

*City of Solon, Ohio*



# COMPREHENSIVE ANNUAL FINANCIAL REPORT



*FOR THE YEAR ENDED*

**DECEMBER 31, 2013**



*City of Solon, Ohio*



# INTRODUCTORY SECTION



***COMPREHENSIVE ANNUAL  
FINANCIAL REPORT***



**City of Solon, Ohio**

*Comprehensive Annual Financial Report*

*For the Year Ended December 31, 2013*

*Prepared by the Department of  
Finance*

*Dennis G. Kennedy, CPA  
Director of Finance*

**City of Solon, Ohio**  
*Comprehensive Annual Financial Report*  
*For the Year Ended December 31, 2013*  
*Table of Contents*

	<i>Page</i>
<b>I. Introductory Section</b>	
Title Page .....	i
Table of Contents .....	ii
Letter of Transmittal .....	v
Organizational Chart .....	xi
List of Principal Officials .....	xii
GFOA Certificate of Achievement .....	xiii
 <b>II. Financial Section</b>	
Independent Auditor’s Report.....	1
Management’s Discussion and Analysis .....	5
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position .....	17
Statement of Activities.....	18
Fund Financial Statements:	
Balance Sheet – Governmental Funds .....	20
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	22
Statement of Revenues, Expenditures and Changes in Fund Balance Budget (Non-GAAP Basis) and Actual - General Fund.....	24
Statement of Fund Net Position – Proprietary Funds.....	25
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds .....	26
Statement of Cash Flows – Proprietary Funds .....	27
Statement of Fiduciary Assets and Liabilities– Agency Funds.....	29
Notes to the Basic Financial Statements .....	30

**Combining and Individual Fund Statements and Schedules**

Combining Statements – Nonmajor Governmental Funds:

Fund Descriptions .....62

Combining Balance Sheet – Nonmajor Governmental Funds.....64

Combining Statement of Revenues, Expenditures and Changes in  
Fund Balances – Nonmajor Governmental Funds .....65

Combining Balance Sheet – Nonmajor Special Revenue Funds .....66

Combining Statement of Revenues, Expenditures and Changes in  
Fund Balances – Nonmajor Special Revenue Funds .....68

Combining Balance Sheet – Nonmajor Capital Projects Funds .....70

Combining Statement of Revenues, Expenditures and Changes in  
Fund Balances – Nonmajor Capital Projects Funds .....71

Combining Statements – Fiduciary Funds:

Fund Descriptions .....72

Combining Statement of Changes in Assets and Liabilities – Agency Funds.....73

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

**Major Funds:**

General Fund .....75

General Obligation Bond Retirement Fund .....80

Infrastructure Fund .....81

Water Reclamation Fund .....82

Grantwood Recreation Fund .....83

**Nonmajor Funds:**

Street Construction, Maintenance and Repair Fund .....84

State Highway Fund .....85

Police Pension Fund .....86

Fire Pension Fund.....87

Cable TV Fund .....88

Tree Planting Fund.....89

Recreation Fund.....90

Police Department Programs Fund .....92

Landfill Improvement Fund.....93

Law Enforcement Trust Fund .....94

Donations Trust Fund.....95

Senior Services Fund .....96

Economic Incentive Fund .....97

Police Training Fund .....98

Community Improvement Corporation Fund .....99

Safety and Service Equipment Fund.....100

Building Construction Fund .....101

Old City Hall Renovations Fund .....102

General Capital Improvements Fund .....	103
Workers' Compensation Fund.....	104

**III. Statistical Section**

Statistical Section Description .....	S1
Net Position by Component – Last Ten Years .....	S2
Changes in Net Position – Last Ten Years .....	S4
Fund Balances, Governmental Funds – Last Ten Years .....	S8
Changes in Fund Balances, Governmental Funds – Last Ten Years .....	S10
Income Tax Revenue Base and Collections – Last Ten Years .....	S12
Principal Income Taxpayers – Current Year and Nine Years Ago .....	S13
Ratio of Outstanding Debt to Total Personal Income and Debt Per Capita – Last Ten Years.....	S14
Ratio of General Obligation Bonded Debt to Estimated True Values of Taxable Property and Bonded Debt Per Capita – Last Ten Years.....	S16
Computation of Direct and Overlapping Governmental Activities Debt.....	S17
Ratio of Bonded Debt Outstanding and Legal Debt Margin – Last Ten Years.....	S18
Principal Employers – 2012 and 2003.....	S20
Demographic and Economic Statistics – Last Ten Years .....	S22
Full-Time City Government Employees by Function/Program - Last Ten Years .....	S24
Operating Indicators by Function/Program – Last Ten Years .....	S26
Capital Assets Statistics by Function/Program – Last Ten Years .....	S28





The City of Solon  
CITY HALL

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June 19, 2014

Residents of the City of Solon  
Honorable Mayor Susan A. Drucker and  
Members of Solon City Council:

It is my distinct honor and privilege to present to you the City of Solon's (the City) Comprehensive Annual Financial Report (CAFR). This report enables the City to comply with Ohio Administrative Code Section 117-2-03 (B), which requires reporting on a Generally Accepted Accounting Principle (GAAP) basis, and Ohio Revised Code Section 117.38 which requires the cities reporting on a GAAP basis to file an annual unaudited report with the Auditor of State within 150 days of year end.

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

Under Ohio law, regular audits are required to be performed on all financial related operations of the City. These audits may be done by either the State Auditor's Office or, if the State Auditor permits, an independent accounting firm.

For the year 2013, the City of Solon was audited by the Auditor of State's Office. Their unmodified opinion is included in the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the Independent Accountants' report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

***REPORTING ENTITY***

The City of Solon is located in the southeast corner of Cuyahoga County about 15 miles southeast of downtown Cleveland. It was originally organized as a township around 1825, and became a village in 1938. On November 2, 1954, the voters of Solon approved a charter. Then, in 1960, Solon became a city.

The form of government established by the Charter is the Mayor/Council type. There are seven City Council members; each is elected from a ward, for a term of four years. The Mayor's term is also four years beginning on December 1 of the appropriate election year. The Mayor appoints all department directors, some with the required confirmation of City Council pursuant to applicable language in the City Charter.

The current population of the City stands in excess of 23,000 and the City's geographical location enables residents to participate in employment opportunities in proximity of the greater Akron and Cleveland areas. Solon benefits from the proximity to Route 422 which promotes immediate access to various interstate highways leading in all directions.

Pursuant to Governmental Accounting Standards Board Statement No. 14, the City of Solon has included in this report all funds, agencies, boards and commissions for which the City is financially accountable.

### ***CITY SERVICES***

The City of Solon provides a full range of services to its citizens. The police protection services include patrol, investigations, jail facilities, drug resistance programs and safety schools. The fire protection service includes regular safety inspections, emergency medical (paramedic) services and fire safety education. Additionally, the City has a very active service department that provides free refuse collection, leaf and brush pickup, recycling, road maintenance and repair, storm sewer maintenance and repair, two cemeteries, snow plowing services and various other service department activities.

The Recreation Department sponsors a full range of activities from its headquarters in the City's Community Center. The Senior Services Department operates from the Senior Center wing of the Community Center and provides a multitude of programs ranging from physical fitness activities to weekly trips and guest speakers. Also, the City is fortunate to operate its own Solon Center for the Arts which has served to culturally enrich the community, its residents and has served as an important educational tool for the children participating in theater, art and music events.

The City presently has two enterprise operations: (1) Grantwood Recreation Park/Golf Course and (2) the Water Reclamation (formerly wastewater) funds. The operating expenses of the Water Reclamation fund have been, and continue to be, covered by user fees. Part of the financial management efforts of the City are directed to monitoring and analyzing programs for these two operational areas to insure both short and long term viability.

For the past two years, the City has assumed responsibility for billing and collection of fees associated with maintenance of the storm and sanitary systems for residents and businesses. This function was previously performed by the City of Cleveland Division of Water, but the City wanted to increase its level of customer service support to its citizens and began its in-house billing service. This activity is accounted for in the Water Reclamation Fund. Revenue associated with sewer billing operations have increased since the City initiated the transition from Cleveland Water to management of its own billing/collection program.

The administrative functions of the City include planning and zoning, economic development, building (permits and inspection), engineering, human resources, finance and information technology. The City conducts all operations related to income tax collection through a separate department and is not part of a regional income tax collection/administration system.

Solon City Council is required to adopt an annual budget by no later than the close of the fiscal year. The annual budget serves as the foundation for the City of Solon's financial planning and control. The budget is prepared by fund, function and department (personal services and other). Department heads may transfer resources within their area of responsibility if necessary. Appropriation or fund transfers between departments, however, need special approval from the governing council.

### ***ECONOMIC CONDITION AND OUTLOOK***

The proof of the viability and success of the City of Solon is evident in the numerous accreditations the City has been noted for in the recent years. In 2011, MONEY magazine ranked Solon as the third best place to live in the United States, describing the City as a small, diverse community with a large tax base, one of the highest achieving school districts, great medical care and our own orchestra.

In 2013, CLEVELAND magazine rated Solon as Northeast Ohio's number one suburb, giving mention to our impeccable school system, diverse population, and strong housing market. The City was also named in 2013 as the best place to raise kids in the State of Ohio by Businessweek.com making reference to all the superb services and living benefits that were similarly detailed in the other publications.

The City is currently home to more than 2,800 businesses which positively impacts the daytime population of the community. In 2013, Solon welcomed 36 new businesses to the City and assisted an additional 29 businesses with relocations within the City. The City is able to attract new businesses because of its very proactive program with consideration to economic development. For job creation grants administered by staff, the City invested almost \$1 million in 2013. Under this program, the company receives a grant predicated and computed on part of the municipal withholding tax paid to the City on a newly created job. The City also has one active enterprise zone agreement and one Community Reinvestment Area agreement.

The success of our economic development program and the attractiveness of our City and services to members of the business community may be measured by the level of municipal income tax collections posted by the City in 2013. Once again, as was the case in the preceding two years, Solon income tax collections reached record highs both in terms of gross and net (of refunds) revenue.

Our cash basis net income tax collections in 2012 were \$39.5 million. In 2013, the City collected over \$41.1 million in total net revenue for income tax. Annual collections have climbed each year since 2009 when the impact of the recession lowered annual net income tax revenue to \$34 million.

The continued growth of income tax collections coupled with a record level occupancy rate for commercial business and a stable housing market are strong indicators of the financial strength of our community and their resilience of the impact of the most recent recession and the strong presence Solon maintains in Northeast Ohio as a leader in retail and industry.

Unlike the majority of municipal governments in Northeast Ohio, Solon has been able to function and continue to prosper during a time when aid from the State of Ohio has been dramatically and consistently reduced. Changes in the State budget have generated decreases in local government funds and estate tax proceeds that many cities have had difficulty in absorbing. Solon is fortunate to be in a strong financial position that does not require or contemplate increases in income or property tax rates at any point in the future.

## ***LONG-TERM FINANCIAL PLANNING***

The City's Administration and Council have long established a policy of maintaining a five year plan for personnel and capital expenditures. It is updated by the administration and reviewed every year by the Council Finance Committee during annual budget hearings.

Included in the five year plan is a schedule of infrastructure projects to be paid from the Infrastructure Capital Improvement Fund. This fund receives one half of one percent of City income tax each year as a result of a voter approved levy.

Capital expenditures for new buildings, vehicles and equipment are also included in the five year plan. This enables a discussion on financing these items two or three years before they are needed and allows the City to accommodate scheduled capital replacements as well as emergency expenditures without unduly burdening or restructuring the current year budget.

## ***RELEVANT FINANCIAL POLICIES***

The City has maintained a policy of matching annual expenditures in the budget with estimated current revenues. This policy, implemented several years ago, has enabled the City to build-up its cash reserves in the past for situations like the shortfall in income tax receipts experienced in 2009. In 2007, the City adopted a "General Fund Cash Reserve Policy" listing the uses of cash reserves and formally establishing a standard for the size of the annual unencumbered balance of the General Fund.

In early 2013, the City took an additional step towards promoting long-term financial stability by establishing a Budget Stabilization ("rainy day") Fund that will be used to segregate resources that will only be employed should pre-determined economic stress levels be reached. In 2013, an initial transfer was executed to the Budget Stabilization Fund in the amount of \$1.65 million. The City intends to transfer additional monies in 2014 in the amount of \$1.8 million to the Budget Stabilization Fund and will continue to support expansion of the fund in future years. The combination of accumulating unencumbered cash reserves and a separate rainy day fund demonstrates the City's resolve with respect to prudent fiscal management and planning.

The City has been able to maintain and follow a plan to minimize its debt. During the past ten years, \$6 million in cash reserves were used to pay for the Service Garage expansion and \$6 million for part of the Community Center. In 2007, \$3 million in cash reserves were used to redeem or call the outstanding bonds on the 1993 City Hall Bond issue eight years ahead of schedule. In 2009, \$1.3 million in cash reserves were used to redeem or call 2/3rds of the City's outstanding library construction bonds 6 years ahead of schedule. The bonds were extinguished at par value and there was no gain or loss to be calculated. In 2010, the City redeemed \$4.7 million in Bond Anticipation Notes issued for the construction of Fire Station No. 3 and the reconstruction of Fire Station No. 2. The City took additional steps in 2012 to reduce its debt by authorizing a release of cash reserves to pay off an outstanding bond issue in the amount of \$3.8 million.

Total debt for the City has been dramatically reduced as a result of concerted efforts to limit the unnecessary expansion of general operating expense and directing available funds to debt retirement. Total outstanding debt of the City has been decreased by roughly 60 percent since 2007. The City presently has no publicly issued debt subsequent to the payoff of an outstanding bond issue in 2012.

## **MAJOR INITIATIVES**

The City was awarded a \$6 million grant from the Northeast Ohio Areawide Coordinating Agency (NOACA) to upgrade or replace all 46 traffic signals throughout Solon. Funds for this project were provided from the NOACA congestion mitigation and air improvement program. In 2013, the initial phase of the project began and the City has budgeted over \$4 million of funds to support this project. In early 2014, as part of the traffic signal improvement project, City Council approved the purchase of additional fiber optic for future use by the City's information technology department. This fiber optic will be used to provide internet services to all City buildings at a substantial decrease to the current contracted price.

The City continued its annual focus on capital improvements by dedicating over \$14 million in 2013 for the purpose of upgrade, maintenance and improvement of street and sewer infrastructure in an effort to provide Solon residents and business partners the highest level of services possible. In 2014, the strong commitment to infrastructure needs was displayed by the Mayor and City Council approving an infrastructure budget of over \$11 million.

The primary focus of the Administration and Council is to conduct operations as any successful chief executive officer or board of directors runs their business. It is imperative that the approach of Solon employees and elected officials remains centered on structured leadership and management principles that are designed to increase the City's efficiency as an entity and improve the stewardship and accountability to the community.

In 2013, the new redesigned, market-style Giant Eagle opened, anchoring the redevelopment of the Solon Village shopping center. The redevelopment of the shopping center incorporated long-established Solon businesses while also combining new retail ventures. Additionally, Cosmax USA Corp., a South Korean-based cosmetics and skincare company will be taking over the vacancy left by the relocation of L'Oreal USA. Cosmax intends to employ over 200 in its workforce and will receive over \$375,000 in a Job Creation Grant from the City. The redevelopment and relocation of business within the City displays our strong industrial and commercial base and continues to attract major businesses to the area.

In October of 2013, Nestle USA announced that it was moving the Nestle USA Pizza Division to its Solon campus due in part to a 65 percent, 10-year Job Creation Tax Credit from the Ohio Tax Credit Authority. This project is estimated to generate \$21.8 million in additional annual payroll by adding 250 jobs to the existing 1,900 in its Solon workforce. Nestle additionally announced in June of 2013 that it would be investing \$53 million to develop a global Product Technology Center in Solon dedicated to research frozen and chilled foods. Nestle's continued desire to operate within the City exemplifies our rich industrial base and our attractive economic incentives provided to draw and retain businesses. The City has also continued to foster its ongoing relationship with Swagelok, Inc. by providing a Job Creation Grant again for 2014. This partnership exemplifies the emphasis the City puts on retaining and attracting industrial, commercial and retail business from year to year.

All of the above projects and programs serve to strengthen the City in terms of long term financial goals and continue our reputation as a wonderful place to live and raise a family.

## ***Awards and Acknowledgements***

### *Awards*

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Solon for its comprehensive annual financial report for the fiscal year ending December 31, 2012. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

### *Acknowledgements*

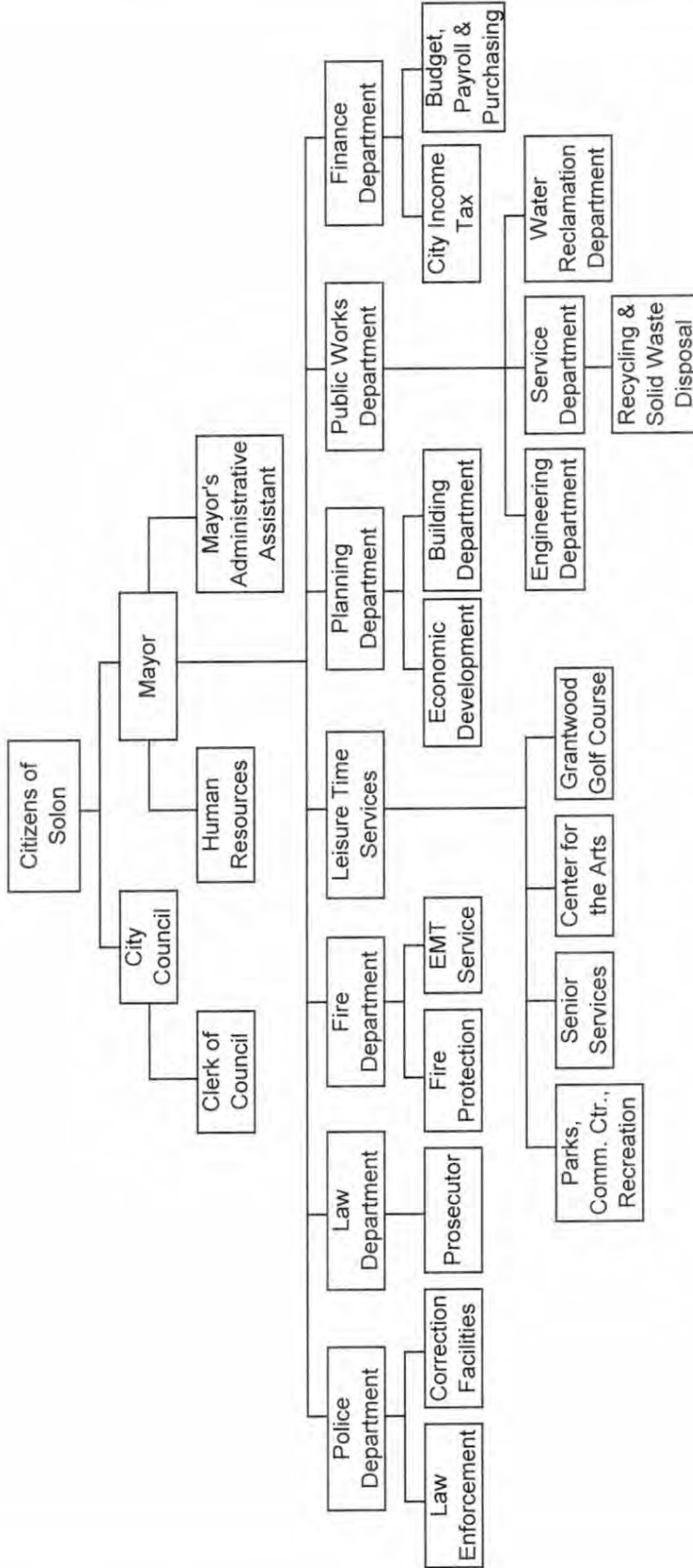
The preparation of this report would not be possible without the diligent extra work by dedicated members of our Finance Department and various other staff within the Administration. Their efforts are greatly appreciated. In addition, my gratitude and compliments extend to the Auditor of State's Section of Local Government Services who assisted greatly in the production of this report. Finally, I would extend a thank you to Mayor Susan A. Drucker and current and past members of City Council for their continued support of the Finance Department and our recommendations for improvements to financial operations and for recognizing the benefit of compiling a Comprehensive Annual Financial Report.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'D. Kennedy', with a long horizontal flourish extending to the right.

Dennis G. Kennedy, CPA  
Director of Finance

**CITY OF SOLON  
Organizational Chart  
December 31, 2013**



**City of Solon, Ohio**

*Principal Officials*

*December 31, 2013*

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***Elected Officials***

Susan A. Drucker ..... Mayor

*City Council*

Richard A. Bell ..... Ward 1

Robert N. Pelunis ..... Ward 2

Vacant ..... Ward 3

Marc R. Kotora ..... Ward 4

Nancy E. Meany ..... Ward 5

Edward H. Kraus ..... Ward 6 (Vice Mayor)

William I. Russo ..... Ward 7

Carol J. McConoughey ..... Clerk of Council (appointed)

***Appointed Officials***

Thomas G. Lobe ..... Director of Law

Dennis G. Kennedy ..... Director of Finance

Christopher P. Viland ..... Chief of Police

William J. Shaw ..... Chief of Fire and Rescue

Robert S. Frankland ..... Director of Planning

Donald W. Holub ..... Director of Recreation

Jill K. Frankel ..... Director of Senior Services

John J. Busch ..... Director of Engineering

Thomas G. Bandiera ..... Director of Service

Charles E. Boshane ..... Building Commissioner

Paul J. Solanics ..... Director of Water Reclamation

Patricia A. Dawson ..... Director of Information Technology





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Solon**  
**Ohio**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2012**

Executive Director/CEO

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*City of Solon, Ohio*



# FINANCIAL SECTION



***COMPREHENSIVE ANNUAL  
FINANCIAL REPORT***





# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

City of Solon  
Cuyahoga County  
34200 Bainbridge Road  
Solon, Ohio 44139

To the City Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Solon, Cuyahoga County, Ohio (the City), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider 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 to the extent needed to opine on the effectiveness of the City's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Solon, Cuyahoga County, Ohio, as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

*Supplementary and Other Information*

Our audit was conducted to opine on the City's basic financial statements taken as a whole.

The introductory section, the financial section's combining statements, individual fund statements and schedules and the statistical section information present additional analysis and are not a required part of the basic financial statements.

The statements and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these statements and schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling statements and schedules directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, these statements and schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2014, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

June 19, 2014

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

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The discussion and analysis of the City of Solon's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2013. The intent of this discussion and analysis is to look at the City's financial performance as a whole. To obtain a more detailed understanding, readers should also review the basic financial statements and the notes to the basic financial statements.

