2019	2018	2017	2016
General Government				
Law Expenditures (in thousands)	\$218	\$223	\$200	\$286
Engineering Expenditures (in thousands)	543	522	540	485
Finance Expenditures (in thousands)	454	515	470	475
Mayor's Office Expenditures (in thousands)	352	328	317	317
Council Expenditures (in thousands)	337	333	296	285
Security of Persons and Property				
Police Expenditures (in thousands)	\$5,429	\$5,368	\$5,057	\$4,973
Total Arrests	3,928	4,127	3,651	3,086
Part One Offenses	229	180	205	220
OVI Arrests	36	44	41	76
Prisoners	261	365	364	319
Motor Vehicle Accidents	558	481	457	542
Calls for Service	23,689	25,857	27,510	24,797
Incidents per Citizen	3.3016	3.6133	3.8616	3.4857
Cost per Citizen	\$756.66	\$750.14	\$709.85	\$699.04
Fire Expenditures (in thousands)	\$3,524	\$3,370	\$3,286	\$3,179
Emergency Responses	2,189	1,979	1,971	2,001
Fire Safety Inspections	831	577	850	705
Fire Protection Systems Inspected	272	326	300	474
Building Fire Protection Plans Reviewed	6	20	21	53
Percentage of Business Inspected	86%	74%	98%	98%
Number of Community Programs	19	20	20	20
Emergency Responses per Citizen	0.3051	0.2766	0.2767	0.2813
Cost per Citizen	\$491.15	\$470.93	\$461.26	\$446.87
Fire Safety Education - Business	13	13	13	14
Street Lights Expenditures (in thousands)	\$261	\$268	\$258	\$279

2015	2014	2013	2012	2011	2010
\$282	\$239	\$244	\$250	\$175	\$243
452	448	360	244	73	71
439	452	400	388	362	366
481	506	546	510	564	544
263	246	221	260	238	242
\$4,688	\$4,650	\$4,483	\$4,495	\$4,584	\$4,749
2,838	3,204	3,023	2,257	5,337	5,337
227	214	231	222	166	166
77	83	151	65	83	83
363	378	393	353	543	543
575	597	547	578	407	407
22,073	25,531	29,342	22,434	28,220	28,220
3,0619	3,5613	4,1400	3,1600	3,9600	3,9600
\$650.30	\$648.63	\$631.34	\$634.62	\$642.65	\$665.78
\$3,026	\$3,009	\$2,851	\$2,796	\$2,798	\$2,878
1,919	1,902	1,658	1,714	1,503	1,607
591	860	459	601	503	502
796	584	209	237	53	187
452	177	19	67	68	22
98%	75%	63%	96%	74%	87%
20	20	20	14	14	12
0.2662	0.2666	0.2210	0.2420	0.2116	0.2300
\$419.75	\$421.84	\$401.59	\$394.75	\$392.26	\$409.00
8	3	5	6	6	29
\$295	\$256	\$220	\$236	\$184	\$158

(continued)

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

Function/Program	2019	2018	2017	2016
Leisure Time Activities				
Recreational Expenditures (in thousands)	\$2,105	\$2,243	\$1,397	\$1,950
Civic Center Expenditures (in thousands)	846	855	1,325	972
Totals	\$2,951	\$3,098	\$2,722	\$2,922
Cost per Citizen	\$411.29	\$432.92	\$382.09	\$410.74
Civic Center Square Feet	82,000	82,000	82,000	82,000
Square Feet per Citizen	11.43	11.46	11.51	11.53
Total Recreational Revenue (in thousands)	\$389	\$350	\$582	\$412
Civic Center Members	6,915	7,227	7,034	7,376
Total Participations	128,229	148,678	144,842	153,546
Participations of Members Over Age 60	28,233	27,226	23,823	23,017
Community Environment				
Building Department Expenditures (in thousands)	\$339	\$308	\$300	\$318
Cost per Citizen	\$47.25	\$43.04	\$42.11	\$44.70
Building Permits - Residential	87	80	88	51
Dollar Value of Permits (in thousands)	\$12,103	\$6,872	\$11,836	\$4,391
Building Permits - Commercial	36	64	45	48
Dollar Value of Permits (in thousands)	\$15,581	\$37,363	\$4,797	\$27,133
Transportation				
Service Department Expenditures (in thousands)	\$4,066	\$4,279	\$3,980	\$3,218
Street Construction Maintenance and Repair Expenditures (in thousands)	\$680	\$930	\$914	\$841
Snow and Ice Removal Expenditures (in thousands)	\$316	\$396	\$153	\$174
Leaves, grass, chipped material (in cubic yards)	9,328	6,317	8,512	10,489