### **Financial Highlights**

Key Financial Highlights for 2013 are as follows:

- The City's net position increased by \$6.9 million during 2013 due mainly to an increase in cash and cash equivalents resulting largely from a decrease in debt service expenditures. In the prior year, the City retired \$4,470,000 in general obligation debt, of which \$3.8 million was called early using cash reserves. The increase in net position also resulted from a decrease in long-term liabilities due to the continued pay-down of OWDA loans and OPWC loans.
- In 2013, the City centralized the payment of medical insurance and utility expenditures. In prior years, a portion of these expenditures were charged to the various City departments. In 2013, all governmental expenditures for medical insurance and utilities were charged to general government. Medical insurance and utilities are charged back to the Water Reclamation and Grantwood Recreation funds for the portion related to business-type operations.
- As of December 31, 2013, the City has an accounts payable of \$1,000,000 relating to an income tax refund owed to a local business. The business amended its 2006 income tax return claiming a refund for the overpayment of taxes. The overpayment refund was settled in 2013 for the amount of \$1,250,000. The City refunded the business \$250,000 in 2013. The remaining \$1,000,000 is to be refunded to the business in two equal installments of \$500,000 in January 2014 and January 2015. The recording of this liability resulted in a \$1,000,000 reduction to income tax revenue.
- Long-term debt decreased in 2013 due to annual debt service payments.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City of Solon's basic financial statements. The City of Solon's basic financial statements are comprised of these parts:

1. Management's Discussion and Analysis
2. Government-Wide Financial Statements
3. Fund Financial Statements
4. Notes to the Basic Financial Statements

In addition, this report also contains other supplementary information:

1. Transmittal Letter
2. Combining Statements
3. Individual Fund Schedules
4. Statistical and Demographic Data

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

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*Government-Wide Financial Statements*

The Government-Wide Financial Statements are designed to provide readers with a broad overview of the City of Solon's finances in a manner similar to private sector businesses. The Statement of Net Position and Statement of Activities provide information about the activities of the whole City, 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 non-major funds presented in total in one column.

The Statement of Net Position presents information on all of the City of Solon's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Solon is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenue and expenses are reported in this statement for some items that will effect cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish programs of the City of Solon that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Solon include security of persons and property, public health and welfare, leisure time activities, community environment, basic utility services, transportation and general government. The business-type activities include water reclamation and Grantwood recreation.

The government-wide financial statements can be found starting on page 17.

*Fund Financial Statements*

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Solon, like all other state and local governments, uses fund accounting to ensure and demonstrate compliance with legal requirements. All of the funds of the City of Solon can be divided into three categories: governmental, proprietary and fiduciary.

**GOVERNMENTAL FUNDS** – are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds' financial statements focus on the near term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long term impact of the government's near term

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

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financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Solon maintains 18 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the government funds statement of revenue, expenditures, and changes in fund balances for the general fund, general obligation bond retirement fund and the infrastructure capital projects fund, all of which are considered to be major funds. Data from the other governmental funds are combined into single, aggregate presentation. Individual fund data for each of these non-major government funds is provided in the form of combining statements elsewhere in this report.

The City of Solon adopts an annual appropriated budget for each of its funds. A budget comparison statement (non-GAAP basis) has been provided for each governmental and proprietary fund to demonstrate budgetary compliance.

*PROPRIETARY FUNDS* – use the same basis of accounting as business-type activities. The City of Solon has two enterprise operations and one internal service fund under the proprietary fund classification. They are the water reclamation (wastewater) operation and Grantwood (golf course) recreation and the internal service fund accounting for self-insured workers' compensation claims.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 25 to 28.

*FIDUCIARY FUNDS* – are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Solon's own programs.

*Notes to the Basic Financial Statements*

The Notes to the Basic Financial Statements provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The City implemented GASB 54 in 2010. Please see the notes to the basic financial statements concerning data reporting this change and the further clarification of fund balances. The notes to the basic financial statements can be found on pages 30 to 61.

*Other Information*

In addition to the basic financial statements and accompanying notes, this report also presents certain other information that the City believes readers will find useful. After the notes to the basic financial statements, the combining statements referred to earlier in connection with non-major funds are presented, as well as individual detailed budgetary comparisons for all non-major funds. This information can be found starting on page 62.

**Government-Wide Financial Analysis**

The Statement of Net Position and the Statement of Activities provide an overall view of the City of Solon. These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting used

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

by the private sector. The basis for this accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

These two statements report the City's net position and the changes in net position. The change in net position is important because it indicates if the financial position of the City has improved or diminished. However, in evaluating the overall position of the City, non-financial information such as changes in the City's tax base and the condition of City capital assets will also need to be evaluated.

The Statement of Net Position and the Statement of Activities are divided into the following categories:

- Assets
- Liabilities
- Deferred Inflows of Resources
- Net Position
- Program Expenses and Revenues
- General Revenues
- Net Position Beginning and End of Year

**The City of Solon as a Whole**

The following provides a summary of the City's net position for the City as a whole for 2013 compared to 2012:

(Table 1)  
*Net Position*

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
<b>Assets</b>						
Current and Other Assets	\$59,597,950	\$52,346,666	\$10,060,121	\$8,494,864	\$69,658,071	\$60,841,530
Capital Assets, Net	130,037,949	131,838,096	63,291,845	65,123,563	193,329,794	196,961,659
<i>Total Assets</i>	<u>189,635,899</u>	<u>184,184,762</u>	<u>73,351,966</u>	<u>73,618,427</u>	<u>262,987,865</u>	<u>257,803,189</u>
<b>Liabilities</b>						
Current Liabilities	4,376,733	3,576,116	315,274	393,668	4,692,007	3,969,784
Long-term Liabilities						
Due within one Year	1,953,653	2,026,789	1,760,820	1,796,692	3,714,473	3,823,481
Due in More than one Year	9,809,723	10,649,974	8,529,999	10,000,881	18,339,722	20,650,855
<i>Total Liabilities</i>	<u>16,140,109</u>	<u>16,252,879</u>	<u>10,606,093</u>	<u>12,191,241</u>	<u>26,746,202</u>	<u>28,444,120</u>
<b>Deferred Inflows of Resources</b>	3,541,146	3,552,353	0	0	3,541,146	3,552,353
<b>Net Position</b>						
Net Investment in Capital Assets	129,835,381	131,699,509	53,266,832	53,582,076	183,102,213	185,281,585
Restricted for:						
Capital Projects	14,110,621	9,310,451	0	0	14,110,621	9,310,451
Debt Service	5,029,412	5,437,648	0	0	5,029,412	5,437,648
Other Purposes	3,498,835	2,341,726	0	0	3,498,835	2,341,726
Unrestricted	17,480,395	15,590,196	9,479,041	7,845,110	26,959,436	23,435,306
<i>Total Net Position</i>	<u>\$169,954,644</u>	<u>\$164,379,530</u>	<u>\$62,745,873</u>	<u>\$61,427,186</u>	<u>\$232,700,517</u>	<u>\$225,806,716</u>

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

Total current and other assets for governmental activities increased due to an increase in cash and cash equivalents resulting from revenues continuing to exceed expenditures. The decrease in revenues in 2013 was offset by a decrease in debt service expenditures. In 2012, the City called \$3.8 million in general obligation bonds early using cash reserves. Net capital assets for governmental capital assets decreased as the result of annual depreciation. This decrease was partially offset by land additions and the purchase of various vehicles and equipment as well as the construction of various infrastructure projects. The increase in current liabilities resulted from an increase in accounts payable relating to a large income tax refund owed to a local business to be paid in years 2014 and 2015. The decrease in long-term liabilities was due to the continued pay-down of OWDA loans and OPWC loans.

Total current and other assets for business-type activities increased due to an increase in cash and cash equivalents as a result of charges for services revenue continuing to exceed program expenditures. Net investment in capital assets for business-type activities decreased as a result of annual depreciation. This decrease was partially offset by additions to construction in progress for the anaerobic digester/electrical upgrade project and equipment purchases. Total liabilities for business-type activities decreased due to the annual pay-down on debt for the City's water reclamation facility.

Further details of the changes in net position between 2013 and 2012 can be observed in Table 2.

(Table 2)  
*Changes in Net Position*

	Governmental Activities		Business -Type Activities		Total	
	2013	2012	2013	2012	2013	2012
<b>Program Revenues</b>						
Charges for Services	\$5,036,523	\$5,325,900	\$7,717,671	\$7,513,161	\$12,754,194	\$12,839,061
Operating Grants and Contributions	1,342,871	1,396,049	0	0	1,342,871	1,396,049
Capital Grants and Assessments	612,187	1,587,921	52,843	0	665,030	1,587,921
<i>Total Program Revenues</i>	<u>6,991,581</u>	<u>8,309,870</u>	<u>7,770,514</u>	<u>7,513,161</u>	<u>14,762,095</u>	<u>15,823,031</u>
<b>General Revenues</b>						
Property Taxes	3,977,523	4,038,001	0	0	3,977,523	4,038,001
Municipal Income Taxes	39,942,088	40,665,159	0	0	39,942,088	40,665,159
Grants and Entitlements	1,452,480	1,896,700	0	0	1,452,480	1,896,700
Investment Income	(55,709)	171,550	(3,627)	52,757	(59,336)	224,307
Gain on Sale of Capital Assets	32,754	65,299	0	55,950	32,754	121,249
Miscellaneous	570,247	834,994	65,289	42,521	635,536	877,515
<i>Total General Revenues</i>	<u>45,919,383</u>	<u>47,671,703</u>	<u>61,662</u>	<u>151,228</u>	<u>45,981,045</u>	<u>47,822,931</u>
<i>Total Revenues</i>	<u>\$52,910,964</u>	<u>\$55,981,573</u>	<u>\$7,832,176</u>	<u>\$7,664,389</u>	<u>\$60,743,140</u>	<u>\$63,645,962</u>

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

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

	Governmental Activities		Business -Type Activities		Total	
	2013	2012	2013	2012	2013	2012
<b>Program Expenses</b>						
Security of Persons and Property						
Police	\$8,007,356	\$9,007,166	\$0	\$0	\$8,007,356	\$9,007,166
Fire	7,334,283	8,248,104	0	0	7,334,283	8,248,104
Prosecutor	251,821	246,888	0	0	251,821	246,888
Public Health and Welfare	96,589	94,691	0	0	96,589	94,691
Leisure Time Activities	5,676,149	6,588,533	0	0	5,676,149	6,588,533
Community Environment	2,349,548	3,087,942	0	0	2,349,548	3,087,942
Basic Utility Services	2,963,992	2,921,098	0	0	2,963,992	2,921,098
Transportation	10,795,448	13,093,694	0	0	10,795,448	13,093,694
General Government	9,642,905	5,857,841	0	0	9,642,905	5,857,841
Interest and Fiscal Charges	217,759	440,111	0	0	217,759	440,111
Water Reclamation	0	0	5,439,254	5,302,029	5,439,254	5,302,029
Grantwood Recreation	0	0	1,074,235	1,191,495	1,074,235	1,191,495
<i>Total Program Expenses</i>	<u>47,335,850</u>	<u>49,586,068</u>	<u>6,513,489</u>	<u>6,493,524</u>	<u>53,849,339</u>	<u>56,079,592</u>
<i>Excess before Special Items and Transfers</i>	5,575,114	6,395,505	1,318,687	1,170,865	6,893,801	7,566,370
Special Item - Bainbridge						
Road Improvements	0	12,223,401	0	0	0	12,223,401
Transfers	0	(591,592)	0	591,592	0	0
<i>Change in Net Position</i>	5,575,114	18,027,314	1,318,687	1,762,457	6,893,801	19,789,771
<i>Net Position Beginning of Year</i>	<u>164,379,530</u>	<u>146,352,216</u>	<u>61,427,186</u>	<u>59,664,729</u>	<u>225,806,716</u>	<u>206,016,945</u>
<i>Net Position End of Year</i>	<u>\$169,954,644</u>	<u>\$164,379,530</u>	<u>\$62,745,873</u>	<u>\$61,427,186</u>	<u>\$232,700,517</u>	<u>\$225,806,716</u>

**Governmental Activities**

The funding for governmental activities comes from several different sources, the most significant being municipal income tax. In addition, property tax, grants and entitlements and charges for services provide revenue for governmental activities. Governmental revenues and transfers in exceeded governmental expenses mainly due to the resurgence of City income tax receipts.

On the expense side, the largest program or function is security of persons and property. It is composed of three parts; Police, Fire and Prosecutor. The decrease in Police and Fire was the result of the City centralizing medical insurance and utility costs in 2013. In prior years, a portion of medical insurance and utility expenses were charged to the Police and Fire departments whereas in 2013 all medical insurance and utility expenses were charged to general administration. The decrease in Police and Fire was partially offset by a 2.25 percent employee wage increase. Prosecutor increased due to employee wage increases.

The next largest program or function is transportation. It includes the construction and maintenance of streets, storm sewers and other related infrastructure. There was a significant decrease from 2012 due to (1) the centralization of medical insurance and utilities resulting in these expenditures no longer being charged to transportation and (2) a greater amount of infrastructure costs being capitalized rather than expensed in 2013. The decrease in transportation was partially offset by a 2.25 percent employee wage increase.

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

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Leisure time activities decreased between 2013 and 2012 due to the centralization of medical insurance and utilities resulting in these expenditures no longer being charged to leisure time activities. This decrease was partially offset by an employee wage increase.

General government increased between 2013 and 2012 due to all medical insurance and utility expenses being charged to general administration in 2013 versus charging a portion of these expenditures to the various City departments. The increase in general government was also due to a 2.25 percent employee wage increase.

**Business-type Activities**

The City has two business-type operations. They are the Water Reclamation Plant (wastewater) and Grantwood (golf course) Recreation. The largest sources of revenue for both Water Reclamation and Grantwood Recreation in 2013 were charges for services. On the expense side, the largest expenses are for payroll and employee benefits for both operations.

**Financial Analysis of the City's Funds**

*Governmental Funds* – provide near term inflows, outflows and balances of spendable resources. This information is useful in evaluating the City's financing requirements. In particular, unassigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the year. Information about the City's governmental funds begins on page 20. These funds are accounted for by using the modified accrual basis of accounting.

As of the end of 2013, the City of Solon's governmental funds reported a positive combined ending fund balance. The majority of the ending fund balance is unassigned. The remainder of the fund balance is non-spendable, restricted, committed or assigned to indicate that it is not available for new spending because it has been specifically marked for expenditures as designated by grant agreements, City ordinances or intent of use.

The general fund is the main governmental and operating fund of the City. There was an overall increase in the general fund's fund balance between 2013 and 2012 as revenues and other financing sources continued to outpace expenditures and other financing uses. Transfers from the general fund were \$2.3 million higher in 2012 as a result of the City choosing to early retire its general obligation bonds with cash reserves in 2012.

The general obligation bond retirement fund mainly receives property taxes and special assessments which are restricted for the payment of debt service. There was an overall increase in the general obligation bond retirement fund's fund balance between 2013 and 2012 due to a decrease in debt service expenditures.

The infrastructure fund is the largest capital improvement governmental fund of the City. It receives one half of one percent of the City income tax (levy) to pay for new construction and repair of the City's infrastructure. There was an overall increase in the infrastructure fund's fund balance between 2013 and 2012 as revenues continued to outpace expenditures.

*Business-type Funds* – report the City's Water Reclamation (wastewater) operation and Grantwood (golf course) Recreation on a full accrual basis. In 2013, the net position for the Water Reclamation facility increased as a result of operating revenue continuing to outpace operating expenditures.

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

Despite a decrease in expenses, the net position for the Grantwood golf course decreased during 2013 as operating expenditures continued to exceed operating revenues.

**General Fund Budgeting Highlights**

Solon's largest budgeted fund is the general fund. Its expenditure budget (appropriations), along with all other funds, is prepared according to the laws of the State of Ohio and is based on accounting for certain transactions on a cash basis for receipts, expenditures and encumbrances. Ohio Law limits appropriations for each fund to the estimated receipts plus the unencumbered cash reserve (or carryover) from the prior year for that particular fund.

In 2013, the general fund's final revenue estimate exceeded the original estimate due to an increase in property taxes as a result of a greater portion of inside millage being allocated to the general fund as well as to an increase in income taxes resulting from higher income tax withholdings. The general fund's actual revenue plus other financing sources exceeded the final estimate mainly as a result of higher than estimated property taxes and income taxes. The general fund's final budget was higher than the original budget due to an increase in estimated employee costs. Actual expenditures plus other financing uses were well under the final budget due to lower than previously estimated employee salaries and benefits as well as lower contingencies, producing an overall positive variance.

**Capital Assets**

Governmental capital assets, net of depreciation, decreased as the result of annual depreciation. This decrease was partially offset by land additions and the purchase of various vehicles and equipment as well as the construction of various infrastructure projects. Business-type capital assets, net of depreciation, decreased as the result of annual depreciation. This decrease was partially offset by construction work for the anaerobic digester/electrical upgrade project which was completed in 2013 and equipment purchases. For additional information on capital assets, please see note 9 to the basic financial statements.

A five year capital plan, involving all assets and capital projects is maintained by the administration. It is updated and reviewed by City Council every year.

(Table 3)  
*Capital Assets at December 31*  
*(Net of Accumulated Depreciation)*

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$10,583,243	\$10,537,043	\$3,120,877	\$3,120,877	\$13,704,120	\$13,657,920
Construction in Progress	1,359,520	45,550	0	5,261,884	1,359,520	5,307,434
Land Improvements	1,044,398	1,142,084	7,176	7,973	1,051,574	1,150,057
Buildings	37,762,989	39,272,849	19,619,152	15,095,304	57,382,141	54,368,153
Furniture and Equipment	1,838,330	2,165,381	1,011,283	1,066,972	2,849,613	3,232,353
Vehicles	4,314,131	4,542,850	101,599	121,386	4,415,730	4,664,236
Infrastructure	73,135,338	74,132,339	39,431,758	40,449,167	112,567,096	114,581,506
<b>Total Capital Assets</b>	<b>\$130,037,949</b>	<b>\$131,838,096</b>	<b>\$63,291,845</b>	<b>\$65,123,563</b>	<b>\$193,329,794</b>	<b>\$196,961,659</b>



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

**Outstanding Long-Term Obligations**

(Table 4)  
*Outstanding Long-Term Obligations at Year End*

	Governmental Activities		Business -Type Activities		Total	
	2013	2012	2013	2012	2013	2012
OWDA Loans	\$8,119,077	\$8,942,950	\$10,025,013	\$11,541,487	\$18,144,090	\$20,484,437
OPWC Loans	77,939	138,587	0	0	77,939	138,587
Compensated Absences	3,513,378	3,501,273	265,806	256,086	3,779,184	3,757,359
Claims Payable	52,982	93,953	0	0	52,982	93,953
<b>Total</b>	<b>\$11,763,376</b>	<b>\$12,676,763</b>	<b>\$10,290,819</b>	<b>\$11,797,573</b>	<b>\$22,054,195</b>	<b>\$24,474,336</b>

Ohio Water Development Authority Loans and Ohio Public Works Commission Loans comprise most of the outstanding obligations. In addition, outstanding obligations include compensated absences (sick leave, etc.), and claims payable for 2013.

Governmental activities debt is serviced by property taxes and special assessments that are credited to the bond retirement fund. Most of this debt was issued for the construction of new infrastructure. Most of the business-type debt is for the water reclamation utility and improvements made to the wastewater plant. User fees are used to service that debt.

The compensated absence category represents the dollar value of accumulated but unused sick leave at year end. The liability represents amounts that will either be taken as leave or paid out upon termination or retirement. For additional information, please see note 17 to the basic financial statements.

**Economic Factors and Current Financial Issues**

The City presently has in place a municipal income tax at the rate of 2 percent applicable to income earned in the City (withholding) or by residents and/or businesses (individual/net profit). The tax rate has been in place since 1989 and the general financial condition of the City does not require any immediate or future action with respect to increasing the rate or decreasing any existing credit for reciprocity. Municipal income tax collections routinely represent more than 70 percent of the City's total governmental revenue.

Net income tax collections (gross collection less refunds) in 2013 grew slightly from 2012 levels. The total cash collections in 2013 for all sources of municipal income tax were \$41.1 million on a cash basis. Withholding collections expanded in 2013 to a level of \$30.4 million. The large growth experienced in the past four years is a fairly strong indicator of the health and success of the City's industrial and commercial bases.

Net profit collections increased in 2013 and individual collections decreased slightly (-2.6 percent) in 2013 on a cash basis – net of refunds paid. Individual tax revenue declined minimally and was primarily attributed to a change in the tax rate of a neighboring community where a large segment of our Solon residents are employed. The change in rate lowered the amount due and payable to Solon because of the tax reciprocity granted to residents.

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

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Net profit collections increased over 2012 levels by approximately 12.3 percent. The recent growth in withholding and net profit tax revenue is expected to be maintained in the short term, a factor that will continue to provide the City with a strong foundation for general fund and capital project needs.

Controlled spending and the accelerated pace of municipal income tax collections have allowed the City to avoid pursuing alternative revenue streams (tax increases, new or increased fees and charges, etc.) while concurrently not having to engage in drastic expense reductions. The loss of local government funds distributed to political subdivisions from the State of Ohio have forced many entities to search for new revenue and/or implement spending cuts that significantly and negatively impact services. Effective management has placed the City of Solon in position to successfully maintain its high level of services to its residential and commercial inhabitants.

Another indicator of the conservative fiscal management is the low rate of property tax assessed to residents and businesses in the City. Many northeast Ohio municipalities carry real property rates more than double the level that is assessed by Solon currently. The City does not foresee the need to adjust upward the rate of tax applied to property in the City. Further, due to calculated efforts to reduce debt, more of the property tax collected may be employed to offset losses in local government funding and to help mitigate additional expense related to salaries and pensions.

In 2013, the State Legislature has continued to discuss potential changes to the municipal tax law in Ohio. Based on the most current version of the proposed changes, the City does not see any potential for a substantive negative impact on annual income tax revenue.

Due to a strong commitment to consistently fund infrastructure improvements, the City is in a good position with respect to avoiding major repairs or renovations to any of its facilities, streets, sewers and other assets. The City does not contemplate the necessity for any debt issuance relative to infrastructure in the immediate future. Rather, the calculated dedication of a sizable portion of our annual revenue will be used to maintain, upgrade and otherwise improve items which other municipalities have deferred due to budget constraints.

The general fund finished 2013 with an unassigned fund balance of \$22,140,512. The City has implemented a policy whereby 25 percent of its unencumbered general fund balance will be maintained in reserve as well as having created a budget stabilization fund (2013) that will allow for a segregation of additional reserves that will be accumulated to use in emergency situations in times of revenue fluctuations.

The City's credit rating remains at an enviable level of AAA based on a 2008 upgrade by Standard & Poors. In 2010, Moody's recalibrated the City's rating to Aaa. More evidence of the City's commitment to effective financial management is the performance of the 2013 budget versus actual. In 2013, revenue exceeded final budget estimates by more than \$783,000 and expenses were restricted to a level \$2 million under the final budgeted amounts. The resultant favorable variance of \$2.79 million demonstrates that the City is watchful of accuracy in revenue projections as well as evidence of the need to avoid unnecessary expense levels and controlling departmental costs.

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

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The economic development efforts of the Administration and Council have kept Solon a primary destination for new business relocation in northeast Ohio. Additionally, the level of City services and the various retention programs employed by the economic development staff have been very effective in keeping existing businesses in the City.

City property values remain stable, both for commercial and residential properties. The Cleveland area property values were hard hit by the recession beginning in 2007. While some communities have been devastated by the reduction in taxable values, Solon properties have generally retained their value. A reduction in property values impacts not only municipal operations but local school systems as well. The retention of property values in Solon has contributed to the strong state of the City itself as well as the highly rated school system.

**Requests for Information and Data**

This financial report is designed to provide a general overview of the City of Solon's finances for everyone with an interest. Questions concerning any of the information and data presented in this report, or requests for additional financial information, should be addressed to Dennis Kennedy, Director of Finance, City of Solon, 34200 Bainbridge Road, Solon, Ohio 44139.

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## Basic Financial Statements

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**City of Solon, Ohio**  
*Statement of Net Position*  
*December 31, 2013*

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$43,125,168	\$7,986,062	\$51,111,230
Accounts Receivable	126,913	1,866,505	1,993,418
Intergovernmental Receivable	1,160,218	0	1,160,218
Municipal Income Taxes Receivable	6,845,185	0	6,845,185
Materials and Supplies Inventory	603,177	207,554	810,731
Prepaid Items	189,497	0	189,497
Property Taxes Receivable	3,675,247	0	3,675,247
Special Assessments Receivable	3,872,545	0	3,872,545
Nondepreciable Capital Assets	11,942,763	3,120,877	15,063,640
Depreciable Capital Assets, Net	118,095,186	60,170,968	178,266,154
<i>Total Assets</i>	<u>189,635,899</u>	<u>73,351,966</u>	<u>262,987,865</u>
<b>Liabilities</b>			
Accounts Payable	1,588,937	38,687	1,627,624
Accrued Wages	546,149	36,339	582,488
Contracts Payable	382,015	0	382,015
Intergovernmental Payable	446,796	27,392	474,188
Retainage Payable	620,213	0	620,213
Matured Compensated Absences Payable	40,803	0	40,803
Accrued Interest Payable	105,810	159,879	265,689
Claims Payable	241,949	0	241,949
Vacation Benefits Payable	404,061	52,977	457,038
Long-Term Liabilities:			
Due Within One Year	1,953,653	1,760,820	3,714,473
Due In More Than One Year	9,809,723	8,529,999	18,339,722
<i>Total Liabilities</i>	<u>16,140,109</u>	<u>10,606,093</u>	<u>26,746,202</u>
<b>Deferred Inflows of Resources</b>			
Property Taxes	3,541,146	0	3,541,146
<b>Net Position</b>			
Net Investment in Capital Assets	129,835,381	53,266,832	183,102,213
Restricted for:			
Capital Projects	14,110,621	0	14,110,621
Debt Service	5,029,412	0	5,029,412
Street, Construction, Maintenance and Repair	932,586	0	932,586
Landfill Improvement	126,143	0	126,143
Other Purposes	2,440,106	0	2,440,106
Unrestricted	17,480,395	9,479,041	26,959,436
<i>Total Net Position</i>	<u>\$169,954,644</u>	<u>\$62,745,873</u>	<u>\$232,700,517</u>

See accompanying notes to the basic financial statements

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

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants
<b>Governmental Activities:</b>				
Security of Persons and Property				
Police	\$8,007,356	\$332,192	\$118,409	\$0
Fire	7,334,283	778,753	95,818	64,984
Prosecutor	251,821	11,105	0	0
Public Health and Welfare	96,589	4,259	0	0
Leisure Time Activities	5,676,149	3,155,533	51,495	0
Community Environment	2,349,548	64,887	1,748	0
Basic Utility Services	2,963,992	89,937	0	0
Transportation	10,795,448	164,649	1,075,401	457,825
General Government	9,642,905	435,208	0	89,378
Interest and Fiscal Charges	217,759	0	0	0
<i>Total Governmental Activities</i>	<u>47,335,850</u>	<u>5,036,523</u>	<u>1,342,871</u>	<u>612,187</u>
<b>Business-Type Activities:</b>				
Water Reclamation	5,439,254	6,676,379	0	52,843
Grantwood Recreation	1,074,235	1,041,292	0	0
<i>Total Business-Type Activities</i>	<u>6,513,489</u>	<u>7,717,671</u>	<u>0</u>	<u>52,843</u>
<i>Total</i>	<u>\$53,849,339</u>	<u>\$12,754,194</u>	<u>\$1,342,871</u>	<u>\$665,030</u>

**General Revenues**

- Property Taxes Levied for:
  - General Purposes
  - Debt Service
  - Police Pension
  - Fire Pension
  - Service and Safety Equipment
- Municipal Income Taxes Levied for:
  - General Purposes
  - Infrastructure
  - General Capital Improvements
- Grants and Entitlements not Restricted to Specific Programs
- Investment Income
- Gain on Sale of Capital Assets
- Miscellaneous

*Total General Revenues*

Change in Net Position

*Net Position Beginning of Year*

*Net Position End of Year*

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
(\$7,556,755)	\$0	(\$7,556,755)
(6,394,728)	0	(6,394,728)
(240,716)	0	(240,716)
(92,330)	0	(92,330)
(2,469,121)	0	(2,469,121)
(2,282,913)	0	(2,282,913)
(2,874,055)	0	(2,874,055)
(9,097,573)	0	(9,097,573)
(9,118,319)	0	(9,118,319)
(217,759)	0	(217,759)
<u>(40,344,269)</u>	<u>0</u>	<u>(40,344,269)</u>
0	1,289,968	1,289,968
0	(32,943)	(32,943)
<u>0</u>	<u>1,257,025</u>	<u>1,257,025</u>
<u>(40,344,269)</u>	<u>1,257,025</u>	<u>(39,087,244)</u>
2,027,253	0	2,027,253
576,082	0	576,082
403,397	0	403,397
583,335	0	583,335
387,456	0	387,456
29,856,263	0	29,856,263
9,999,877	0	9,999,877
85,948	0	85,948
1,452,480	0	1,452,480
(55,709)	(3,627)	(59,336)
32,754	0	32,754
570,247	65,289	635,536
<u>45,919,383</u>	<u>61,662</u>	<u>45,981,045</u>
5,575,114	1,318,687	6,893,801
<u>164,379,530</u>	<u>61,427,186</u>	<u>225,806,716</u>
<u>\$169,954,644</u>	<u>\$62,745,873</u>	<u>\$232,700,517</u>

**City of Solon, Ohio**

*Balance Sheet*

*Governmental Funds*

*December 31, 2013*

	General	General Obligation Bond Retirement	Infrastructure	Other Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$23,644,836	\$1,195,025	\$11,199,754	\$5,055,005
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	1,750,003	0	0	0
Accounts Receivable	78,804	0	194	47,915
Intergovernmental Receivable	449,118	53,146	4,889	653,065
Municipal Income Taxes Receivable	5,121,103	0	1,707,034	17,048
Materials and Supplies Inventory	603,177	0	0	0
Prepaid Items	189,497	0	0	0
Property Taxes Receivable	1,489,760	397,268	0	1,788,219
Special Assessments Receivable	0	3,872,545	0	0
<b>Total Assets</b>	<b>\$33,326,298</b>	<b>\$5,517,984</b>	<b>\$12,911,871</b>	<b>\$7,561,252</b>
<b>Liabilities</b>				
Accounts Payable	\$1,115,570	\$0	\$250,000	\$222,639
Accrued Wages	497,921	0	0	48,228
Contracts Payable	40,590	0	341,425	0
Intergovernmental Payable	211,595	0	2,250	232,951
Retainage Payable	0	0	620,213	0
Matured Compensated Absences Payable	24,798	0	0	16,005
Claims Payable	241,949	0	0	0
<b>Total Liabilities</b>	<b>2,132,423</b>	<b>0</b>	<b>1,213,888</b>	<b>519,823</b>
<b>Deferred Inflows of Resources</b>				
Property Taxes	1,435,363	382,762	0	1,723,021
Unavailable Revenue	2,915,602	3,940,197	850,807	631,808
<b>Total Deferred Inflows of Resources</b>	<b>4,350,965</b>	<b>4,322,959</b>	<b>850,807</b>	<b>2,354,829</b>
<b>Fund Balances</b>				
Nonspendable	892,677	0	0	0
Restricted	1,650,000	1,195,025	10,847,176	3,405,033
Committed	188,187	0	0	1,281,567
Assigned	1,971,534	0	0	0
Unassigned	22,140,512	0	0	0
<b>Total Fund Balances</b>	<b>26,842,910</b>	<b>1,195,025</b>	<b>10,847,176</b>	<b>4,686,600</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$33,326,298</b>	<b>\$5,517,984</b>	<b>\$12,911,871</b>	<b>\$7,561,252</b>

See accompanying notes to the basic financial statements



**City of Solon, Ohio**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Position of Governmental Activities  
 December 31, 2013*

Total Governmental Funds	<b>Total Governmental Funds Balances</b>	\$43,571,711
	<b><i>Amounts reported for governmental activities in the statement of net position are different because</i></b>	
\$41,094,620	Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	130,037,949
1,750,003	Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds.	
126,913	Delinquent Property Taxes	134,101
1,160,218	Municipal Income Taxes	3,407,133
6,845,185	Intergovernmental	884,635
603,177	Special Assessments	3,872,545
189,497	Miscellaneous	40,000
3,675,247		
3,872,545	Total	8,338,414
\$59,317,405		
	An internal service fund is used by management to charge the costs of workers' compensation to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	
\$1,588,209	Net Position	226,835
546,149	Claims Payable	52,982
382,015		
446,796	Total	279,817
620,213		
40,803	In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(105,810)
241,949		
3,866,134	Vacation benefits payable is not expected to be paid with expendable available financial resources and therefore not reported in the funds.	(404,061)
3,541,146	Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
8,338,414	OWDA Loan Payable	(8,119,077)
	OPWC Loan Payable	(77,939)
11,879,560	Compensated Absences	(3,513,378)
	Claims Payable	(52,982)
892,677	Total	(11,763,376)
17,097,234		
1,469,754	<i>Net Position of Governmental Activities</i>	\$169,954,644
1,971,534		
22,140,512		
43,571,711		
\$59,317,405		

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

	General	General Obligation Bond Retirement	Infrastructure	Other Governmental Funds
<b>Revenues</b>				
Property Taxes	\$2,040,427	\$585,425	\$0	\$1,364,505
Municipal Income Taxes	29,776,266	0	9,973,212	87,574
Special Assessments	0	601,538	0	0
Intergovernmental	1,389,352	105,292	457,825	1,315,214
Investment Income	(57,531)	0	0	1,822
Fees, Licenses and Permits	510,126	4,681	0	197,956
Fines and Forfeitures	329,948	0	0	34,435
Rentals	0	0	0	31,187
Charges for Services	1,077,229	0	0	2,850,961
Contributions and Donations	0	0	0	137,481
Miscellaneous	380,290	0	127,462	67,207
<i>Total Revenues</i>	<u>35,446,107</u>	<u>1,296,936</u>	<u>10,558,499</u>	<u>6,088,342</u>
<b>Expenditures</b>				
Current:				
Security of Persons and Property				
Police	6,750,155	0	0	813,340
Fire	5,746,791	0	0	1,213,913
Prosecutor	251,157	0	0	0
Public Health and Welfare	96,589	0	0	0
Leisure Time Activities	539,804	0	0	4,470,052
Community Environment	2,313,356	0	0	0
Basic Utility Services	1,768,861	0	0	295,902
Transportation	3,696,931	0	0	1,179,000
General Government	9,087,335	7,512	0	21,826
Capital Outlay	0	0	6,129,817	1,004,797
Debt Service:				
Principal Retirement	0	823,873	60,648	0
Interest and Fiscal Charges	0	230,001	0	0
<i>Total Expenditures</i>	<u>30,250,979</u>	<u>1,061,386</u>	<u>6,190,465</u>	<u>8,998,830</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>5,195,128</u>	<u>235,550</u>	<u>4,368,034</u>	<u>(2,910,488)</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	36,743	0	0	0
Transfers In	0	0	0	3,002,761
Transfers Out	(3,002,761)	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(2,966,018)</u>	<u>0</u>	<u>0</u>	<u>3,002,761</u>
<i>Net Change in Fund Balances</i>	2,229,110	235,550	4,368,034	92,273
<i>Fund Balances Beginning of Year</i>	<u>24,613,800</u>	<u>959,475</u>	<u>6,479,142</u>	<u>4,594,327</u>
<i>Fund Balances End of Year</i>	<u>\$26,842,910</u>	<u>\$1,195,025</u>	<u>\$10,847,176</u>	<u>\$4,686,600</u>

See accompanying notes to the basic financial statements

**City of Solon, Ohio**

*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended December 31, 2013*

<hr/> <hr/>		<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$6,924,967</b>																																																											
Total Governmental Funds  \$3,990,357 39,837,052 601,538 3,267,683 (55,709) 712,763 364,383 31,187 3,928,190 137,481 574,959  <hr/> 53,389,884  7,563,495 6,960,704 251,157 96,589 5,009,856 2,313,356 2,064,763 4,875,931 9,116,673 7,134,614  884,521 230,001  <hr/> 46,501,660  6,888,224  36,743 3,002,761 (3,002,761)  <hr/> 36,743  6,924,967  <hr/> 36,646,744  <hr/> \$43,571,711 <hr/> <hr/>	<p><b>Amounts reported for governmental activities in the statement of activities are different because</b></p> <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 50%;">Capital Asset Additions</td> <td style="width: 10%; text-align: right;">4,755,410</td> <td style="width: 40%;"></td> </tr> <tr> <td>Depreciation</td> <td style="text-align: right;">(6,541,919)</td> <td></td> </tr> <tr> <td colspan="2"><hr/></td> <td></td> </tr> <tr> <td>Total</td> <td></td> <td style="text-align: right;">(1,786,509)</td> </tr> </table> <p>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.</p> <p style="text-align: right;">(13,638)</p> <p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 50%;">Delinquent Property Taxes</td> <td style="width: 10%; text-align: right;">(12,834)</td> <td style="width: 40%;"></td> </tr> <tr> <td>Municipal Income Taxes</td> <td style="text-align: right;">105,036</td> <td></td> </tr> <tr> <td>Intergovernmental</td> <td style="text-align: right;">2,374</td> <td></td> </tr> <tr> <td>Special Assessments</td> <td style="text-align: right;">(601,538)</td> <td></td> </tr> <tr> <td>Miscellaneous</td> <td style="text-align: right;">(10,000)</td> <td></td> </tr> <tr> <td colspan="2"><hr/></td> <td></td> </tr> <tr> <td>Total</td> <td></td> <td style="text-align: right;">(516,962)</td> </tr> </table> <p>Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p> <p style="text-align: right;">884,521</p> <p>Some expenses reported in the statement of activities, such as accrued interest do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p> <p style="text-align: right;">12,242</p> <p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 50%;">Compensated Absences</td> <td style="width: 10%; text-align: right;">(12,105)</td> <td style="width: 40%;"></td> </tr> <tr> <td>Vacation Benefits Payable</td> <td style="text-align: right;">(43,117)</td> <td></td> </tr> <tr> <td>Claims Payable</td> <td style="text-align: right;">40,971</td> <td></td> </tr> <tr> <td colspan="2"><hr/></td> <td></td> </tr> <tr> <td>Total</td> <td></td> <td style="text-align: right;">(14,251)</td> </tr> </table> <p>The internal service funds used by management are 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.</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 50%;">Change in Net Position</td> <td style="width: 10%; text-align: right;">125,715</td> <td style="width: 40%;"></td> </tr> <tr> <td>Claims Payable</td> <td style="text-align: right;">(40,971)</td> <td></td> </tr> <tr> <td colspan="2"><hr/></td> <td></td> </tr> <tr> <td>Total</td> <td></td> <td style="text-align: right;">84,744</td> </tr> </table> <p><i>Change in Net Position of Governmental Activities</i></p> <p style="text-align: right;"><u><u>\$5,575,114</u></u></p>	Capital Asset Additions	4,755,410		Depreciation	(6,541,919)		<hr/>			Total		(1,786,509)	Delinquent Property Taxes	(12,834)		Municipal Income Taxes	105,036		Intergovernmental	2,374		Special Assessments	(601,538)		Miscellaneous	(10,000)		<hr/>			Total		(516,962)	Compensated Absences	(12,105)		Vacation Benefits Payable	(43,117)		Claims Payable	40,971		<hr/>			Total		(14,251)	Change in Net Position	125,715		Claims Payable	(40,971)		<hr/>			Total		84,744	
Capital Asset Additions	4,755,410																																																													
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**City of Solon, Ohio**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Year Ended December 31, 2013*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Property Taxes	\$1,619,790	\$1,990,017	\$2,032,323	\$42,306
Municipal Income Taxes	28,861,550	30,184,000	30,831,630	647,630
Intergovernmental	1,225,707	1,440,983	1,473,336	32,353
Investment Income	200,000	191,500	207,661	16,161
Fees, Licenses and Permits	419,153	505,400	516,228	10,828
Fines and Forfeitures	273,768	330,100	334,571	4,471
Charges for Services	811,931	954,700	956,494	1,794
Miscellaneous	282,308	347,957	376,169	28,212
<i>Total Revenues</i>	<u>33,694,207</u>	<u>35,944,657</u>	<u>36,728,412</u>	<u>783,755</u>
<b>Expenditures</b>				
Current:				
Security of Persons and Property				
Police	6,643,296	7,049,001	6,809,972	239,029
Fire	5,585,457	5,894,731	5,797,535	97,196
Prosecutor	285,666	301,827	277,007	24,820
Public Health and Welfare	93,576	99,329	96,589	2,740
Leisure Time Activities	50,000	50,000	50,000	0
Community Environment	1,655,990	1,769,372	1,656,253	113,119
Basic Utility Services	1,718,489	1,846,653	1,798,667	47,986
Transportation	4,206,930	4,431,278	4,229,176	202,102
General Government	11,173,486	10,729,982	9,453,934	1,276,048
<i>Total Expenditures</i>	<u>31,412,890</u>	<u>32,172,173</u>	<u>30,169,133</u>	<u>2,003,040</u>
<i>Excess of Revenues Over Expenditures</i>	<u>2,281,317</u>	<u>3,772,484</u>	<u>6,559,279</u>	<u>2,786,795</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	36,743	36,743	36,743	0
Advances In	513,000	513,000	513,000	0
Transfers Out	(4,780,000)	(4,517,761)	(4,517,761)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(4,230,257)</u>	<u>(3,968,018)</u>	<u>(3,968,018)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(1,948,940)	(195,534)	2,591,261	2,786,795
<i>Fund Balance Beginning of Year</i>	20,415,240	20,415,240	20,415,240	0
Prior Year Encumbrances Appropriated	539,226	539,226	539,226	0
<i>Fund Balance End of Year</i>	<u>\$19,005,526</u>	<u>\$20,758,932</u>	<u>\$23,545,727</u>	<u>\$2,786,795</u>

See accompanying notes to the basic financial statements

**City of Solon, Ohio**  
*Statement of Fund Net Position*  
*Proprietary Funds*  
*December 31, 2013*

	Enterprise			Internal Service
	Water Reclamation	Grantwood Recreation	Total	
<b>Assets</b>				
<i>Current Assets:</i>				
Equity in Pooled Cash and Cash Equivalents	\$7,753,364	\$232,698	\$7,986,062	\$280,545
Materials and Supplies Inventory	150,183	57,371	207,554	0
Accounts Receivable	1,865,716	789	1,866,505	0
<i>Total Current Assets</i>	<u>9,769,263</u>	<u>290,858</u>	<u>10,060,121</u>	<u>280,545</u>
<i>Noncurrent Assets:</i>				
Nondepreciable Capital Assets	738,713	2,382,164	3,120,877	0
Depreciable Capital Assets, Net	59,651,857	519,111	60,170,968	0
<i>Total Noncurrent Assets</i>	<u>60,390,570</u>	<u>2,901,275</u>	<u>63,291,845</u>	<u>0</u>
<i>Total Assets</i>	<u>70,159,833</u>	<u>3,192,133</u>	<u>73,351,966</u>	<u>280,545</u>
<b>Liabilities</b>				
<i>Current Liabilities:</i>				
Accounts Payable	29,623	9,064	38,687	728
Accrued Wages	27,658	8,681	36,339	0
Intergovernmental Payable	22,686	4,706	27,392	0
Accrued Interest Payable	159,879	0	159,879	0
Vacation Benefits Payable	39,624	13,353	52,977	0
Compensated Absences Payable	75,121	77,556	152,677	0
OWDA Loans Payable	1,608,143	0	1,608,143	0
Claims Payable	0	0	0	39,736
<i>Total Current Liabilities</i>	<u>1,962,734</u>	<u>113,360</u>	<u>2,076,094</u>	<u>40,464</u>
<i>Long-Term Liabilities:</i>				
Compensated Absences Payable	90,752	22,377	113,129	0
OWDA Loans Payable	8,416,870	0	8,416,870	0
Claims Payable	0	0	0	13,246
<i>Total Long-Term Liabilities</i>	<u>8,507,622</u>	<u>22,377</u>	<u>8,529,999</u>	<u>13,246</u>
<i>Total Liabilities</i>	<u>10,470,356</u>	<u>135,737</u>	<u>10,606,093</u>	<u>53,710</u>
<b>Net Position</b>				
Net Investment in Capital Assets	50,365,557	2,901,275	53,266,832	0
Unrestricted	9,323,920	155,121	9,479,041	226,835
<i>Total Net Position</i>	<u>\$59,689,477</u>	<u>\$3,056,396</u>	<u>\$62,745,873</u>	<u>\$226,835</u>

See accompanying notes to the basic financial statements

**City of Solon, Ohio**  
*Statement of Revenues,  
Expenses and Changes in Fund Net Position  
Proprietary Funds  
For the Year Ended December 31, 2013*

	Enterprise			Internal Service
	Water Reclamation	Grantwood Recreation	Total	
<b>Operating Revenues</b>				
Charges for Services	\$6,464,618	\$849,818	\$7,314,436	\$250,000
Tap-In Fees	211,761	0	211,761	0
Rentals	0	191,474	191,474	0
Miscellaneous	53,307	11,982	65,289	5,288
<i>Total Operating Revenues</i>	<u>6,729,686</u>	<u>1,053,274</u>	<u>7,782,960</u>	<u>255,288</u>
<b>Operating Expenses</b>				
Personal Services	1,436,118	549,081	1,985,199	0
Materials and Supplies	427,191	219,895	647,086	0
Contractual Services	1,240,243	119,150	1,359,393	134,923
Depreciation	1,936,451	51,351	1,987,802	0
Claims	0	0	0	47,578
Change in Workers' Compensation Estimate	0	0	0	(52,928)
Other	13,500	134,758	148,258	0
<i>Total Operating Expenses</i>	<u>5,053,503</u>	<u>1,074,235</u>	<u>6,127,738</u>	<u>129,573</u>
<i>Operating Income (Loss)</i>	<u>1,676,183</u>	<u>(20,961)</u>	<u>1,655,222</u>	<u>125,715</u>
<b>Non-Operating Revenues (Expenses)</b>				
Interest	(3,683)	56	(3,627)	0
Capital Grants	52,843	0	52,843	0
Loss on Sale of Capital Assets	(1,344)	0	(1,344)	0
Interest and Fiscal Charges	(384,407)	0	(384,407)	0
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(336,591)</u>	<u>56</u>	<u>(336,535)</u>	<u>0</u>
<i>Change in Net Position</i>	1,339,592	(20,905)	1,318,687	125,715
<i>Net Position Beginning of Year</i>	<u>58,349,885</u>	<u>3,077,301</u>	<u>61,427,186</u>	<u>101,120</u>
<i>Net Position End of Year</i>	<u>\$59,689,477</u>	<u>\$3,056,396</u>	<u>\$62,745,873</u>	<u>\$226,835</u>