Source: City Records

2015	2014	2013	2012	2011	2010
\$1,979 912	\$2,002 848	\$1,948 855	\$1,969 828	\$1,927 825	\$1,911 788
\$2,891 \$401.03	\$2,850 \$397.55	\$2,803 \$394.71	\$2,797 \$394.89	\$2,752 \$385.81	\$2,699 \$378.38
82,000 11.37	82,000 11.44	82,000 11.55	82,000 11.58	82,000 11.50	82,000 11.50
\$715 9,898 149,001 19,834	\$676 7,243 152,187 20,792	\$519 7,208 103,243 20,513	\$631 2,740 170,399 21,236	\$663 2,840 175,750 19,798	\$695 1,676 98,362 467
\$350 \$48.55	\$343 \$47.84	\$338 \$47.59	\$464 \$65.51	\$564 \$79.07	\$523 \$73.32
68 \$6,493	50 \$4,734	65 \$5,839	61 \$2,500	48 \$2,300	86 \$5,500
59 \$25,884	57 \$12,627	45 \$8,082	47 \$8,000	56 \$8,200	53 \$12,100
\$3,349	\$3,529	\$3,295	\$3,198	\$3,239	\$3,617
\$750 \$340	\$739 \$433	\$654 \$421	\$547 \$237	\$538 \$346	\$1,088 \$431
8,603	9,598	10,295	12,428	11,600	11,600

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City of Independence, Ohio

Single Audit Reports

For the Year Ended December 31, 2019

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City of Independence, Ohio

For the Year Ended December 31, 2019

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

Members of the City Council
City of Independence, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Independence, Ohio (the "City"), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated August 28, 2020, wherein we noted that the City implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, and as a result restated their December 31, 2018 net position of the governmental activities and custodial fund and the fund balances of the General Fund and the aggregate remaining funds, 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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

Members of the City Council
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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Ciuni & Parrichi, Inc.

Cleveland, Ohio
August 28, 2020

**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**

Members of the City Council
City of Independence, Ohio

Report on Compliance for the 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 the City’s major federal program for the year ended December 31, 2019. The City’s major federal program is 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 the City’s major federal program 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 the major federal program. However, our audit does not provide a legal determination of the City’s compliance.

Opinion on the 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 its major federal program for the year ended December 31, 2019.

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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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.

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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated August 28, 2020, which contained unmodified opinions on those financial statements, wherein we noted that the City implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, and as a result restated their December 31, 2018 net position of the governmental activities and custodial fund and the fund balances of the General Fund and the aggregate remaining funds, 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.

Ciuni & Parricchi, Inc.

Cleveland, Ohio
August 28, 2020

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City of Independence

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2019

<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>
<u>U.S. Department of Justice:</u>			
Direct Award:			
Equitable Sharing Program	16.922	N/A	\$ 257,337
<u>Executive Office of the President – Office of National Drug Control Policy:</u>			
Direct Awards:			
High Intensity Drug Trafficking Areas Program (2016)	95.001	G16OH0003A	2,882
High Intensity Drug Trafficking Areas Program (2017)	95.001	G17OH0003A	272,496
High Intensity Drug Trafficking Areas Program (2018)	95.001	G18OH0003A	2,877,148
High Intensity Drug Trafficking Areas Program (2019)	95.001	G19OH0003A	<u>2,182,060</u>
Total Executive Office of the President – Office of National Drug Control Policy, High Intensity Drug Trafficking Areas Program - Ohio			5,334,586
<u>U.S. Department of Homeland Security (FEMA):</u>			
Direct Award:			
Assistance to Firefighters Grant - Fire Prevention and Safety Grants	97.044	N/A	<u>3,288</u>
Total Federal Expenditures			\$ <u><u>5,595,211</u></u>

The accompanying notes are an integral part of this schedule

City of Independence

Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2019

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, 2019

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)?	No
(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	Executive Office of the President – Office of National Drug Control Policy, CFDA # 95.001, High Intensity Drug Trafficking Areas
(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

None noted.

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, 2019

No prior year findings or questioned costs.

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 10/15/2020

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