See accompanying notes to the basic financial statements

**City of Solon, Ohio**  
*Statement of Cash Flows*  
*Proprietary Funds*  
*For the Year Ended December 31, 2013*

	Enterprise			Internal Service
	Water Reclamation	Grantwood Recreation	Total	
<b>Increase (Decrease) in Cash and Cash Equivalents</b>				
<b>Cash Flows from Operating Activities</b>				
Cash Received from Customers	\$6,719,751	\$849,654	\$7,569,405	\$0
Cash Received from Tap-In Fees	211,761	0	211,761	0
Cash Received from Rentals	0	191,474	191,474	0
Cash Received from Interfund Services Provided	0	0	0	250,000
Cash Received from Other Sources	27,485	11,685	39,170	5,288
Cash Payments to Employees for Services and Benefits	(1,466,236)	(583,048)	(2,049,284)	0
Cash Payments for Goods and Services	(1,703,536)	(331,114)	(2,034,650)	(134,195)
Cash Payments for Claims	0	0	0	(35,621)
Cash Payments for Other Operating Expenses	(17,500)	(135,042)	(152,542)	0
<i>Net Cash Provided by Operating Activities</i>	<u>3,771,725</u>	<u>3,609</u>	<u>3,775,334</u>	<u>85,472</u>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Capital Grants	52,843	0	52,843	0
Proceeds from Sale of Capital Assets	17,000	0	17,000	0
OWDA Loans Issued	132,310	0	132,310	0
Acquisition of Capital Assets	(162,678)	(11,750)	(174,428)	0
Principal Paid on OWDA Loans	(1,648,784)	0	(1,648,784)	0
Interest Paid on OWDA Loans	(363,810)	0	(363,810)	0
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(1,973,119)</u>	<u>(11,750)</u>	<u>(1,984,869)</u>	<u>0</u>
<b>Cash Flows from Investing Activities</b>				
Interest on Investments	(3,683)	56	(3,627)	0
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	1,794,923	(8,085)	1,786,838	85,472
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>5,958,441</u>	<u>240,783</u>	<u>6,199,224</u>	<u>195,073</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$7,753,364</u></u>	<u><u>\$232,698</u></u>	<u><u>\$7,986,062</u></u>	<u><u>\$280,545</u></u>

(continued)

**City of Solon, Ohio**  
*Statement of Cash Flows*  
*Proprietary Funds (continued)*  
For the Year Ended December 31, 2013

	Business-type Activities			Internal Service
	Water Reclamation	Grantwood Recreation	Total	
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities</b>				
Operating Income (Loss)	\$1,676,183	(\$20,961)	\$1,655,222	\$125,715
Adjustments:				
Depreciation	1,936,451	51,351	1,987,802	0
(Increase) Decrease in Assets:				
Accounts Receivable	229,311	(461)	228,850	0
Materials and Supplies Inventory	(14,389)	7,120	(7,269)	0
Increase (Decrease) in Liabilities:				
Accounts Payable	(25,529)	527	(25,002)	728
Accrued Wages	1,991	788	2,779	0
Contracts Payable	0	0	0	0
Claims Payable	0	0	0	(40,971)
Matured Compensated Absences Payable	(50,869)	(39,738)	(90,607)	0
Compensated Absences Payable	5,999	3,721	9,720	0
Vacation Benefits Payable	10,487	1,197	11,684	0
Intergovernmental Payable	2,090	65	2,155	0
<i>Net Cash Provided by Operating Activities</i>	<b>\$3,771,725</b>	<b>\$3,609</b>	<b>\$3,775,334</b>	<b>\$85,472</b>

See accompanying notes to the basic financial statements



**City of Solon, Ohio**  
*Statement of Fiduciary Assets and Liabilities*  
*Agency Funds*  
*December 31, 2013*

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**Assets**

Equity in Pooled Cash and Cash Equivalents	\$1,127,137
Cash and Cash Equivalents in Segregated Accounts	<u>40,422</u>
<i>Total Assets</i>	<u><u>\$1,167,559</u></u>

**Liabilities**

Intergovernmental Payable	\$40,422
Deposits Held and Due to Others	<u>1,127,137</u>
<i>Total Liabilities</i>	<u><u>\$1,167,559</u></u>

See accompanying notes to the basic financial statements

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

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**Note 1 - Reporting Entity**

The City of Solon (the City) is a home rule municipal corporation established under the laws of the State of Ohio which operates under its own Charter. The current Charter, which provides for a mayor-council form of government, was adopted November 2, 1954. The mayor is elected for a four-year term and seven Council members are elected at large for four year staggered terms.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of Solon consists of all funds, departments, boards and agencies that are not legally separate from the City. For the City of Solon this includes the agencies and departments that provide the following services: police and fire protection, emergency medical, parks and recreation, planning, zoning, street maintenance and repair, a public golf course, sanitation system and general administrative services.

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 which are fiscally dependent on the City in that the City approves the budget, 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 burdens on, the primary government. The City has no component units.

The City participates in a shared risk pool and a jointly governed organization. These organizations are the Northern Ohio Risk Management Association and the Northeast Ohio Public Energy Council. These organizations are presented in Notes 14 and 15 to 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 Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2013*

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**Government-wide Financial Statements** The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid “doubling up” revenues and expenses. The statements distinguish between those activities of the City that are governmental and those that are considered business-type.

The statement of net position presents the financial condition of the governmental and business-type 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 and for the business-type activities of the City. 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 program or business activity 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 and enterprise 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 fund 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 not 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 Solon and/or the general laws of Ohio.

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

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**General Obligation Bond Retirement Fund** The general obligation bond retirement fund accounts for and reports property taxes, special assessments and other resources restricted for the payment of principal and interest on general long-term debt, including related costs.

**Infrastructure Fund** The infrastructure fund is used to account for and report one-fourth of the City income tax revenues approved by the voters and restricted for paying the costs to construct, reconstruct and maintain City-owned infrastructure.

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 and cash flows. Proprietary funds are classified as either enterprise or internal service.

**Enterprise Funds** - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the City's major enterprise funds:

**Water Reclamation Fund** The water reclamation fund accounts for the revenues and expenses of the City owned wastewater system.

**Grantwood Recreation Fund** The grantwood recreation fund accounts for the revenues and expenses of the City owned golf course.

**Internal Service Funds** Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City's internal service fund is a workers' compensation fund that accounts for workers' compensation claims of the City employees.

**Fiduciary Funds** Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City only utilizes the agency fund type. The agency funds are used to hold inspection deposits, distribute traffic violation monies to other municipalities, provide scholarships for students in the DARE program, and to distribute income tax revenues to Bainbridge Township.

**Measurement Focus**

**Government-wide Financial Statements** The government-wide financial statements are prepared using 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 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.

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

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

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

***Basis of Accounting***

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and the statements presented for the proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, in the recording of deferred 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 thirty-one days of year-end.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes and grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the year 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.

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

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

***Deferred Outflows/Inflows of Resources*** In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The City does not have any deferred outflows of resources.

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 and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2013, but which were levied to finance year 2014 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City unavailable revenue includes delinquent property taxes, homestead and rollback, income taxes, estate taxes, special assessments and intergovernmental local and state monies. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

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

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

***Cash and Cash Equivalents***

To improve cash management, cash received by the City is pooled. Individual fund integrity is maintained through City 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 interest bearing depository accounts are reported as "cash and cash equivalents in segregated accounts" since they are not required to be deposited into the City Treasury.

During 2013, investments were limited to STAR Ohio, repurchase agreements, federal national mortgage association notes, federal home loan bank bonds, federal farm credit bank bonds and federal home loan mortgage corporation notes.

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

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

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

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue, including a decrease in the fair market value of investments, credited to the general fund during 2013 amounted to (\$57,531), which includes (\$28,050) assigned from other City funds.

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

***Prepaid Items***

Payments made to vendors for services that will benefit periods beyond December 31, 2013, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expenditure/expense in the year in which the services are consumed.

***Inventory***

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventory consists of expendable supplies held for consumption.

***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 budget stabilization and unclaimed monies.

***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. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The City was able to estimate the historical cost for the initial reporting of infrastructure by backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of \$5,000 with the exception of land as land was included regardless of cost. Improvements are capitalized; the costs of normal

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

maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of proprietary fund capital assets is also capitalized.

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

Description	Governmental Activities Estimated Lives	Business Type Activities Estimated Lives
Land Improvements	20 years	20 years
Buildings	40 years	40 years
Equipment and Furniture	5-30 years	5-65 years
Vehicles	3-20 years	7-20 years
Infrastructure	20 years	20 years

The City reports infrastructure consisting of roadways, sanitary and storm sewers, bridges and culverts, waterlines, traffic signals and sidewalks and includes infrastructure acquired prior to December 31, 1980.

***Interfund Balances***

On fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as "interfund receivables/payables". Interfund 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. Since the City's policy limits the accrual of vacation time to the amount accrued in one year, the outstanding liability is recorded as "vacation benefits payable" on the statement of net position rather than as a long-term liability.

Sick leave benefits are accrued as a liability using the vesting method. The liability is based on the sick leave accumulated at December 31 by those employees who are currently eligible to receive termination payments and those employees for whom it is probable they will become eligible to receive termination benefits in the future. The City records a liability for accumulated unused sick leave for employees after ten years of service with the City.

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

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund(s) from which the employees who have resigned or retired will be paid.



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

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

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary 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 Position***

Net Position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for state highway maintenance and law enforcement.

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

***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.

**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.

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

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**Committed:** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution, as both are equally 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, as both are equally binding) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the 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 Council. In the general fund, assigned amounts represent intended uses established by policies of the 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.

**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 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.

### ***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 water reclamation, the Grantwood golf course and workers' compensation program. 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 definitions of operating are reported as nonoperating.

### ***Interfund Activity***

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. 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.

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

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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 proprietary funds. 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.

***Budgetary Process***

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations 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 the City Council may appropriate. The appropriations resolution is the City Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the City Council. The legal level of control has been established by the Council at the personal services and other object level within each department for all funds. For the personal service object level the Finance Director has been authorized to allocate and maintain appropriations within each department. For the other object level the Finance Director has been authorized to allocate appropriations within each department and any object level which he maintains on his books, other than personal services. Budgetary statements are presented beyond that legal level of control for informational purposes only.

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 on the certificate of estimated resources when the original and final appropriations were enacted by Council.

The appropriation resolution 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 resolution 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 the Council during the year.

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

**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	General Obligation Bond Retirement	Infrastructure	Other Governmental Funds	Total Governmental Funds
<u>Nonspendable:</u>					
Prepays	\$189,497	\$0	\$0	\$0	\$189,497
Inventory	603,177	0	0	0	603,177
Unclaimed Monies	100,003	0	0	0	100,003
<i>Total Nonspendable</i>	<u>892,677</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>892,677</u>
<u>Restricted for:</u>					
Street and Highway Construction, Maintenance and Repair	0	0	0	622,859	622,859
Police Pension	0	0	0	135,364	135,364
Fire Pension	0	0	0	22,053	22,053
Police Department	0	0	0	257,577	257,577
Landfill Improvement	0	0	0	126,143	126,143
Debt Service	0	1,195,025	0	0	1,195,025
Capital Improvements	0	0	10,847,176	2,241,037	13,088,213
Budget Stabilization	1,650,000	0	0	0	1,650,000
<i>Total Restricted</i>	<u>1,650,000</u>	<u>1,195,025</u>	<u>10,847,176</u>	<u>3,405,033</u>	<u>17,097,234</u>
<u>Committed to:</u>					
Emergency Medical Service	165,057	0	0	0	165,057
Cable TV	0	0	0	176,164	176,164
Tree Planting	0	0	0	211,532	211,532
Recreation	0	0	0	822,038	822,038
Police and Fire Departments	0	0	0	20,956	20,956
Senior Services	0	0	0	31,153	31,153
Community Development	0	0	0	14,223	14,223
Cemetery	0	0	0	5,501	5,501
Contract Services	23,130	0	0	0	23,130
<i>Total Committed</i>	<u>188,187</u>	<u>0</u>	<u>0</u>	<u>1,281,567</u>	<u>1,469,754</u>
<u>Assigned to:</u>					
Senior Services	91,084	0	0	0	91,084
Economic Incentive	460,281	0	0	0	460,281
Compensated Absences	220,495	0	0	0	220,495
Purchases on Order	1,199,674	0	0	0	1,199,674
<i>Total Assigned</i>	<u>1,971,534</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,971,534</u>
Unassigned	22,140,512	0	0	0	22,140,512
<b>Total Fund Balances</b>	<u><u>\$26,842,910</u></u>	<u><u>\$1,195,025</u></u>	<u><u>\$10,847,176</u></u>	<u><u>\$4,686,600</u></u>	<u><u>\$43,571,711</u></u>

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

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**Note 4 – Changes in Accounting Principles**

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

**Note 5 - Budgetary Basis of Accounting**

While reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP basis), the budgetary basis as provided by law and described above is based upon accounting for certain 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 - is presented for the general fund 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 (generally accepted accounting principles) are:

- a) Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
- b) Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
- c) Encumbrances are treated as expenditures (budget) rather than restricted, committed or assigned fund balance (GAAP).
- d) Investments are reported at cost (budget) rather than fair value (GAAP).
- e) Advances In are operating transactions (budget) as opposed to balance sheet transactions (GAAP).
- f) Budgetary revenues and expenditures of the senior services, economic incentive and police training funds are classified to the general fund for GAAP reporting.

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

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

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Net Change in Fund Balance	
GAAP Basis	\$2,229,110
Net Adjustment for Revenue Accruals	2,670,858
Advances In	513,000
Beginning Fair Value Adjustment for Investments	69,700
Ending Fair Value Adjustment for Investments	195,492
Net Adjustment for Expenditure Accruals	(1,336,981)
Perspective Difference:	
Senior Services	27,199
Economic Incentive	(324,865)
Police Training	138
Encumbrances	<u>(1,452,390)</u>
Budget Basis	<u><u>\$2,591,261</u></u>

**Note 6 - Deposits and Investments**

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

Active monies 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, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

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

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3. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain commercial paper notes and bankers' acceptances for a period not to exceed one hundred eighty days in an amount not to exceed 25 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

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

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

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

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

### **Deposits**

**Custodial Credit Risk** Custodial credit risk for deposits is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$12,517,745 of the City's bank balance of \$13,396,983 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

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

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

**Investments**

Investments are reported at fair value. As of December 31, 2013, the City had the following investments:

	Fair Value	Maturity	Standard & Poor's Rating	Percentage of Total Investments
STAR Ohio	\$10,010,239	Average 53.4 Days	AAAm	N/A
Repurchase Agreements backed by Federal National Mortgage Association Notes	2,270,000	Less than 30 Days	AAA	7.73%
Federal National Mortgage Association Notes	18,729,074	Less than five years	AAA	63.80%
Federal Home Loan Bank Bonds	1,000,090	Less than one year	AAA	3.41%
Federal Home Loan Bank Bonds	2,872,394	Less than five years	AAA	9.79%
Federal Farm Credit Bank Bonds	1,000,270	Less than one year	AAA	3.41%
Federal Farm Credit Bank Bonds	999,950	Less than five years	AAA	3.40%
Federal Home Loan Mortgage Corporation Notes	2,482,090	Less than five years	AAA	8.46%
<b>Total</b>	<u><u>\$39,364,107</u></u>			

**Interest Rate Risk** As a means of limiting its exposure to fair value losses caused by rising interest rates, the City's investment policy requires that operating funds be invested primarily in short-term investments maturing within five years from the date of purchase and that the City's investment portfolio be structured so that 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. Repurchase agreements are limited to 30 days and the market value of the underlying securities must exceed the principal value of the agreement by at least 2 percent and be marked to market daily.

**Credit Risk** Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. 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.



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

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**Note 7 – Receivables**

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

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

Special assessments expected to be collected in more than one year amount to \$3,510,025 in the general obligation bond retirement fund. At December 31, 2013, the amount of delinquent special assessments was \$67,928.

***Property Taxes***

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2013 for real and public utility property taxes represents collections of 2012 taxes.

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

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2013 public utility property taxes which became a lien December 31, 2012, are levied after October 1, 2013, and are collected in 2014 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2013, was \$3.80 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2013 property tax receipts were based are as follows:

Real Estate	
Residential/Agricultural	\$771,533,990
Other Real Estate	310,182,010
Tangible Personal Property	
Public Utility	19,494,810
Total	<u><u>\$1,101,210,810</u></u>

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

The County Fiscal Officer collects property taxes on behalf of all taxing districts in the county, including the City. The County Fiscal Officer periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and public utility property taxes and outstanding delinquencies which were measurable as of December 31, 2013, and for which there was an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2013 operations is offset to deferred inflows of resources – property taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

***Income Tax***

The City levies and collects an income tax of 2.0 percent on all income earned within the City as well as on income 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 City at least monthly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually. In 2013, the general fund received seventy-five percent of the proceeds and the infrastructure fund received twenty-five percent of the proceeds.

In 2006, the City entered into a contract with neighboring Bainbridge Township to form the Bainbridge-Solon Joint Economic Development District (JEDD). The JEDD Board levied a municipal income tax of two percent in the JEDD effective January 1, 2007, proceeds of which are received by the general capital improvement fund. See Note 19 for additional information on the JEDD.

***Intergovernmental Receivable***

A summary of the principal items of intergovernmental receivables follows:

Governmental Activities	Amount
Gasoline Tax	\$269,470
Local Government	193,732
Homestead and Rollback	190,057
Cents per Gallon	137,721
Auto Regulation	124,602
Estate Tax	123,252
Personal Property Tax Reimbursement	60,524
Violations Bureau	22,130
Prisoner Housing	17,636
City of Bedford	8,497
City of Cleveland	4,889
Solon City Schools	4,555
Cuyahoga County	2,067
Department of Justice Grant	546
Bedford Municipal Court	540
Total Intergovernmental Receivables	\$1,160,218

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

**Note 8 - 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 at December 31, 2013.

**Litigation**

The City of Solon 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.

**Note 9 - Capital Assets**

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

	Balance 12/31/12	Additions	Reductions	Balance 12/31/13
Governmental Activities:				
Capital Assets Not Being Depreciated				
Land	\$10,537,043	\$46,200	\$0	\$10,583,243
Construction in progress	45,550	1,405,350	(91,380)	1,359,520
Total Capital Assets				
Not Being Depreciated	10,582,593	1,451,550	(91,380)	11,942,763
Capital Assets Being Depreciated				
Land improvements	2,046,340	0	0	2,046,340
Buildings	57,456,212	0	0	57,456,212
Equipment and Furniture	6,604,326	129,874	(24,944)	6,709,256
Vehicles	12,484,690	666,935	(325,702)	12,825,923
Infrastructure	134,810,021	2,598,431	(560,668)	136,847,784
Total Capital Assets Being Depreciated	213,401,589	3,395,240	(911,314)	215,885,515
Less Accumulated Depreciation				
Land improvements	(904,256)	(97,686)	0	(1,001,942)
Buildings	(18,183,363)	(1,509,860)	0	(19,693,223)
Equipment and Furniture	(4,438,945)	(452,936)	20,955	(4,870,926)
Vehicles	(7,941,840)	(895,654)	325,702	(8,511,792)
Infrastructure	(60,677,682)	(3,585,783)	551,019	(63,712,446)
Total Accumulated Depreciation	(92,146,086)	(6,541,919) *	897,676	(97,790,329)
Capital Assets Being Depreciated, net	121,255,503	(3,146,679)	(13,638)	118,095,186
Governmental Activities				
Capital Assets, net	\$131,838,096	(\$1,695,129)	(\$105,018)	\$130,037,949

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

	Balance 12/31/12	Additions	Reductions	Balance 12/31/13
Business Type Activities:				
Capital Assets Not Being Depreciated				
Land	\$3,120,877	\$0	\$0	\$3,120,877
Construction in progress	5,261,884	132,310	(5,394,194)	0
Total Capital Assets Not Being Depreciated	8,382,761	132,310	(5,394,194)	3,120,877
Capital Assets Being Depreciated				
Land Improvements	256,107	0	0	256,107
Buildings	28,049,089	5,394,194	(136,000)	33,307,283
Equipment and Furniture	5,964,867	42,118	(59,300)	5,947,685
Vehicles	520,224	0	(56,154)	464,070
Infrastructure	59,722,391	0	0	59,722,391
Total Capital Assets Being Depreciated	94,512,678	5,436,312	(251,454)	99,697,536
Less Accumulated Depreciation				
Land Improvements	(248,134)	(797)	0	(248,931)
Buildings	(12,953,785)	(856,746)	122,400	(13,688,131)
Equipment and Furniture	(4,897,895)	(93,063)	54,556	(4,936,402)
Vehicles	(398,838)	(19,787)	56,154	(362,471)
Infrastructure	(19,273,224)	(1,017,409)	0	(20,290,633)
Total Accumulated Depreciation	(37,771,876)	(1,987,802)	233,110	(39,526,568)
Capital Assets Being Depreciated, net	56,740,802	3,448,510	(18,344)	60,170,968
Business Type Activities				
Capital Assets, net	<u>\$65,123,563</u>	<u>\$3,580,820</u>	<u>(\$5,412,538)</u>	<u>\$63,291,845</u>

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

Security of Persons and Property	
Police	\$470,722
Fire	499,541
Leisure Time Activities	648,998
Community Environment	26,427
Transportation	3,585,783
Basic Utility Service	879,327
General Government	431,121
Total Depreciation Expense	<u>\$6,541,919</u>

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

**Note 10 - Risk Management**

***Property and Liability***

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. In October 1989, the City joined together with neighboring cities to form the Northern Ohio Risk Management Association (NORMA), a not-for-profit corporation, for the purpose of obtaining property, liability and vehicle insurance and providing for a formalized, jointly administered self insurance fund. The City pays an annual premium to NORMA for its insurance coverage. The agreement of formation of NORMA provides that NORMA will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of the limits described in the agreement. This coverage is paid from the general fund. NORMA is a separate and independent entity governed by its own set of by-laws and constitution. All assets and liabilities are the responsibility of NORMA. The program is operated as a full indemnity program with no financial liability (other than monthly premiums) or risk to the City. The City is not liable nor will it receive a cash balance of past claims upon departure from the pool.

There has not been a significant reduction in coverage from the prior year and claims have not exceeded coverage provided by NORMA in any of the last three years.

***Workers' Compensation***

On July 3, 2007, the City was approved for self-insured status by the Bureau of Workers' Compensation and began to administer its own workers' compensation program (the program). The City has established a workers' compensation internal service fund to account for assets set aside for claim settlements and related liabilities associated with the program. Liabilities of the fund are reported when an employee injury has occurred, it is probable that a claim will be filed under the program, and the amount of the claim can be reasonably estimated. The City utilizes the services of CareWorks Consultants Inc., the third party administrator, to review, process, and pay employee claims. The City also maintains excess insurance coverage which would pay the portion of claims that exceed \$500,000 per occurrence for all employees.

The claims liability of \$52,982 reported in the fund at December 31, 2013, is based on an estimate provided by the third party administrator and the requirements of GASB statement No. 30 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in the fund's claims liability amount for 2012 and 2013 were:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Change in Workers' Compensation Estimate	Balance at End of Year
2012	\$80,212	\$61,441	\$60,971	\$13,271	\$93,953
2013	93,953	47,578	35,621	(52,928)	52,982

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

**Employee Health Benefits**

The City provides employee medical and prescription drug benefits through a partially self insured program. The third party administrator, Medical Mutual of Ohio, reviews the claims which are then paid by the City. The premiums are paid by the fund that pays the salary for the employee and the costs are distributed on a pro rata basis based on the number of family and single plans in each fund.

Medical claims within the network are subject to \$250 single and \$500 family deductible, and then are covered 100 percent. Medical claims out of network are subject to \$500 single and \$1,000 family deductible followed by 80/20 percent coinsurance for the next \$1,000 single and \$2,000 family, then 100 percent. Prescriptions are subject to a co-pay of \$10 generic, \$25 formulary, and \$65 non-formulary. The City has stop loss coverage at \$75,000 per family, per year, and a calculated aggregate maximum for the 2013 plan year of \$4,105,007.

The claims liability of \$241,949 reported in the general fund at December 31, 2013 was estimated by the third party administrator and is based on the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in the fund's claims liability amount for 2012 and 2013 were:

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2012	\$253,657	\$3,306,069	\$3,332,464	\$227,262
2013	227,262	3,342,405	3,327,718	241,949

**Note 11 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

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

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

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

The City's 2013 contribution rate was 14.0 percent. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. For 2013, the portion of employer contribution allocated to health care was 1.0 percent for members in the Traditional Plan and the Combined Plan. Effective January 1, 2014, the portion of employer contributions allocated to health care increased to 2.0 percent. Employer contribution rates are actuarially determined.

The City's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2013, 2012 and 2011 were \$1,668,715, \$1,268,113 and \$1,284,341, respectively. For 2013, 93.24 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2012 and 2011. Contributions to the Member-Directed Plan for 2013 were \$67,566 made by the City and \$48,261 made by plan members.

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

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

Funding Policy – Employer and employee contribution rates are set by the Ohio Revised Code. From January 1, 2013, through July 1, 2013, plan members were required to contribute 10 percent of their annual covered salary. From July 2, 2013, through December 31, 2013, plan members were required to contribute 10.75 percent of their annual covered salary. Throughout 2013, employers were required to contribute 19.5 percent and 24.0 percent, respectively, for police officers and firefighters.

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

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The OP&F Pension Fund is authorized by the Ohio Revised Code to allocate a portion of the employer contributions to retiree health care benefits. For January 1, 2013, through May 31, 2013, the portion of employer contributions used to fund pension benefits was 14.81 percent of covered payroll for police officers and 19.31 percent of covered payroll for firefighters. For June 1, 2013, through December 31, 2013, the portion of employer contributions used to fund pension benefits was 16.65 percent of covered payroll for police officers and 21.15 percent of covered payroll for firefighters. The City's contributions to OP&F for police and firefighters pension were \$629,098 and \$1,002,881 for the year ended December 31, 2013, \$483,396 and \$823,479 for the year ended December 31, 2012, and \$462,874 and \$820,332 for the year ended December 31, 2011, respectively. For 2013, 92.28 percent for police and 92.52 percent for firefighters has been contributed with the balance for both police and firefighters being report as an intergovernmental payable. The full amount has been contributed for 2012 and 2011.

## **Note 12 - Postemployment Benefits**

### ***Ohio Public Employees Retirement System***

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

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

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

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

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

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



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

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Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. For 2013, the portion of employer contributions allocated to health care for members in the Traditional Plan and the Combined Plan was 1.0 percent. Effective January 1, 2014, the portion of employer contributions allocated to healthcare was raised to 2.0 percent for both plans, as recommended by the OPERS Actuary.

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

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2013, 2012 and 2011 were \$128,363, \$507,245, and \$513,737, respectively. For 2013, 93.24 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2012 and 2011.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

***Ohio Police and Firemen Pension Fund***

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

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

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

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

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

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For January 1, 2013, through May 31, 2013, the employer contribution allocated to the health care plan was 4.69 percent of covered payroll. For June 1, 2013, through December 31, 2013, the employer contribution allocated to the health care plan was 2.85 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

The City's contributions to OP&F which were allocated to fund post-employment health care benefits for police and firefighters were \$143,247 and \$177,944 for the year ended December 31, 2013, \$255,915 and \$322,231 for the year ended December 31, 2012, and \$245,051 and \$321,000 for the year ended December 31, 2011. For 2013, 92.28 percent has been contributed for police and 92.52 percent has been contributed for firefighters with the balance for both police and firefighters being report as an intergovernmental payable. The full amount has been contributed for 2012 and 2011.

### **Note 13 – Compensated Absences**

Vacation leave is earned at rates which vary depending upon length of service and standard work week. Accumulated vacation leave must be taken within twelve months after credited or be forfeited unless approved by the Mayor.

Sick leave is earned at the rate of 4.6 hours per eighty hours worked by each employee to a maximum of 15 days or 120 hours per year. Each employee with the City hired prior to December 31, 1988, is paid for up to 120 days or a maximum of 960 hours in full and one day for every three days of accumulated sick leave in excess of 120 days. Each employee with the City hired after December 31, 1988, is paid for up to 45 days or a maximum of 360 hours in full and one day for every four days of accumulated sick leave in excess of 45 days. This benefit is paid to an employee upon retirement under a pension plan resulting from his public employment, or his estate upon death.

Various departments allow compensation time to be earned on the same basis as overtime in lieu of overtime. Compensation time is subject to the regulations of the Fair Labor Standards Act.

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

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**Note 14 – Shared Risk Pool**

The Northern Ohio Risk Management Association (NORMA) is a shared risk pool comprised of the Cities of Bedford Heights, Eastlake, Highland Heights, Hudson, Maple Heights, Mayfield Heights, Richmond Heights, Solon, South Euclid, University Heights and the Village of Chagrin Falls. NORMA was formed to enable its members to obtain property and liability insurance, including vehicles, and provide for a formalized, jointly administered self-insurance fund. The members formed a not-for-profit corporation known as NORMA, Inc. to administer the pool. NORMA is governed by a board of trustees that consists of the Mayor from each of the participating members.

Each entity must remain a member for at least three years from the commencement date of October 1, 1987, with the exception of the Cities of Eastlake and Solon whose commencement date is October 1, 1989, the City of Maple Heights, whose commencement date is October 1, 1993, and the City of University Heights, whose commencement date is October 1, 2008. After the initial three years, each City may extend its term in three-year increments.

Each member provides operating resources to NORMA based on actuarially determined rates. In the event of losses, the first \$2,500 of any valid claim will be paid by the member. The next payment, a maximum of \$100,000 per occurrence, will come from the self-insurance pool with any excess paid from the specific stop-loss coverage carried by the pool. The self-insurance pool will pay up to \$750,000 per policy year before the aggregate stop-loss coverage takes over. If the aggregate claims paid by the pool exceed the available resources, the pool may require the members to make additional supplementary payments up to a maximum of the regular annual payment.

In 2013, the City of Solon paid \$332,436 in premiums from the general fund, which represents 18.63 percent of the total premiums paid by all members. Financial information can be obtained by contacting the board chairman, the Finance Director at the City of Mayfield Heights, 6154 Mayfield Road, Mayfield Heights, Ohio, 44124.

**Note 15 – Jointly Governed Organization**

The City is a member of The Northeast Ohio Public Energy Council (NOPEC). NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity. NOPEC is currently comprised of over 112 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 insuring 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 eight-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 of Solon did not contribute to NOPEC during 2013. Financial information can be obtained by contacting Ronald McVoy, Board Chairman, 31360 Solon Road, Suite 33, Solon, Ohio 44139.

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

**Note 16 – Municipal Solid Waste Landfill**

GASB No. 18, "Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs" establishes standards of accounting and financial reporting for municipal solid waste landfill (MSWLF) closure and postclosure care costs that are required to be incurred by federal, state or local laws or regulations. The City of Solon is exempt from this standard since the operator of the landfill is solely responsible for all costs, expenses and fees which may arise in connection with the operation, closure and postclosure care and monitoring as required by the Ohio Environmental Protection Agency regulations and permits of the Solon Landfill as it currently exists.

**Note 17 - Long-Term Obligations**

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

	Balance 12/31/12	Additions	Reductions	Balance 12/31/13	Amounts Due in One Year
<b>Governmental Activities</b>					
<b>OWDA Loans</b>					
1993 \$5,894,814 - 4.30%					
Northeast Pump	\$180,012	\$0	(\$180,012)	\$0	\$0
1997 \$1,249,104 - 4.16%					
Aurora/Liberty Sanitary Sewer	338,040	0	(79,365)	258,675	82,700
2004 \$5,861,485 - 1.45%					
Aurora Road West Draw	3,575,460	0	(287,871)	3,287,589	292,059
2006 \$6,329,372 - 3.35%					
Aurora East Sewer Project	4,849,438	0	(276,625)	4,572,813	285,969
<i>Total OWDA Loans</i>	<u>8,942,950</u>	<u>0</u>	<u>(823,873)</u>	<u>8,119,077</u>	<u>660,728</u>
<b>OPWC Loans</b>					
1996 \$952,295 - 0%					
Solon Allotment	119,037	0	(47,615)	71,422	47,615
1999 \$195,500 - 0%					
Cochran Project	19,550	0	(13,033)	6,517	6,517
<i>Total OPWC Loans</i>	<u>138,587</u>	<u>0</u>	<u>(60,648)</u>	<u>77,939</u>	<u>54,132</u>
<b>Other Long-term Obligations</b>					
Compensated Absences	3,501,273	1,038,817	(1,026,712)	3,513,378	1,199,057
Claims Payable	93,953	47,578	(88,549)	52,982	39,736
<i>Total Other Long-term Obligations</i>	<u>3,595,226</u>	<u>1,086,395</u>	<u>(1,115,261)</u>	<u>3,566,360</u>	<u>1,238,793</u>
<i>Total General Long-term Obligations</i>	<u>\$12,676,763</u>	<u>\$1,086,395</u>	<u>(\$1,999,782)</u>	<u>\$11,763,376</u>	<u>\$1,953,653</u>

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

	Balance 12/31/12	Additions	Reductions	Balance 12/31/13	Amounts Due in One Year
<b>Business-type Activities</b>					
<b>OWDA Loans</b>					
1993 \$5,894,814 - 4.30% Northeast Pump	\$248,589	\$0	(\$248,589)	\$0	\$0
1996 \$18,991,344 - 3.04% Treatment Plant Upgrade and Expansion	3,627,715	0	(1,172,855)	2,454,860	1,208,781
1997 \$401,176 - 3.54% Treatment Plant Upgrade and Expansion	82,377	0	(26,501)	55,876	27,448
2006 \$3,935,828 - 3.15% Trickling Filter Rehabilitation	3,009,598	0	(8,595)	3,001,003	173,567
2011 \$5,096,690 - 3.15% Anaerobic Digester and Electrical Upgrade	4,573,208	132,310	(192,244)	4,513,274	198,347
<i>Total OWDA Loans</i>	11,541,487	132,310	(1,648,784)	10,025,013	1,608,143
<b>Other Long-term Liabilities</b>					
Compensated Absences	256,086	131,878	(122,158)	265,806	152,677
<i>Total Business-type Activities</i>	<u>\$11,797,573</u>	<u>\$264,188</u>	<u>(\$1,770,942)</u>	<u>\$10,290,819</u>	<u>\$1,760,820</u>

In 1993, the City received a \$5,894,814 Ohio Water Development Authority loan for the installation of the Creekside and Northeast Pump Stations and the Bainbridge and Liberty Roads Sanitary Sewer Projects. The loan was issued for a twenty year period with a final maturity in 2013.

In 1997, the City received a \$1,249,104 Ohio Water Development Authority loan for the installation of the Aurora/Liberty Sanitary Sewer Project. The loan was issued for a twenty year period with a final maturity in 2016.

In 2004, the City received a \$5,861,485 Ohio Water Development Authority loan for the installation of the Aurora Road West Draw Project. The loan was issued for a twenty year period with a final maturity in 2024.

In 2006, the City received a \$6,329,372 Ohio Water Development Authority loan for improvements to the Aurora East Sewer System. The loan was issued for a twenty year period with a final maturity in 2026.

In 1996, the City received a \$952,295 Ohio Public Works Commission loan for the installation of the Solon Boulevard, Baldwin/Huntington Sanitary Sewer Projects. The loan was issued for a twenty year period with a final maturity in 2015.

In 1999, the City received a \$195,500 Ohio Public Works Commission loan for the improvement of the pavement and street signals at the Solon and Cochran intersection. The loan was issued for a fifteen year period with a final maturity in 2014.

In 1993, the City received a \$5,894,814 Ohio Water Development Authority loan for the installation of the Creekside and Northeast Pump Stations and the Bainbridge and Liberty Roads Sanitary Sewer Projects. The loan was issued for a twenty year period with a final maturity in 2013.

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

In 1996, the City received a \$18,991,344 Ohio Water Development Authority loan for the expansion of the Central Wastewater Treatment Plant. The loan was issued for a twenty year period with a final maturity in 2015.

In 1997, the City received a \$401,176 Ohio Water Development Authority loan for the expansion of the Central Wastewater Treatment Plant. The loan was issued for a nineteen year period with a final maturity in 2015.

In 2006, the City received a \$3,935,828 Ohio Water Development Authority loan for the Trickleing Filter Rehabilitation system. The loan was issued for a twenty year period with a final maturity in 2027.

A line of credit has been established with the Ohio Water Development Authority in the amount of \$5,096,690 for the Anaerobic Digester and Electrical Upgrade project; however, since this loan is not finalized, the repayment schedule is not included in the schedule of debt service payments. The City has received \$4,891,076 in proceeds. Until a final repayment schedule is available, the City is paying based on estimates.

The OWDA loans will be paid from the general bond retirement debt service fund with property taxes and special assessments. The OPWC loans will be paid from the infrastructure capital projects fund with income taxes.

The OWDA enterprise fund loans are being paid from the water reclamation enterprise fund user fees. In the event that the water reclamation enterprise fund would fail to pay the OWDA loans, payment would be made by any general tax revenues collected in the general, bond retirement or capital projects funds.

Compensated absences will be paid from the general fund, the recreation special revenue fund and the water reclamation and Grantwood recreation enterprise funds.

The City's overall legal debt margin was \$115,627,135 with an unvoted debt margin of \$60,566,595 at December 31, 2013. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2013 are as follows:

*Governmental Activities*

	OWDA Loans		OPWC Loans
	Principal	Interest	Principal
2014	\$660,728	\$207,340	\$54,132
2015	678,116	189,953	23,807
2016	696,037	172,032	0
2017	620,937	154,522	0
2018	636,048	139,411	0
2019 - 2023	3,422,255	455,037	0
2024 - 2026	1,404,956	74,732	0
Total	<u>\$8,119,077</u>	<u>\$1,393,027</u>	<u>\$77,939</u>

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

*Business-Type Activities*

	OWDA Loans	
	Principal	Interest
2014	\$1,409,796	\$160,423
2015	1,453,585	116,634
2016	184,763	81,980
2017	190,629	76,114
2018	196,682	70,061
2019 - 2023	1,081,130	252,584
2024 - 2027	995,154	71,817
Total	\$5,511,739	\$829,613

**Note 18 - Interfund Transfers**

The general fund transferred \$3,002,761 to the other governmental funds during 2013. The general fund transfer to the police and fire pensions special revenue funds were because the 1.0 mills of property tax received by those funds are not enough to meet the annual liability and payment to the police and fire pension systems. The general fund transfer to the recreation special revenue fund is an annual subsidy to help keep program fees affordable to participants. The general fund transfers to the safety and service equipment and general capital improvements capital projects funds were an occasional subsidy for capital purchases.

**Note 19 – Joint Economic Development District**

In 2006, the City entered into a contract with neighboring Bainbridge Township to form the Bainbridge-Solon Joint Economic Development District (JEDD). It is entirely located in Bainbridge Township, and its primary purpose was to promote regional growth and economic development. In December 2006, the JEDD Board levied a municipal income tax of two percent in the JEDD effective January 1, 2007. The JEDD Board also contracted with the City of Solon to administer this income tax.

The JEDD agreement requires the City of Solon and Bainbridge Township share the income tax receipts 50/50 after income tax administration costs and a five percent deduction for the JEDD's Maintenance and Improvement Fund for infrastructure related projects. Financial information for the JEDD can be obtained by contacting Dennis Kennedy, Tax Administrator, 34200 Bainbridge Road, Solon, Ohio 44139.

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

**Note 20 – Significant Commitments**

***Contractual Commitments***

The following table presents the City's remaining balances on construction contracts at December 31, 2013.

Vendor	Project Description	Amount Remaining on Contract
Fabrizi Trucking and Paving	Allotment Improvements Phase 2B	\$32,995.98
Wade Trim/Ohio, Inc.	Pepperwood Storm - Design Services	42,225.28
URS Corporation	Briar Hill Lake Dam - Prof Svcs	14,558.62
Mr. Excavator, Inc.	Briar Hill Lake Dam	55,202.38
Trimor Corporation	2012 Annual Emergency Road Repair	15,485.74
Liberta Construction DBA	2013 Annual Emergency Road Repair	43,947.47
Fabrizi Trucking and Paving	Carter/Cochran Intersection Improvement	95,528.18
Cementech Inc.	Independence Court Road Rehab	31,703.97
R.E. Warner & Associates	SOM/Cannon Roads Intersection	66,134.04
Trax Construction Company	2012 Annual Sewer Repairs	51,229.26
Trax Construction Company	2013 Annual Sewer Repairs	142,221.41
ATC Associates	2012 Annual Materials Testing	16,148.16
Geo-Sci Laboratory, Inc.	2013 Annual Materials Testing	33,870.53
Asphalt Fabrics	Annual Preventive Maint.	14,015.96
Emshoff Excavating	Limberlost Storm Sewer	48,340.57
URS Corporation	Citywide Traffic Signals	42,020.72
Baumann Enterprises	Demo Timberlane Houses	28,890.00
Pioneer Environmental Systems	Timberlane Demolition - Prof Svcs	3,200.00
Trimor Corporation	Pettibone Retaining Wall	8,405.64
Aaron Landscape	Pettibone Tree Planting - Phase I	2,243.50
Aaron Landscape	Pettibone Tree Planting - Phase II	4,605.00
Miller Cable Company	Cleveland Clinic Traffic Signal	23,836.57
Carron Asphalt Paving, Inc.	Richmond Rd Resurface	156,357.51
Euthenics Inc.	SOM/Aurora Intersection - Prof Svcs	130,863.32
Geo-Sci Laboratory, Inc.	SOM/Aurora Intersection - Prof Svcs	6,000.00
Liberta Construction DBA	Citywide Concrete Road Replacement	72,287.55
GPD Associates	Linden Professional Services	45,116.86
Trimor Corporation	Davis Parkway Repair	66,774.35
Trimor Corporation	2012 Annual Concrete Repair	48,364.11
Trimor Corporation	2013 Annual Concrete Repair	126,827.95
Aaron Landscape	Pettibone Rd Restoration	30,080.11
Karvo Paving Company	2012 Annual Asphalt Repair	97,568.94
Carron Asphalt Paving, Inc.	2013 Annual Asphalt Repair	979,859.52
Dura Mark Inc.	Annual Street Striping	35,994.86
The Illuminating Company	Street Lighting Improvement Svcs	9,186.95
Lake County Sewer Company, Inc.	Annual Sewer Grouting	339,428.62
Perram Electric, Inc.	Citywide Traffic Signals	1,234,544.58
<b>Total</b>		<b>\$4,196,064.21</b>



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

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***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>		<i>Proprietary Funds:</i>	
General Fund	\$1,452,390	Water Reclamation Fund	444,707
Infrastructure Fund	5,014,697	Grantwood Golf Fund	47,959
Other Governmental Funds	498,477	Internal Service Fund	1,863
Total Governmental	<u>\$6,965,564</u>	Total Proprietary	<u>\$494,529</u>

## 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 expenditures for specified purposes other than debt service or capital projects.

***Street Construction, Maintenance and Repair Fund*** - to account for and report the portion of the State gasoline tax and motor vehicle license fees that are restricted for maintenance of streets within the City.

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

***Police Pension Fund*** – to account for and report restricted property taxes levied for the payment of the current liabilities for police disability and pension benefits.

***Fire Pension Fund*** - to account for and report restricted property taxes levied for the payment of the current liabilities for fire disability and pension benefits.

***Cable TV Fund*** - to account for and report cable franchise fees committed to the Cable TV Commission including a distribution of fifty percent to the Solon City Schools.

***Tree Planting Fund*** – to account for and report deposits from developers committed to purchasing and planting trees in the City.

***Recreation Fund*** – to account for and report recreation activity charges and transfers committed to operating the City park and recreation programs.

***Police Department Programs Fund*** - to account for and report grants restricted to the Police Department's DARE Programs.

***Landfill Improvement Fund*** – to account for and report fees restricted for reclamation of the City-owned landfill.

***Law Enforcement Trust Fund*** – to account for and report confiscation of money from law enforcement activities restricted to expenditures to support the same law enforcement activities.

***Donations Trust Fund*** – to account for and report donations made to various City departments committed to specific program expenditures.

***Senior Services Fund*** – to account for and report the receipt of senior services activity fees and transfers from the general fund to pay the cost of operating the senior services center and related programs. This fund is included with the general fund for GAAP reporting because the ordinance establishing the fund does not include a revenue source.

***Economic Incentive Fund*** – to account for and report the receipt of grant money and transfers from the general fund used to support economic incentive/job creation programs. This fund is included with the general fund for GAAP reporting because the ordinance establishing the fund does not include a revenue source.

(continued)

## Combining Statements – Nonmajor Governmental Funds (continued)

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

**Police Training Fund** - to account for and report the receipt of training fees collected to pay the cost of providing police and corrections training. This fund is included with the general fund for GAAP reporting because there is no restriction on these monies.

**Community Improvement Corporation Fund** – to account for and report the revenues used for industrial revenue bond administration. This fund is currently inactive and is included with the general fund for GAAP reporting because there is no restriction on these monies.

### *Nonmajor Capital Projects Funds*

Capital projects funds are used to account and report financial resources that are restricted, committed or assigned to expenditure for capital outlays including the acquisition or construction of major capital facilities and other capital assets, other than those by proprietary funds or for assets that will be held in trust.

**Safety and Service Equipment Fund** – to account for and report the voter approved one half mill property tax levy restricted to the purchase of police, fire and service department vehicles and equipment.

**Building Construction Fund** – to account for and report debt proceeds restricted to the construction of various City buildings.

**Old City Hall Renovations Fund** – to account for and report grants restricted to renovating the old Solon City Hall.

**General Capital Improvements Fund** – to account for and report income taxes from the City's Joint Economic Development District (JEDD) and recycling charges restricted to the purchase of land, buildings, vehicles and equipment.

**City of Solon, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Governmental Funds*  
*December 31, 2013*

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$2,712,456	\$2,342,549	\$5,055,005
Accounts Receivable	47,915	0	47,915
Intergovernmental Receivable	624,424	28,641	653,065
Municipal Income Taxes Receivable	0	17,048	17,048
Property Taxes Receivable	1,390,444	397,775	1,788,219
<i>Total Assets</i>	<u>\$4,775,239</u>	<u>\$2,786,013</u>	<u>\$7,561,252</u>
<b>Liabilities</b>			
Accounts Payable	\$107,982	\$114,657	\$222,639
Accrued Wages	48,228	0	48,228
Intergovernmental Payable	232,951	0	232,951
Matured Compensated Absences Payable	16,005	0	16,005
<i>Total Liabilities</i>	<u>405,166</u>	<u>114,657</u>	<u>519,823</u>
<b>Deferred Inflows of Resources</b>			
Property Taxes	1,339,674	383,347	1,723,021
Unavailable Revenue	584,836	46,972	631,808
<i>Total Deferred Inflows of Resources</i>	<u>1,924,510</u>	<u>430,319</u>	<u>2,354,829</u>
<b>Fund Balances</b>			
Restricted	1,163,996	2,241,037	3,405,033
Committed	1,281,567	0	1,281,567
<i>Total Fund Balances</i>	<u>2,445,563</u>	<u>2,241,037</u>	<u>4,686,600</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$4,775,239</u>	<u>\$2,786,013</u>	<u>\$7,561,252</u>

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

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues</b>			
Property Taxes	\$975,710	\$388,795	\$1,364,505
Municipal Income Taxes	0	87,574	87,574
Intergovernmental	1,213,613	101,601	1,315,214
Investment Income	1,822	0	1,822
Fees, Licenses and Permits	197,956	0	197,956
Fines and Forfeitures	34,435	0	34,435
Rentals	31,187	0	31,187
Charges for Services	2,808,314	42,647	2,850,961
Contributions and Donations	91,281	46,200	137,481
Miscellaneous	51,981	15,226	67,207
<i>Total Revenues</i>	<u>5,406,299</u>	<u>682,043</u>	<u>6,088,342</u>
<b>Expenditures</b>			
Current:			
Security of Persons and Property			
Police	813,340	0	813,340
Fire	1,213,913	0	1,213,913
Leisure Time Activities	4,470,052	0	4,470,052
Basic Utility Services	295,902	0	295,902
Transportation	1,179,000	0	1,179,000
General Government	21,826	0	21,826
Capital Outlay	0	1,004,797	1,004,797
<i>Total Expenditures</i>	<u>7,994,033</u>	<u>1,004,797</u>	<u>8,998,830</u>
<i>Excess of Revenues Under Expenditures</i>	(2,587,734)	(322,754)	(2,910,488)
<b>Other Financing Sources</b>			
Transfers In	<u>2,402,761</u>	<u>600,000</u>	<u>3,002,761</u>
<i>Net Change in Fund Balances</i>	(184,973)	277,246	92,273
<i>Fund Balances Beginning of Year</i>	<u>2,630,536</u>	<u>1,963,791</u>	<u>4,594,327</u>
<i>Fund Balances End of Year</i>	<u><u>\$2,445,563</u></u>	<u><u>\$2,241,037</u></u>	<u><u>\$4,686,600</u></u>

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

	Street Construction, Maintenance and Repair	State Highway	Police Pension	Fire Pension	Cable TV
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$440,677	\$93,286	\$218,062	\$142,014	\$136,326
Accounts Receivable	0	0	0	0	47,268
Intergovernmental Receivable	491,909	39,884	48,888	42,281	0
Property Taxes Receivable	0	0	794,539	595,905	0
<i>Total Assets</i>	<u>\$932,586</u>	<u>\$133,170</u>	<u>\$1,061,489</u>	<u>\$780,200</u>	<u>\$183,594</u>
<b>Liabilities</b>					
Accounts Payable	\$0	\$0	\$0	\$0	\$7,430
Accrued Wages	0	0	0	0	0
Intergovernmental Payable	0	0	82,698	119,961	0
Matured Compensated Absences Payable	0	0	0	0	0
<i>Total Liabilities</i>	<u>0</u>	<u>0</u>	<u>82,698</u>	<u>119,961</u>	<u>7,430</u>
<b>Deferred Inflows of Resources</b>					
Property Taxes	0	0	765,527	574,147	0
Unavailable Revenue	409,680	33,217	77,900	64,039	0
<i>Total Deferred Inflows of Resources</i>	<u>409,680</u>	<u>33,217</u>	<u>843,427</u>	<u>638,186</u>	<u>0</u>
<b>Fund Balances</b>					
Restricted	522,906	99,953	135,364	22,053	0
Committed	0	0	0	0	176,164
<i>Total Fund Balances</i>	<u>522,906</u>	<u>99,953</u>	<u>135,364</u>	<u>22,053</u>	<u>176,164</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$932,586</u>	<u>\$133,170</u>	<u>\$1,061,489</u>	<u>\$780,200</u>	<u>\$183,594</u>

Tree Planting	Recreation	Police Department Programs	Landfill Improvement	Law Enforcement Trust	Donations Trust	Total Nonmajor Special Revenue Funds
\$212,332	\$1,000,104	\$32,721	\$138,031	\$224,716	\$74,187	\$2,712,456
0	647	0	0	0	0	47,915
0	0	0	1,067	395	0	624,424
0	0	0	0	0	0	1,390,444
<u>\$212,332</u>	<u>\$1,000,751</u>	<u>\$32,721</u>	<u>\$139,098</u>	<u>\$225,111</u>	<u>\$74,187</u>	<u>\$4,775,239</u>
\$800	\$84,443	\$0	\$12,955	\$0	\$2,354	\$107,982
0	47,973	0	0	255	0	48,228
0	30,292	0	0	0	0	232,951
0	16,005	0	0	0	0	16,005
800	178,713	0	12,955	255	2,354	405,166
0	0	0	0	0	0	1,339,674
0	0	0	0	0	0	584,836
0	0	0	0	0	0	1,924,510
0	0	32,721	126,143	224,856	0	1,163,996
211,532	822,038	0	0	0	71,833	1,281,567
211,532	822,038	32,721	126,143	224,856	71,833	2,445,563
<u>\$212,332</u>	<u>\$1,000,751</u>	<u>\$32,721</u>	<u>\$139,098</u>	<u>\$225,111</u>	<u>\$74,187</u>	<u>\$4,775,239</u>

**City of Solon, Ohio**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Special Revenue Funds*  
*For the Year Ended December 31, 2013*

	Street Construction, Maintenance and Repair	State Highway	Police Pension	Fire Pension	Cable TV
<b>Revenues</b>					
Property Taxes	\$0	\$0	\$390,284	\$585,426	\$0
Intergovernmental	988,852	80,176	57,834	86,751	0
Investment Income	430	105	0	0	437
Fees, Licenses and Permits	0	0	0	0	187,324
Fines and Forfeitures	0	0	0	0	0
Rentals	0	0	0	0	0
Charges for Services	0	0	0	0	0
Contributions and Donations	0	0	0	0	0
Miscellaneous	0	0	0	0	0
<i>Total Revenues</i>	<u>989,282</u>	<u>80,281</u>	<u>448,118</u>	<u>672,177</u>	<u>187,761</u>
<b>Expenditures</b>					
Current:					
Security of Persons and Property					
Police	0	0	775,180	0	0
Fire	0	0	0	1,213,913	0
Leisure Time Activities	0	0	0	0	246,357
Basic Utility Services	0	0	0	0	0
Transportation	1,075,000	104,000	0	0	0
General Government	0	0	0	0	0
<i>Total Expenditures</i>	<u>1,075,000</u>	<u>104,000</u>	<u>775,180</u>	<u>1,213,913</u>	<u>246,357</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(85,718)	(23,719)	(327,062)	(541,736)	(58,596)
<b>Other Financing Sources</b>					
Transfers In	0	0	250,000	440,000	0
<i>Net Change in Fund Balances</i>	(85,718)	(23,719)	(77,062)	(101,736)	(58,596)
<i>Fund Balances Beginning of Year</i>	<u>608,624</u>	<u>123,672</u>	<u>212,426</u>	<u>123,789</u>	<u>234,760</u>
<i>Fund Balances End of Year</i>	<u>\$522,906</u>	<u>\$99,953</u>	<u>\$135,364</u>	<u>\$22,053</u>	<u>\$176,164</u>



Tree Planting	Recreation	Police Department Programs	Landfill Improvement	Law Enforcement Trust	Donations Trust	Total Nonmajor Special Revenue Funds
\$0	\$0	\$0	\$0	\$0	\$0	\$975,710
0	0	0	0	0	0	1,213,613
0	0	0	850	0	0	1,822
0	0	0	10,632	0	0	197,956
0	0	0	0	34,435	0	34,435
0	31,187	0	0	0	0	31,187
3,450	2,804,864	0	0	0	0	2,808,314
0	41,100	28,446	0	0	21,735	91,281
0	46,731	0	5,250	0	0	51,981
<u>3,450</u>	<u>2,923,882</u>	<u>28,446</u>	<u>16,732</u>	<u>34,435</u>	<u>21,735</u>	<u>5,406,299</u>
0	0	17,001	0	19,327	1,832	813,340
0	0	0	0	0	0	1,213,913
0	4,211,629	0	0	0	12,066	4,470,052
0	0	0	295,902	0	0	295,902
0	0	0	0	0	0	1,179,000
21,826	0	0	0	0	0	21,826
<u>21,826</u>	<u>4,211,629</u>	<u>17,001</u>	<u>295,902</u>	<u>19,327</u>	<u>13,898</u>	<u>7,994,033</u>
(18,376)	(1,287,747)	11,445	(279,170)	15,108	7,837	(2,587,734)
0	1,712,761	0	0	0	0	2,402,761
(18,376)	425,014	11,445	(279,170)	15,108	7,837	(184,973)
<u>229,908</u>	<u>397,024</u>	<u>21,276</u>	<u>405,313</u>	<u>209,748</u>	<u>63,996</u>	<u>2,630,536</u>
<u>\$211,532</u>	<u>\$822,038</u>	<u>\$32,721</u>	<u>\$126,143</u>	<u>\$224,856</u>	<u>\$71,833</u>	<u>\$2,445,563</u>

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

	Safety and Service Equipment	Building Construction	Old City Hall Renovations	General Capital Improvements	Total Nonmajor Capital Projects Funds
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$338,859	\$768,139	\$17,744	\$1,217,807	\$2,342,549
Intergovernmental Receivable	28,641	0	0	0	28,641
Municipal Income Taxes Receivable	0	0	0	17,048	17,048
Property Taxes Receivable	397,775	0	0	0	397,775
<i>Total Assets</i>	<u>\$765,275</u>	<u>\$768,139</u>	<u>\$17,744</u>	<u>\$1,234,855</u>	<u>\$2,786,013</u>
<b>Liabilities</b>					
Accounts Payable	\$73,218	\$457	\$0	\$40,982	\$114,657
<b>Deferred Inflows of Resources</b>					
Property Taxes	383,347	0	0	0	383,347
Unavailable Revenue	43,069	0	0	3,903	46,972
<i>Total Deferred Inflows of Resources</i>	<u>426,416</u>	<u>0</u>	<u>0</u>	<u>3,903</u>	<u>430,319</u>
<b>Fund Balances</b>					
Restricted	265,641	767,682	17,744	1,189,970	2,241,037
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$765,275</u>	<u>\$768,139</u>	<u>\$17,744</u>	<u>\$1,234,855</u>	<u>\$2,786,013</u>

**City of Solon, Ohio**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Capital Projects Funds*  
*For the Year Ended December 31, 2013*

	Safety and Service Equipment	Building Construction	Old City Hall Renovations	General Capital Improvements	Total Nonmajor Capital Projects Funds
<b>Revenues</b>					
Property Taxes	\$388,795	\$0	\$0	\$0	\$388,795
Municipal Income Taxes	0	0	0	87,574	87,574
Intergovernmental	58,423	0	0	43,178	101,601
Charges for Services	0	0	0	42,647	42,647
Contributions and Donations	0	0	0	46,200	46,200
Miscellaneous	15,226	0	0	0	15,226
<i>Total Revenues</i>	462,444	0	0	219,599	682,043
<b>Expenditures</b>					
Capital Outlay	608,649	69,829	100	326,219	1,004,797
<i>Excess of Revenues Under Expenditures</i>	(146,205)	(69,829)	(100)	(106,620)	(322,754)
<b>Other Financing Sources</b>					
Transfers In	100,000	0	0	500,000	600,000
<i>Net Change in Fund Balances</i>	(46,205)	(69,829)	(100)	393,380	277,246
<i>Fund Balances Beginning of Year</i>	311,846	837,511	17,844	796,590	1,963,791
<i>Fund Balances End of Year</i>	\$265,641	\$767,682	\$17,744	\$1,189,970	\$2,241,037

## Combining Statements – Fiduciary Funds

### *Fiduciary Funds*

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Agency Funds are purely custodial (assets equal liabilities) and thus do not involve the measurement of results of operations.

### *Agency Funds*

***Inspection Deposits Fund*** – to account for money held by the City to insure compliance with various City ordinances regarding development within the City.

***Traffic Violations Fund*** – to account for traffic violation money collected by the City to be distributed to other municipalities.

***DARE Scholarship Fund*** – to account for money held by the City to provide college scholarships for students in the DARE program.

***JEDD Income Tax Fund*** – to account for income tax revenue collected by the City to be distributed to Bainbridge Township and the City of Solon.

**City of Solon, Ohio**  
*Combining Statement of Changes in Assets and Liabilities*  
*Agency Funds*  
*For the Year Ended December 31, 2013*

	Beginning Balance 12/31/12	Additions	Deductions	Ending Balance 12/31/13
<b><i>Inspection Deposits Fund</i></b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$1,089,099	\$117,800	\$80,136	\$1,126,763
<b>Liabilities</b>				
Deposits Held and Due to Others	\$1,089,099	\$117,800	\$80,136	\$1,126,763
<b><i>Traffic Violations Fund</i></b>				
<b>Assets</b>				
Cash and Cash Equivalents in Segregated Accounts	\$0	\$109,730	\$109,730	\$0
<b>Liabilities</b>				
Intergovernmental Payable	\$0	\$109,730	\$109,730	\$0
<b><i>DARE Scholarship Fund</i></b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$374	\$0	\$0	\$374
<b>Liabilities</b>				
Deposits Held and Due to Others	\$374	\$0	\$0	\$374
<b><i>JEDD Income Tax Fund</i></b>				
<b>Assets</b>				
Cash and Cash Equivalents in Segregated Accounts	\$40,873	\$185,653	\$186,104	\$40,422
<b>Liabilities</b>				
Intergovernmental Payable	\$40,873	\$185,653	\$186,104	\$40,422
<b><i>Total - All Agency Funds</i></b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$1,089,473	\$117,800	\$80,136	\$1,127,137
Cash and Cash Equivalents in Segregated Accounts	40,873	295,383	295,834	40,422
<b>Total Assets</b>	<b>\$1,130,346</b>	<b>\$413,183</b>	<b>\$375,970</b>	<b>\$1,167,559</b>
<b>Liabilities</b>				
Intergovernmental Payable	\$40,873	\$295,383	\$295,834	\$40,422
Deposits Held and Due to Others	1,089,473	117,800	80,136	1,127,137
<b>Total Liabilities</b>	<b>\$1,130,346</b>	<b>\$413,183</b>	<b>\$375,970</b>	<b>\$1,167,559</b>

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

**City of Solon, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Year Ended December 31, 2013*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Property Taxes	\$1,619,790	\$1,990,017	\$2,032,323	\$42,306
Municipal Income Taxes	28,861,550	30,184,000	30,831,630	647,630
Intergovernmental	1,225,707	1,440,983	1,473,336	32,353
Investment Income	200,000	191,500	207,661	16,161
Fees, Licenses and Permits	419,153	505,400	516,228	10,828
Fines and Forfeitures	273,768	330,100	334,571	4,471
Charges for Services	811,931	954,700	956,494	1,794
Miscellaneous	282,308	347,957	376,169	28,212
<i>Total Revenues</i>	<u>33,694,207</u>	<u>35,944,657</u>	<u>36,728,412</u>	<u>783,755</u>
<b>Expenditures</b>				
Current:				
Security of Persons and Property				
Police				
Personal Services	5,944,137	6,308,826	6,172,152	136,674
Materials and Supplies	388,488	411,712	368,836	42,876
Contractual Services	230,562	244,295	197,675	46,620
Capital Outlay	80,109	84,168	71,309	12,859
Total Police	<u>6,643,296</u>	<u>7,049,001</u>	<u>6,809,972</u>	<u>239,029</u>
Fire				
Personal Services	4,932,137	5,223,978	5,183,706	40,272
Materials and Supplies	237,284	247,398	236,126	11,272
Contractual Services	123,207	128,892	126,272	2,620
Capital Outlay	292,829	294,463	251,431	43,032
Total Fire	<u>5,585,457</u>	<u>5,894,731</u>	<u>5,797,535</u>	<u>97,196</u>
Prosecutor				
Prosecutor				
Personal Services	102,270	108,609	107,751	858
Materials and Supplies	167,341	176,168	161,146	15,022
Total Prosecutor	<u>269,611</u>	<u>284,777</u>	<u>268,897</u>	<u>15,880</u>
Teen Court				
Personal Services	15,066	16,000	7,655	8,345
Materials and Supplies	989	1,050	455	595
Total Teen Court	<u>16,055</u>	<u>17,050</u>	<u>8,110</u>	<u>8,940</u>
Total Prosecutor	<u>285,666</u>	<u>301,827</u>	<u>277,007</u>	<u>24,820</u>
Total Security of Persons and Property	<u>\$12,514,419</u>	<u>\$13,245,559</u>	<u>\$12,884,514</u>	<u>\$361,045</u>

(continued)

**City of Solon, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Year Ended December 31, 2013*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Public Health and Welfare				
Cemetery				
Other	\$7,269	\$7,673	\$5,155	\$2,518
County Health District				
Contractual Services	86,307	91,656	91,434	222
Total Public Health and Welfare	<u>93,576</u>	<u>99,329</u>	<u>96,589</u>	<u>2,740</u>
Leisure Time Activities				
Recreation				
Personal Services	50,000	50,000	50,000	0
Community Environment				
Planning and Zoning				
Personal Services	459,236	487,071	481,670	5,401
Materials and Supplies	8,864	9,411	7,635	1,776
Contractual Services	20,413	21,678	15,472	6,206
Capital Outlay	565	600	0	600
Total Planning and Zoning	<u>489,078</u>	<u>518,760</u>	<u>504,777</u>	<u>13,983</u>
Development Board				
Materials and Supplies	2,025	2,150	902	1,248
Contractual Services	39,910	39,910	28,118	11,792
Total Development Board	<u>41,935</u>	<u>42,060</u>	<u>29,020</u>	<u>13,040</u>
Building Department				
Personal Services	275,620	292,061	261,205	30,856
Materials and Supplies	15,019	15,950	10,650	5,300
Contractual Services	23,871	19,753	16,148	3,605
Capital Outlay	7,062	7,500	350	7,150
Other	10,735	11,400	8,579	2,821
Total Building Department	<u>332,307</u>	<u>346,664</u>	<u>296,932</u>	<u>49,732</u>
Engineering Department				
Personal Services	503,304	553,057	524,632	28,425
Materials and Supplies	51,695	34,155	34,155	0
Contractual Services	203,321	244,399	244,399	0
Capital Outlay	7,062	1,375	1,375	0
Total Engineering Department	<u>\$765,382</u>	<u>\$832,986</u>	<u>\$804,561</u>	<u>\$28,425</u>

(continued)



**City of Solon, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Year Ended December 31, 2013*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Beautification Commission				
Materials and Supplies	\$26,414	\$27,984	\$20,963	\$7,021
Contractual Services	874	918	0	918
<u>Total Beautification Commission</u>	<u>27,288</u>	<u>28,902</u>	<u>20,963</u>	<u>7,939</u>
<u>Total Community Environment</u>	<u>1,655,990</u>	<u>1,769,372</u>	<u>1,656,253</u>	<u>113,119</u>
Basic Utility Services				
Storm Sewers				
Personal Services	513,560	544,150	529,488	14,662
Materials and Supplies	64,131	68,100	60,104	7,996
Contractual Services	7,533	8,000	5,403	2,597
<u>Total Storm Sewers</u>	<u>585,224</u>	<u>620,250</u>	<u>594,995</u>	<u>25,255</u>
Trees, Leaf and Brush				
Personal Services	56,498	60,000	51,463	8,537
Refuse Collection and Disposal				
Personal Services	787,257	836,050	821,856	14,194
Materials and Supplies	251,536	287,565	287,565	0
Contractual Services	37,974	42,788	42,788	0
<u>Total Refuse Collection and Disposal</u>	<u>1,076,767</u>	<u>1,166,403</u>	<u>1,152,209</u>	<u>14,194</u>
<u>Total Basic Utility Services</u>	<u>1,718,489</u>	<u>1,846,653</u>	<u>1,798,667</u>	<u>47,986</u>
Transportation				
Street Lighting				
Contractual Services	755,809	846,543	846,543	0
Street Department				
Personal Services	2,184,893	2,318,295	2,231,500	86,795
Materials and Supplies	1,056,896	1,081,178	965,871	115,307
Contractual Services	128,923	100,378	100,378	0
Capital Outlay	80,409	84,884	84,884	0
<u>Total Street Department</u>	<u>3,451,121</u>	<u>3,584,735</u>	<u>3,382,633</u>	<u>202,102</u>
<u>Total Transportation</u>	<u>\$4,206,930</u>	<u>\$4,431,278</u>	<u>\$4,229,176</u>	<u>\$202,102</u>

(continued)

**City of Solon, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Year Ended December 31, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
General Government				
Council				
Personal Services	\$250,613	\$266,146	\$250,080	\$16,066
Materials and Supplies	21,658	23,000	18,021	4,979
Contractual Services	9,988	10,601	1,285	9,316
Total Council	282,259	299,747	269,386	30,361
Mayor				
Personal Services	225,835	239,757	224,668	15,089
Materials and Supplies	4,345	4,600	3,644	956
Contractual Services	471	500	295	205
Capital Outlay	471	500	0	500
Total Mayor	231,122	245,357	228,607	16,750
Finance				
Personal Services	550,147	584,244	572,735	11,509
Materials and Supplies	24,739	26,239	20,658	5,581
Contractual Services	90,890	96,402	78,817	17,585
Capital Outlay	1,883	2,000	1,491	509
Total Finance	667,659	708,885	673,701	35,184
Legal Department				
Personal Services	84,521	89,759	89,737	22
Contractual Services	438,441	461,126	366,232	94,894
Total Legal Department	522,962	550,885	455,969	94,916
Human Resources				
Personal Services	392,823	417,169	412,137	5,032
Materials and Supplies	10,824	11,495	6,440	5,055
Contractual Services	140,466	148,847	138,265	10,582
Capital Outlay	14,360	15,250	9,018	6,232
Total Human Resources	558,473	592,761	565,860	26,901
Civil Service				
Personal Services	3,914	4,157	4,107	50
Materials and Supplies	323	343	116	227
Contractual Services	26,501	27,960	21,676	6,284
Total Civil Service	30,738	32,460	25,899	6,561
City Hall				
Personal Services	155,514	165,132	150,700	14,432
Materials and Supplies	942	1,000	0	1,000
Contractual Services	1,575	1,657	1,407	250
Total City Hall	\$158,031	\$167,789	\$152,107	\$15,682

(continued)

**City of Solon, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Year Ended December 31, 2013*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Income Tax Department				
Personal Services	\$346,242	\$346,242	\$343,149	\$3,093
Materials and Supplies	49,380	47,444	44,877	2,567
Contractual Services	52,726	50,695	24,350	26,345
Capital Outlay	9,380	9,000	0	9,000
Other	125,061	120,000	20,050	99,950
<b>Total Income Tax Department</b>	<b>582,789</b>	<b>573,381</b>	<b>432,426</b>	<b>140,955</b>
Unclaimed Monies				
Other	5,000	5,000	1,038	3,962
City Administration				
Personal Services	4,437,324	4,358,188	3,899,901	458,287
Materials and Supplies	195,835	204,507	173,467	31,040
Contractual Services	2,705,279	2,168,976	2,107,169	61,807
Capital Outlay	5,653	5,991	2,218	3,773
Other	415,362	441,055	95,918	345,137
<b>Total City Administration</b>	<b>7,759,453</b>	<b>7,178,717</b>	<b>6,278,673</b>	<b>900,044</b>
Sick Leave Reserve				
Personal Services	375,000	375,000	370,268	4,732
<b>Total General Government</b>	<b>11,173,486</b>	<b>10,729,982</b>	<b>9,453,934</b>	<b>1,276,048</b>
<b>Total Expenditures</b>	<b>31,412,890</b>	<b>32,172,173</b>	<b>30,169,133</b>	<b>2,003,040</b>
<b>Excess of Revenues Over Expenditures</b>	<b>2,281,317</b>	<b>3,772,484</b>	<b>6,559,279</b>	<b>2,786,795</b>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	36,743	36,743	36,743	0
Advances In	513,000	513,000	513,000	0
Transfers Out	(4,780,000)	(4,517,761)	(4,517,761)	0
<b>Total Other Financing Sources (Uses)</b>	<b>(4,230,257)</b>	<b>(3,968,018)</b>	<b>(3,968,018)</b>	<b>0</b>
<b>Net Change in Fund Balance</b>	<b>(1,948,940)</b>	<b>(195,534)</b>	<b>2,591,261</b>	<b>2,786,795</b>
<b>Fund Balance Beginning of Year</b>	<b>20,415,240</b>	<b>20,415,240</b>	<b>20,415,240</b>	<b>0</b>
<b>Prior Year Encumbrances Appropriated</b>	<b>539,226</b>	<b>539,226</b>	<b>539,226</b>	<b>0</b>
<b>Fund Balance End of Year</b>	<b>\$19,005,526</b>	<b>\$20,758,932</b>	<b>\$23,545,727</b>	<b>\$2,786,795</b>

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

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Property Taxes	\$506,674	\$506,674	\$585,425	\$78,751
Special Assessments	723,534	602,034	601,538	(496)
Intergovernmental	105,292	105,292	105,292	0
Fees, Licenses and Permits	4,700	4,700	4,681	(19)
<i>Total Revenues</i>	<u>1,340,200</u>	<u>1,218,700</u>	<u>1,296,936</u>	<u>78,236</u>
<b>Expenditures</b>				
Current:				
General Government				
Legislative and Executive				
Contractual Services	20,000	20,000	7,512	12,488
Debt Service:				
Principal Retirement	823,873	823,873	823,873	0
Interest and Fiscal Charges	230,005	230,005	230,001	4
<i>Total Debt Service</i>	<u>1,053,878</u>	<u>1,053,878</u>	<u>1,053,874</u>	<u>4</u>
<i>Total Expenditures</i>	<u>1,073,878</u>	<u>1,073,878</u>	<u>1,061,386</u>	<u>12,492</u>
<i>Net Change in Fund Balance</i>	266,322	144,822	235,550	90,728
<i>Fund Balance Beginning of Year</i>	<u>959,475</u>	<u>959,475</u>	<u>959,475</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$1,225,797</u>	<u>\$1,104,297</u>	<u>\$1,195,025</u>	<u>\$90,728</u>

**City of Solon, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Infrastructure Fund*  
*For the Year Ended December 31, 2013*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Municipal Income Taxes	\$12,300,000	\$10,325,000	\$10,325,000	\$0
Intergovernmental	0	339,610	457,825	118,215
Miscellaneous	40,000	127,390	129,077	1,687
<i>Total Revenues</i>	<u>12,340,000</u>	<u>10,792,000</u>	<u>10,911,902</u>	<u>119,902</u>
<b>Expenditures</b>				
Current:				
Transportation				
Engineering Department				
Personal Services	310,000	310,000	306,451	3,549
Capital Outlay	16,157,170	13,657,170	10,898,228	2,758,942
Debt Service:				
Principal Retirement	60,648	60,648	60,648	0
<i>Total Expenditures</i>	<u>16,527,818</u>	<u>14,027,818</u>	<u>11,265,327</u>	<u>2,762,491</u>
<i>Excess of Revenues Under Expenditures</i>	(4,187,818)	(3,235,818)	(353,425)	2,882,393
<b>Other Financing Uses</b>				
Advances Out	(500,000)	(500,000)	(500,000)	0
<i>Net Change in Fund Balance</i>	(4,687,818)	(3,735,818)	(853,425)	2,882,393
<i>Fund Balance Beginning of Year</i>	4,276,664	4,276,664	4,276,664	0
Prior Year Encumbrances Appropriated	2,761,818	2,761,818	2,761,818	0
<i>Fund Balance End of Year</i>	<u>\$2,350,664</u>	<u>\$3,302,664</u>	<u>\$6,185,057</u>	<u>\$2,882,393</u>

**City of Solon, Ohio**  
*Schedule of Revenues, Expenses and Changes*  
*In Fund Equity - Budget (Non-GAAP Basis) and Actual*  
*Water Reclamation Fund*  
*For the Year Ended December 31, 2013*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Charges for Services	\$5,981,000	\$6,360,500	\$6,719,751	\$359,251
Tap-In Fees	105,840	210,000	211,761	1,761
Intergovernmental	0	52,840	52,843	3
Investment Income	28,000	28,000	31,174	3,174
Sale of Capital Assets	17,000	17,000	17,000	0
Miscellaneous	28,000	28,000	27,485	(515)
OWDA Loans Issued	132,310	132,310	132,310	0
<i>Total Revenues</i>	<u>6,292,150</u>	<u>6,828,650</u>	<u>7,192,324</u>	<u>363,674</u>
<b>Expenses</b>				
Personal Services	1,760,465	1,760,465	1,469,943	290,522
Materials and Supplies	627,547	627,547	486,012	141,535
Contractual Services	1,668,698	1,668,698	1,522,671	146,027
Other	35,500	35,500	17,500	18,000
Capital Outlay	793,793	793,793	298,531	495,262
Debt Service:				
Principal Retirement	1,828,520	1,828,520	1,648,784	179,736
Interest and Fiscal Charges	375,632	375,632	363,810	11,822
<i>Total Expenses</i>	<u>7,090,155</u>	<u>7,090,155</u>	<u>5,807,251</u>	<u>1,282,904</u>
<i>Net Change in Fund Equity</i>	(798,005)	(261,505)	1,385,073	1,646,578
<i>Fund Equity Beginning of Year</i>	5,801,248	5,801,248	5,801,248	0
Prior Year Encumbrances Appropriated	157,193	157,193	157,193	0
<i>Fund Equity End of Year</i>	<u>\$5,160,436</u>	<u>\$5,696,936</u>	<u>\$7,343,514</u>	<u>\$1,646,578</u>

**City of Solon, Ohio**  
*Schedule of Revenues, Expenses and Changes*  
*In Fund Equity - Budget (Non-GAAP Basis) and Actual*  
*Grantwood Recreation Fund*  
*For the Year Ended December 31, 2013*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Charges for Services	\$938,300	\$839,600	\$849,654	\$10,054
Investment Income	1,000	1,000	1,102	102
Rentals	188,500	188,500	191,474	2,974
Miscellaneous	11,500	11,500	11,685	185
<i>Total Revenues</i>	<u>1,139,300</u>	<u>1,040,600</u>	<u>1,053,915</u>	<u>13,315</u>
<b>Expenses</b>				
Personal Services	599,825	599,825	583,048	16,777
Materials and Supplies	240,516	240,516	237,590	2,926
Contractual Services	142,433	142,433	129,035	13,398
Other	147,490	147,490	147,490	0
Capital Outlay	36,550	36,550	11,750	24,800
<i>Total Expenses</i>	<u>1,166,814</u>	<u>1,166,814</u>	<u>1,108,913</u>	<u>57,901</u>
<i>Net Change in Fund Equity</i>	(27,514)	(126,214)	(54,998)	71,216
<i>Fund Equity Beginning of Year</i>	220,394	220,394	220,394	0
Prior Year Encumbrances Appropriated	<u>20,389</u>	<u>20,389</u>	<u>20,389</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u>\$213,269</u>	<u>\$114,569</u>	<u>\$185,785</u>	<u>\$71,216</u>

**City of Solon, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
 In Fund Balance - Budget (Non-GAAP Basis) and Actual  
 Street Construction, Maintenance and Repair Fund  
 For the Year Ended December 31, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$988,500	\$986,000	\$988,114	\$2,114
Investment Income	2,500	2,500	2,411	(89)
<i>Total Revenues</i>	<u>991,000</u>	<u>988,500</u>	<u>990,525</u>	<u>2,025</u>
<b>Expenditures</b>				
Current:				
Transportation				
Street Maintenance and Repair				
Personal Services	800,000	800,000	800,000	0
Materials and Supplies	275,000	275,000	275,000	0
<i>Total Expenditures</i>	<u>1,075,000</u>	<u>1,075,000</u>	<u>1,075,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(84,000)	(86,500)	(84,475)	2,025
<i>Fund Balance Beginning of Year</i>	<u>527,133</u>	<u>527,133</u>	<u>527,133</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$443,133</u></u>	<u><u>\$440,633</u></u>	<u><u>\$442,658</u></u>	<u><u>\$2,025</u></u>



**City of Solon, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
 In Fund Balance - Budget (Non-GAAP Basis) and Actual  
 State Highway Fund  
 For the Year Ended December 31, 2013*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$80,400	\$79,500	\$80,117	\$617
Investment Income	600	600	524	(76)
<i>Total Revenues</i>	81,000	80,100	80,641	541
<b>Expenditures</b>				
Current:				
Transportation				
State Highway				
Materials and Supplies	145,000	145,000	104,000	41,000
<i>Net Change in Fund Balance</i>	(64,000)	(64,900)	(23,359)	41,541
<i>Fund Balance Beginning of Year</i>	117,064	117,064	117,064	0
<i>Fund Balance End of Year</i>	<u>\$53,064</u>	<u>\$52,164</u>	<u>\$93,705</u>	<u>\$41,541</u>

**City of Solon, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Police Pension Fund*  
*For the Year Ended December 31, 2013*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property Taxes	\$366,166	\$366,166	\$390,284	\$24,118
Intergovernmental	57,834	57,834	57,834	0
<i>Total Revenues</i>	424,000	424,000	448,118	24,118
<b>Expenditures</b>				
Current:				
Security of Persons and Property				
Police				
Personal Services	925,000	925,000	884,168	40,832
<i>Excess of Revenues Under Expenditures</i>	(501,000)	(501,000)	(436,050)	64,950
<b>Other Financing Sources</b>				
Transfers In	250,000	250,000	250,000	0
<i>Net Change in Fund Balance</i>	(251,000)	(251,000)	(186,050)	64,950
<i>Fund Balance Beginning of Year</i>	404,112	404,112	404,112	0
<i>Fund Balance End of Year</i>	<u>\$153,112</u>	<u>\$153,112</u>	<u>\$218,062</u>	<u>\$64,950</u>

**City of Solon, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Fire Pension Fund*  
*For the Year Ended December 31, 2013*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property Taxes	\$550,249	\$550,249	\$585,426	\$35,177
Intergovernmental	86,751	86,751	86,751	0
<i>Total Revenues</i>	637,000	637,000	672,177	35,177
<b>Expenditures</b>				
Current:				
Security of Persons and Property				
Fire				
Personal Services	1,435,000	1,435,000	1,388,000	47,000
<i>Excess of Revenues Under Expenditures</i>	(798,000)	(798,000)	(715,823)	82,177
<b>Other Financing Sources</b>				
Transfers In	440,000	440,000	440,000	0
<i>Net Change in Fund Balance</i>	(358,000)	(358,000)	(275,823)	82,177
<i>Fund Balance Beginning of Year</i>	417,837	417,837	417,837	0
<i>Fund Balance End of Year</i>	<u>\$59,837</u>	<u>\$59,837</u>	<u>\$142,014</u>	<u>\$82,177</u>

**City of Solon, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
**Cable TV Fund**  
*For the Year Ended December 31, 2013*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Investment Income	\$1,100	\$1,100	\$1,050	(\$50)
Fees, Licenses and Permits	<u>185,600</u>	<u>171,200</u>	<u>188,612</u>	<u>17,412</u>
<i>Total Revenues</i>	<u>186,700</u>	<u>172,300</u>	<u>189,662</u>	<u>17,362</u>
<b>Expenditures</b>				
Current:				
Leisure Time Activities				
Cable TV				
Materials and Supplies	11,296	11,296	2,178	9,118
Contractual Services	221,741	221,741	215,188	6,553
Capital Outlay	<u>102,610</u>	<u>102,610</u>	<u>48,676</u>	<u>53,934</u>
<i>Total Expenditures</i>	<u>335,647</u>	<u>335,647</u>	<u>266,042</u>	<u>69,605</u>
<i>Net Change in Fund Balance</i>	(148,947)	(163,347)	(76,380)	86,967
<i>Fund Balance Beginning of Year</i>	184,244	184,244	184,244	0
Prior Year Encumbrances Appropriated	<u>10,417</u>	<u>10,417</u>	<u>10,417</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$45,714</u>	<u>\$31,314</u>	<u>\$118,281</u>	<u>\$86,967</u>

**City of Solon, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Tree Planting Fund*  
*For the Year Ended December 31, 2013*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Charges for Services	<u>\$1,200</u>	<u>\$3,500</u>	<u>\$3,450</u>	<u>(\$50)</u>
<b>Expenditures</b>				
Current:				
General Government				
Tree Planting				
Contractual Services	17,100	17,100	12,325	4,775
Other	<u>12,000</u>	<u>12,000</u>	<u>10,479</u>	<u>1,521</u>
<i>Total Expenditures</i>	<u>29,100</u>	<u>29,100</u>	<u>22,804</u>	<u>6,296</u>
<i>Net Change in Fund Balance</i>	(27,900)	(25,600)	(19,354)	6,246
<i>Fund Balance Beginning of Year</i>	228,308	228,308	228,308	0
Prior Year Encumbrances Appropriated	<u>1,600</u>	<u>1,600</u>	<u>1,600</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$202,008</u></u>	<u><u>\$204,308</u></u>	<u><u>\$210,554</u></u>	<u><u>\$6,246</u></u>

**City of Solon, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Recreation Fund*  
*For the Year Ended December 31, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$8,839	\$8,809	\$8,809	\$0
Rentals	32,000	32,000	31,187	(813)
Charges for Services	2,786,500	2,770,400	2,813,469	43,069
Contributions and Donations	40,000	40,000	41,100	1,100
Miscellaneous	42,300	46,300	46,731	431
<i>Total Revenues</i>	<u>2,909,639</u>	<u>2,897,509</u>	<u>2,941,296</u>	<u>43,787</u>
<b>Expenditures</b>				
Current:				
Leisure Time Activities				
Administration				
Personal Services	421,153	362,450	351,301	11,149
Materials and Supplies	81,485	70,296	58,614	11,682
Contractual Services	38,928	33,577	31,680	1,897
Capital Outlay	3,649	0	0	0
Other	24,186	22,564	22,564	0
Total Administration	<u>569,401</u>	<u>488,887</u>	<u>464,159</u>	<u>24,728</u>
Recreation Programs				
Personal Services	322,853	277,934	277,934	0
Materials and Supplies	60,792	50,657	49,461	1,196
Contractual Services	83,873	72,197	70,096	2,101
Capital Outlay	3,882	1,855	1,855	0
Other	22,923	19,680	14,985	4,695
Total Recreation Programs	<u>494,323</u>	<u>422,323</u>	<u>414,331</u>	<u>7,992</u>
Swimming Pools				
Personal Services	55,668	47,900	47,633	267
Materials and Supplies	59,680	51,896	45,665	6,231
Contractual Services	47,158	42,131	42,131	0
Total Swimming Pools	<u>162,506</u>	<u>141,927</u>	<u>135,429</u>	<u>6,498</u>
Community Parks				
Personal Services	241,439	207,750	207,015	735
Materials and Supplies	71,495	59,333	59,333	0
Contractual Services	65,950	58,653	58,653	0
Total Community Parks	<u>378,884</u>	<u>325,736</u>	<u>325,001</u>	<u>735</u>
Concession Stand				
Personal Services	4,184	3,600	3,538	62
Materials and Supplies	48,479	44,992	44,992	0
Total Concession Stand	<u>\$52,663</u>	<u>\$48,592</u>	<u>\$48,530</u>	<u>\$62</u>

(continued)

**City of Solon, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Recreation Fund (continued)*  
*For the Year Ended December 31, 2013*

	Budgeted Amounts		Actual	Final Budget Positive (Negative)
	Original	Final		
Youth Recreation Programs				
Personal Services	\$903,771	\$777,616	\$768,863	\$8,753
Materials and Supplies	166,395	144,981	144,981	0
Contractual Services	355,354	312,729	294,047	18,682
Capital Outlay	4,881	4,200	4,200	0
Other	20,687	17,800	17,779	21
Total Youth Recreation Programs	<u>1,451,088</u>	<u>1,257,326</u>	<u>1,229,870</u>	<u>27,456</u>
Adult Recreation Programs				
Materials and Supplies	5,748	5,018	5,018	0
Contractual Services	1,868	1,625	1,625	0
Total Adult Recreation Programs	<u>7,616</u>	<u>6,643</u>	<u>6,643</u>	<u>0</u>
Holiday Programs				
Materials and Supplies	12,927	12,035	12,035	0
Contractual Services	24,135	20,000	20,000	0
Total Holiday Programs	<u>37,062</u>	<u>32,035</u>	<u>32,035</u>	<u>0</u>
Community Center				
Personal Services	1,339,797	1,152,863	1,150,240	2,623
Materials and Supplies	242,822	214,606	214,606	0
Contractual Services	337,838	303,297	301,854	1,443
Capital Outlay	52,213	48,970	48,970	0
Other	15,428	13,320	13,320	0
Total Community Center	<u>1,988,098</u>	<u>1,733,056</u>	<u>1,728,990</u>	<u>4,066</u>
<i>Total Expenditures</i>	<u>5,141,641</u>	<u>4,456,525</u>	<u>4,384,988</u>	<u>71,537</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(2,232,002)</u>	<u>(1,559,016)</u>	<u>(1,443,692)</u>	<u>115,324</u>
<b>Other Financing Sources (Uses)</b>				
Advances Out	(13,000)	(13,000)	(13,000)	
Transfers In	2,012,761	1,712,761	1,712,761	0
<i>Total Other Financing Sources (Uses)</i>	<u>1,999,761</u>	<u>1,699,761</u>	<u>1,699,761</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(232,241)</u>	<u>140,745</u>	<u>256,069</u>	<u>115,324</u>
<i>Fund Balance Beginning of Year</i>	333,222	333,222	333,222	0
Prior Year Encumbrances Appropriated	231,675	231,675	231,675	0
<i>Fund Balance End of Year</i>	<u>\$332,656</u>	<u>\$705,642</u>	<u>\$820,966</u>	<u>\$115,324</u>

**City of Solon, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
 In Fund Balance - Budget (Non-GAAP Basis) and Actual  
 Police Department Programs Fund  
 For the Year Ended December 31, 2013*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Contributions and Donations	<u>\$23,000</u>	<u>\$28,500</u>	<u>\$28,446</u>	<u>(\$54)</u>
<b>Expenditures</b>				
Current:				
Security of Persons and Property				
Police				
DARE program				
Personal Services	30,000	30,000	13,272	16,728
Materials and Supplies	<u>5,000</u>	<u>5,000</u>	<u>3,729</u>	<u>1,271</u>
<i>Total Expenditures</i>	<u>35,000</u>	<u>35,000</u>	<u>17,001</u>	<u>17,999</u>
<i>Net Change in Fund Balance</i>	(12,000)	(6,500)	11,445	17,945
<i>Fund Balance Beginning of Year</i>	<u>21,276</u>	<u>21,276</u>	<u>21,276</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$9,276</u></u>	<u><u>\$14,776</u></u>	<u><u>\$32,721</u></u>	<u><u>\$17,945</u></u>



**City of Solon, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Landfill Improvement Fund*  
*For the Year Ended December 31, 2013*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Investment Income	\$1,500	\$1,500	\$1,471	(\$29)
Fees, Licenses and Permits	13,250	12,000	11,396	(604)
Miscellaneous	<u>5,250</u>	<u>5,250</u>	<u>5,250</u>	<u>0</u>
<i>Total Revenues</i>	20,000	18,750	18,117	(633)
<b>Expenditures</b>				
Current:				
Basic Utility Services				
Landfill Improvement				
Other	<u>411,034</u>	<u>411,034</u>	<u>323,377</u>	<u>87,657</u>
<i>Net Change in Fund Balance</i>	(391,034)	(392,284)	(305,260)	87,024
<i>Fund Balance Beginning of Year</i>	415,825	415,825	415,825	0
Prior Year Encumbrances Appropriated	<u>11,034</u>	<u>11,034</u>	<u>11,034</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$35,825</u></u>	<u><u>\$34,575</u></u>	<u><u>\$121,599</u></u>	<u><u>\$87,024</u></u>

**City of Solon, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Law Enforcement Trust Fund*  
*For the Year Ended December 31, 2013*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Fines and Forfeitures	\$37,200	\$37,200	\$35,878	(\$1,322)
<b>Expenditures</b>				
Current:				
Security of Persons and Property				
Police				
OMVI				
Personal Services	20,000	20,000	17,909	2,091
Materials and Supplies	500	500	0	500
Total OMVI	20,500	20,500	17,909	2,591
Drug Money				
Materials and Supplies	12,756	12,756	756	12,000
Immobilization				
Materials and Supplies	5,000	5,000	0	5,000
Miscellaneous				
Materials and Supplies	49,000	49,000	554	48,446
<i>Total Expenditures</i>	<u>87,256</u>	<u>87,256</u>	<u>19,219</u>	<u>68,037</u>
<i>Net Change in Fund Balance</i>	(50,056)	(50,056)	16,659	66,715
<i>Fund Balance Beginning of Year</i>	207,301	207,301	207,301	0
Prior Year Encumbrances Appropriated	756	756	756	0
<i>Fund Balance End of Year</i>	<u>\$158,001</u>	<u>\$158,001</u>	<u>\$224,716</u>	<u>\$66,715</u>

**City of Solon, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
 In Fund Balance - Budget (Non-GAAP Basis) and Actual  
 Donations Trust Fund  
 For the Year Ended December 31, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Contributions and Donations	\$23,200	\$23,200	\$21,760	(\$1,440)
<b>Expenditures</b>				
Current:				
Security of Persons and Property				
Police				
Materials and Supplies	11,000	11,000	1,462	9,538
Fire				
Materials and Supplies	4,000	4,000	0	4,000
Total Security of Persons and Property	15,000	15,000	1,462	13,538
Leisure Time Activities				
Senior Services Donations				
Other	31,765	31,765	13,644	18,121
Community Park Donations				
Other	3,200	3,200	0	3,200
Total Leisure Time Activities	34,965	34,965	13,644	21,321
Community Environment				
Blue Herron Donations				
Other	100	100	0	100
Beautification Donations				
Other	500	500	0	500
Total Community Environment	600	600	0	600
General Government				
Special Donations				
Other	3,500	3,500	0	3,500
Cemetery Endowment				
Contractual Services	5,000	5,000	0	5,000
Total General Government	8,500	8,500	0	8,500
<i>Total Expenditures</i>	<u>59,065</u>	<u>59,065</u>	<u>15,106</u>	<u>43,959</u>
<i>Net Change in Fund Balance</i>	(35,865)	(35,865)	6,654	42,519
<i>Fund Balance Beginning of Year</i>	63,676	63,676	63,676	0
Prior Year Encumbrances Appropriated	1,765	1,765	1,765	0
<i>Fund Balance End of Year</i>	<u>\$29,576</u>	<u>\$29,576</u>	<u>\$72,095</u>	<u>\$42,519</u>

**City of Solon, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Senior Services Fund*  
*For the Year Ended December 31, 2013*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Charges for Services	\$130,000	\$130,000	\$129,991	(\$9)
Miscellaneous	10,500	2,800	2,792	(8)
<i>Total Revenues</i>	<u>140,500</u>	<u>132,800</u>	<u>132,783</u>	<u>(17)</u>
<b>Expenditures</b>				
Current:				
Leisure Time Activities				
Administration				
Personal Services	421,443	371,528	367,406	4,122
Materials and Supplies	36,832	32,490	32,470	20
Contractual Services	130	130	0	130
<i>Total Administration</i>	<u>458,405</u>	<u>404,148</u>	<u>399,876</u>	<u>4,272</u>
Senior Programs				
Materials and Supplies	82,876	74,439	74,439	0
Contractual Services	37,001	31,687	30,786	901
Other	170	150	111	39
<i>Total Senior Programs</i>	<u>120,047</u>	<u>106,276</u>	<u>105,336</u>	<u>940</u>
<i>Total Expenditures</i>	<u>578,452</u>	<u>510,424</u>	<u>505,212</u>	<u>5,212</u>
<i>Excess of Revenues Under Expenditures</i>	(437,952)	(377,624)	(372,429)	5,195
<b>Other Financing Sources</b>				
Transfers In	430,000	330,000	330,000	0
<i>Net Change in Fund Balance</i>	(7,952)	(47,624)	(42,429)	5,195
<i>Fund Balance Beginning of Year</i>	134,562	134,562	134,562	0
Prior Year Encumbrances Appropriated	3,081	3,081	3,081	0
<i>Fund Balance End of Year</i>	<u>\$129,691</u>	<u>\$90,019</u>	<u>\$95,214</u>	<u>\$5,195</u>

**City of Solon, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
 In Fund Balance - Budget (Non-GAAP Basis) and Actual  
 Economic Incentive Fund  
 For the Year Ended December 31, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$6,000	\$6,000	\$6,000	\$0
<b>Expenditures</b>				
Current:				
Community Environment				
Enterprise Zone Monitoring				
Other	1,170,250	1,170,250	1,052,948	117,302
<i>Excess of Revenues Under Expenditures</i>	(1,164,250)	(1,164,250)	(1,046,948)	117,302
<b>Other Financing Sources</b>				
Transfers In	1,185,000	1,185,000	1,185,000	0
<i>Net Change in Fund Balance</i>	20,750	20,750	138,052	117,302
<i>Fund Balance Beginning of Year</i>	135,416	135,416	135,416	0
<i>Fund Balance End of Year</i>	<u>\$156,166</u>	<u>\$156,166</u>	<u>\$273,468</u>	<u>\$117,302</u>

**City of Solon, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Police Training Fund*  
*For the Year Ended December 31, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>				
Current:				
Security of Persons and Property				
Police				
Police Training				
Materials and Supplies	5,000	5,000	138	4,862
Contractual Services	2,000	2,000	0	2,000
<i>Total Expenditures</i>	7,000	7,000	138	6,862
<i>Net Change in Fund Balance</i>	(7,000)	(7,000)	(138)	6,862
<i>Fund Balance Beginning of Year</i>	19,553	19,553	19,553	0
<i>Fund Balance End of Year</i>	\$12,553	\$12,553	\$19,415	\$6,862

**City of Solon, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
 In Fund Balance - Budget (Non-GAAP Basis) and Actual  
 Community Improvement Corporation Fund  
 For the Year Ended December 31, 2013*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>				
Current:				
Community Environment Development Board Contractual Services	<u>4,000</u>	<u>4,000</u>	<u>0</u>	<u>4,000</u>
<i>Net Change in Fund Balance</i>	(4,000)	(4,000)	0	4,000
<i>Fund Balance Beginning of Year</i>	<u>4,000</u>	<u>4,000</u>	<u>4,000</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$4,000</u></u>	<u><u>\$4,000</u></u>

**City of Solon, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Safety and Service Equipment Fund*  
*For the Year Ended December 31, 2013*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property Taxes	\$362,577	\$362,577	\$388,795	\$26,218
Intergovernmental	58,423	58,423	58,423	0
Miscellaneous	15,000	15,000	15,226	226
<i>Total Revenues</i>	436,000	436,000	462,444	26,444
<b>Expenditures</b>				
Capital Outlay	683,550	683,550	662,683	20,867
<i>Excess of Revenues Under Expenditures</i>	(247,550)	(247,550)	(200,239)	47,311
<b>Other Financing Sources</b>				
Transfers In	100,000	100,000	100,000	0
<i>Net Change in Fund Balance</i>	(147,550)	(147,550)	(100,239)	47,311
<i>Fund Balance Beginning of Year</i>	247,543	247,543	247,543	0
Prior Year Encumbrances Appropriated	69,525	69,525	69,525	0
<i>Fund Balance End of Year</i>	<u>\$169,518</u>	<u>\$169,518</u>	<u>\$216,829</u>	<u>\$47,311</u>



**City of Solon, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
 In Fund Balance - Budget (Non-GAAP Basis) and Actual  
 Building Construction Fund  
 For the Year Ended December 31, 2013*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Miscellaneous	\$40,000	\$0	\$0	\$0
<b>Expenditures</b>				
Capital Outlay	<u>698,017</u>	<u>698,017</u>	<u>173,399</u>	<u>524,618</u>
<i>Net Change in Fund Balance</i>	(658,017)	(698,017)	(173,399)	524,618
<i>Fund Balance Beginning of Year</i>	778,997	778,997	778,997	0
Prior Year Encumbrances Appropriated	<u>58,514</u>	<u>58,514</u>	<u>58,514</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$179,494</u></u>	<u><u>\$139,494</u></u>	<u><u>\$664,112</u></u>	<u><u>\$524,618</u></u>

**City of Solon, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
 In Fund Balance - Budget (Non-GAAP Basis) and Actual  
 Old City Hall Renovations Fund  
 For the Year Ended December 31, 2013*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>				
Capital Outlay	<u>17,844</u>	<u>17,844</u>	<u>100</u>	<u>17,744</u>
<i>Net Change in Fund Balance</i>	(17,844)	(17,844)	(100)	17,744
<i>Fund Balance Beginning of Year</i>	<u>17,844</u>	<u>17,844</u>	<u>17,844</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$17,744</u></u>	<u><u>\$17,744</u></u>

**City of Solon, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Capital Improvements Fund*  
*For the Year Ended December 31, 2013*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Municipal Income Taxes	\$75,000	\$86,000	\$85,905	(\$95)
Intergovernmental	5,000	5,000	5,000	0
Charges for Services	28,000	43,000	42,647	(353)
Miscellaneous	<u>0</u>	<u>6,600</u>	<u>0</u>	<u>(6,600)</u>
<i>Total Revenues</i>	108,000	140,600	133,552	(7,048)
<b>Expenditures</b>				
Capital Outlay	<u>1,249,575</u>	<u>1,249,575</u>	<u>405,210</u>	<u>844,365</u>
<i>Excess of Revenues Under Expenditures</i>	(1,141,575)	(1,108,975)	(271,658)	837,317
<b>Other Financing Sources</b>				
Transfers In	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(641,575)	(608,975)	228,342	837,317
<i>Fund Balance Beginning of Year</i>	686,189	686,189	686,189	0
Prior Year Encumbrances Appropriated	<u>249,575</u>	<u>249,575</u>	<u>249,575</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$294,189</u></u>	<u><u>\$326,789</u></u>	<u><u>\$1,164,106</u></u>	<u><u>\$837,317</u></u>

**City of Solon, Ohio**  
*Schedule of Revenues, Expenses and Changes  
 In Fund Equity - Budget (Non-GAAP Basis) and Actual  
 Workers' Compensation Fund  
 For the Year Ended December 31, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Charges for Services	\$250,000	\$250,000	\$250,000	\$0
Miscellaneous	3,000	3,000	5,288	2,288
<i>Total Revenues</i>	253,000	253,000	255,288	2,288
<b>Expenses</b>				
Contractual Services	240,800	240,800	136,058	104,742
Claims	125,000	125,000	35,621	89,379
<i>Total Expenses</i>	365,800	365,800	171,679	194,121
<i>Net Change in Fund Equity</i>	(112,800)	(112,800)	83,609	196,409
<i>Fund Equity Beginning of Year</i>	194,273	194,273	194,273	0
Prior Year Encumbrances Appropriated	800	800	800	0
<i>Fund Equity End of Year</i>	\$82,273	\$82,273	\$278,682	\$196,409

*City of Solon, Ohio*



# STATISTICAL SECTION



***COMPREHENSIVE ANNUAL  
FINANCIAL REPORT***



## Statistical Section

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

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<b><u>Contents</u></b>	<b><u>Page(s)</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	S2 - S11
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the City's most significant local revenue source, the municipal income tax.	S12 - S13
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	S14 - S19
<b>Economic and Demographic Information</b> These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	S20- S23
<b>Operating Information</b> These schedules contain service 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.	S24 - S29

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**City of Solon, Ohio**  
*Net Position By Component*  
*Last Ten Years*  
*(Accrual Basis of Accounting)*

	<u>2013 (1)</u>	<u>2012 (1)</u>	<u>2011 (1)</u>	<u>2010 (1)</u>
Governmental Activities				
Net Investment in Capital Assets	\$129,835,381	\$131,699,509	\$116,112,789	\$117,330,135
Restricted:				
Capital Projects	14,110,621	9,310,451	6,925,143	5,006,205
Debt Service	5,029,412	5,437,648	7,219,254	7,642,496
Street Construction, Maintenance and Repair	932,586	1,012,409	1,070,267	1,108,641
Cable TV	0	0	0	0
Tree Planting	0	0	0	0
Landfill Improvement	126,143	405,313	641,520	922,799
Other Purposes	2,440,106	924,004	1,102,110	988,518
Unrestricted	<u>17,480,395</u>	<u>15,590,196</u>	<u>13,281,133</u>	<u>10,607,262</u>
<i>Total Governmental Activities</i>				
<i>Net Position</i>	<u>\$169,954,644</u>	<u>\$164,379,530</u>	<u>\$146,352,216</u>	<u>\$143,606,056</u>
Business Type - Activities				
Net Investment in Capital Assets	\$53,266,832	\$53,582,076	\$52,758,649	\$52,548,182
Unrestricted	<u>9,479,041</u>	<u>7,845,110</u>	<u>6,906,080</u>	<u>4,735,569</u>
<i>Total Business-Type Activities</i>				
<i>Net Position</i>	<u>\$62,745,873</u>	<u>\$61,427,186</u>	<u>\$59,664,729</u>	<u>\$57,283,751</u>
Primary Government				
Net Investment in Capital Assets	\$183,102,213	\$185,281,585	\$168,871,438	\$169,878,317
Restricted	22,638,868	17,089,825	16,958,294	15,668,659
Unrestricted	<u>26,959,436</u>	<u>23,435,306</u>	<u>20,187,213</u>	<u>15,342,831</u>
<i>Total Primary Government</i>				
<i>Net Position</i>	<u>\$232,700,517</u>	<u>\$225,806,716</u>	<u>\$206,016,945</u>	<u>\$200,889,807</u>

(1) The City implemented GASB 54 in 2010, causing the classification of net position to change.



2009 (1)	2008	2007	2006	2005	2004
\$104,060,699	\$92,250,325	\$87,878,235	\$82,030,598	\$78,760,236	\$73,743,370
9,236,362	19,795,982	21,802,881	19,874,834	17,130,291	19,714,801
7,866,320	8,824,240	4,245,100	5,043,568	5,832,940	5,494,418
1,081,065	1,084,825	971,182	933,208	787,747	933,997
0	553,060	488,084	505,445	478,171	504,777
0	249,116	243,136	240,376	232,556	216,226
1,178,514	1,400,493	1,394,909	1,399,637	1,352,933	1,351,906
981,745	1,507,140	792,373	549,219	208,927	139,672
12,398,272	12,324,836	14,084,752	13,134,426	13,348,140	18,278,464
<u>\$136,802,977</u>	<u>\$137,990,017</u>	<u>\$131,900,652</u>	<u>\$123,711,311</u>	<u>\$118,131,941</u>	<u>\$120,377,631</u>
\$52,711,512	\$51,496,779	\$50,615,585	\$49,301,117	\$44,682,581	\$39,874,333
4,519,543	5,470,918	4,291,875	3,265,336	5,723,344	5,929,558
<u>\$57,231,055</u>	<u>\$56,967,697</u>	<u>\$54,907,460</u>	<u>\$52,566,453</u>	<u>\$50,405,925</u>	<u>\$45,803,891</u>
\$156,772,211	\$143,747,104	\$138,493,820	\$131,331,715	\$123,442,817	\$113,617,703
20,344,006	33,414,856	29,937,665	28,546,287	26,023,565	28,355,797
16,917,815	17,795,754	18,376,627	16,399,762	19,071,484	24,208,022
<u>\$194,034,032</u>	<u>\$194,957,714</u>	<u>\$186,808,112</u>	<u>\$176,277,764</u>	<u>\$168,537,866</u>	<u>\$166,181,522</u>

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

	2013	2012	2011	2010
<b>Program Revenues</b>				
Governmental Activities:				
Charges for Services:				
Security of Persons and Property				
Police	\$332,192	\$457,894	\$354,441	\$398,302
Fire	778,753	811,123	711,236	338,162
Prosecutor	11,105	13,582	10,242	13,810
Public Health and Welfare	4,259	5,209	3,391	4,434
Leisure Time Activities	3,155,533	3,195,633	3,165,390	3,131,685
Community Environment	64,887	171,619	124,986	159,952
Basic Utility Services	89,937	117,275	73,489	96,456
Transportation	164,649	265,769	201,984	289,778
General Government	435,208	287,796	237,449	257,817
Operating Grants and Contributions	1,342,871	1,396,049	1,407,239	1,512,849
Capital Grants and Assessments	612,187	1,587,921	149,004	241,789
<i>Total Governmental Activities</i>				
<i>Program Revenues</i>	<u>6,991,581</u>	<u>8,309,870</u>	<u>6,438,851</u>	<u>6,445,034</u>
Business-Type Activities:				
Charges for Services:				
Water Reclamation	6,676,379	6,419,239	7,797,724	5,659,317
Grantwood Recreation	1,041,292	1,093,922	951,371	978,466
Operating Grants and Contributions	0	0	158,528	0
Capital Grants	52,843	0	0	0
<i>Total Business-Type Activities</i>				
<i>Program Revenues</i>	<u>7,770,514</u>	<u>7,513,161</u>	<u>8,907,623</u>	<u>6,637,783</u>
<i>Total Primary Government</i>				
<i>Program Revenues</i>	<u>14,762,095</u>	<u>15,823,031</u>	<u>15,346,474</u>	<u>13,082,817</u>
<b>Expenses</b>				
Governmental Activities:				
Security of Persons and Property				
Police	8,007,356	9,007,166	8,501,513	8,673,149
Fire	7,334,283	8,248,104	8,137,648	8,075,434
Prosecutor	251,821	246,888	258,477	255,132
Public Health and Welfare	96,589	94,691	85,571	81,915
Leisure Time Activities	5,676,149	6,588,533	6,594,011	6,347,442
Community Environment	2,349,548	3,087,942	2,793,632	2,994,824
Basic Utility Services	2,963,992	2,921,098	2,668,113	2,758,637
Transportation	10,795,448	13,093,694	14,847,835	10,227,176
General Government	9,642,905	5,857,841	5,426,644	4,592,923
Interest and Fiscal Charges	217,759	440,111	533,090	641,829
<i>Total Governmental Activities Expenses</i>	<u>47,335,850</u>	<u>49,586,068</u>	<u>49,846,534</u>	<u>44,648,461</u>
Business-Type Activities				
Water Reclamation	5,439,254	5,302,029	5,265,324	5,910,432
Grantwood Recreation	1,074,235	1,191,495	1,048,003	927,306
<i>Total Business-Type Activities Expenses</i>	<u>6,513,489</u>	<u>6,493,524</u>	<u>6,313,327</u>	<u>6,837,738</u>
<i>Total Primary Government</i>				
<i>Program Expenses</i>	<u>53,849,339</u>	<u>56,079,592</u>	<u>56,159,861</u>	<u>51,486,199</u>
<b>Net (Expense)/Revenue</b>				
Governmental Activities	(40,344,269)	(41,276,198)	(43,407,683)	(38,203,427)
Business-Type Activities	1,257,025	1,019,637	2,594,296	(199,955)
<i>Total Primary Government</i>				
<i>Net Expense</i>	<u>(\$39,087,244)</u>	<u>(\$40,256,561)</u>	<u>(\$40,813,387)</u>	<u>(\$38,403,382)</u>

2009	2008	2007	2006	2005	2004
\$421,753	\$487,454	\$473,157	\$467,125	\$451,120	\$397,347
367,317	436,985	432,286	410,437	410,017	342,623
16,910	19,725	22,654	21,545	33,500	19,334
4,901	5,406	7,485	8,328	9,210	8,076
3,075,799	3,081,121	3,064,735	2,901,646	2,853,512	2,591,960
113,636	157,036	163,455	151,067	147,069	138,260
52,604	157,087	110,039	223,131	147,855	107,112
358,670	325,144	327,922	293,743	308,193	241,598
257,235	455,053	469,342	521,404	587,975	649,852
1,620,631	1,405,593	1,259,666	1,186,197	1,008,611	1,073,328
<u>3,022,448</u>	<u>5,742,816</u>	<u>663,457</u>	<u>1,597,434</u>	<u>2,028,529</u>	<u>30,000</u>
<u>9,311,904</u>	<u>12,273,420</u>	<u>6,994,198</u>	<u>7,782,057</u>	<u>7,985,591</u>	<u>5,599,490</u>
5,421,385	5,842,685	5,783,498	5,245,086	5,034,157	4,951,245
1,079,991	1,329,215	1,378,801	1,358,772	1,458,833	1,439,019
0	585	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>6,501,376</u>	<u>7,172,485</u>	<u>7,162,299</u>	<u>6,603,858</u>	<u>6,492,990</u>	<u>6,390,264</u>
<u>15,813,280</u>	<u>19,445,905</u>	<u>14,156,497</u>	<u>14,385,915</u>	<u>14,478,581</u>	<u>11,989,754</u>
8,534,822	8,558,640	7,893,398	7,454,568	7,085,001	6,952,721
8,054,144	8,312,572	7,052,821	7,187,188	6,945,834	6,580,279
293,094	299,401	299,085	296,403	449,351	291,166
84,955	82,050	98,755	114,569	123,533	121,625
6,463,393	6,607,556	6,385,083	5,959,263	5,786,057	5,599,968
2,831,678	3,343,663	3,289,985	2,907,697	2,659,078	2,738,297
2,331,673	2,159,306	2,694,417	1,840,017	1,543,094	1,467,266
16,375,233	15,653,183	13,287,441	10,519,856	11,193,451	11,766,890
5,364,048	6,037,327	6,591,856	7,003,004	6,700,104	8,336,415
<u>857,669</u>	<u>1,232,429</u>	<u>1,374,360</u>	<u>1,354,604</u>	<u>1,285,874</u>	<u>1,301,006</u>
<u>51,190,709</u>	<u>52,286,127</u>	<u>48,967,201</u>	<u>44,637,169</u>	<u>43,771,377</u>	<u>45,155,633</u>
6,472,968	6,005,663	4,446,862	5,768,265	4,948,864	5,935,231
1,142,923	1,395,175	1,336,801	1,262,934	1,405,262	1,356,898
<u>7,615,891</u>	<u>7,400,838</u>	<u>5,783,663</u>	<u>7,031,199</u>	<u>6,354,126</u>	<u>7,292,129</u>
<u>58,806,600</u>	<u>59,686,965</u>	<u>54,750,864</u>	<u>51,668,368</u>	<u>50,125,503</u>	<u>52,447,762</u>
(41,878,805)	(40,012,707)	(41,973,003)	(36,855,112)	(35,785,786)	(39,556,143)
(1,114,515)	(228,353)	1,378,636	(427,341)	138,864	(901,865)
<u>(\$42,993,320)</u>	<u>(\$40,241,060)</u>	<u>(\$40,594,367)</u>	<u>(\$37,282,453)</u>	<u>(\$35,646,922)</u>	<u>(\$40,458,008)</u>

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

	2013	2012	2011	2010
<b>General Revenues and Other Changes in Net Position</b>				
<i>Governmental Activities</i>				
Property Taxes Levied For:				
General Purposes	\$2,027,253	\$1,358,974	\$1,338,758	\$847,731
Debt Service	576,082	1,282,647	1,419,400	1,928,116
Police Pension	403,397	403,221	407,280	411,492
Fire Pension	583,335	604,834	610,920	616,532
Service and Safety Equipment	387,456	388,325	389,788	393,218
Community Center	0	0	0	0
Municipal Income Taxes levied for:				
General Purposes	29,856,263	30,796,894	29,071,231	28,336,758
Debt Service	0	0	0	0
Infrastructure	9,999,877	9,791,741	9,524,829	9,120,696
General Capital Improvements	85,948	76,524	78,167	69,329
Grants and Entitlements not Restricted to Specific Programs				
Investment Income	(55,709)	171,550	607,074	895,577
Gain on Sale of Capital Assets	32,754	65,299	47,632	13,894
Miscellaneous	570,247	834,994	522,228	814,795
<i>Total Governmental Activities</i>				
General Revenues	45,919,383	47,671,703	45,863,908	45,220,581
Special Item - Bainbridge Road Improvements	0	12,223,401	0	0
Special Item - Gain on the Sale of Land	0	0	0	0
Transfers	0	(591,592)	289,935	(214,075)
<i>Total Governmental Activities</i>				
	45,919,383	59,303,512	46,153,843	45,006,506
<i>Business-Type Activities</i>				
Investment Income	(3,627)	52,757	0	0
Gain on Sale of Capital Assets	0	55,950	0	0
Miscellaneous	65,289	42,521	76,617	38,576
<i>Total Business-Type Activities</i>				
General Revenues	61,662	151,228	76,617	38,576
Transfers	0	591,592	(289,935)	214,075
<i>Total Business-Type Activities</i>				
	61,662	742,820	(213,318)	252,651
<i>Total Primary Government General Revenues and Other Changes in Net Position</i>				
	45,981,045	60,046,332	45,940,525	45,259,157
<b>Change in Net Position</b>				
Governmental Activities	5,575,114	18,027,314	2,746,160	6,803,079
Business-Type Activities	1,318,687	1,762,457	2,380,978	52,696
<i>Total Primary Government Change in Net Position</i>				
	\$6,893,801	\$19,789,771	\$5,127,138	\$6,855,775

2009	2008	2007	2006	2005	2004
\$830,331	\$931,232	\$951,950	\$1,012,667	\$745,476	\$787,950
2,227,871	1,933,192	2,535,666	2,291,480	2,237,086	3,025,779
425,385	474,758	486,686	440,914	410,539	320,851
637,371	711,430	729,324	654,279	615,809	332,792
392,947	457,470	471,740	452,365	420,530	431,881
0	305,922	0	0	0	0
25,569,132	26,663,509	30,601,737	27,042,160	22,840,197	21,800,820
0	3,607	41,358	0	0	0
8,360,524	9,179,725	9,682,464	8,136,936	7,127,506	4,971,768
76,178	74,141	0	0	0	0
1,813,161	2,389,085	1,941,816	2,229,329	2,572,766	2,336,884
998,629	2,807,067	3,242,148	2,426,337	893,329	1,155,225
27,013	0	0	31,726	0	8,450
650,783	582,432	397,834	260,020	87,494	90,038
42,009,325	46,513,570	51,082,723	44,978,213	37,950,732	35,262,438
0	0	0	0	0	0
0	1,799,567	0	0	0	0
(1,317,560)	(2,211,065)	(920,379)	(2,543,731)	(4,410,636)	(172,818)
40,691,765	46,102,072	50,162,344	42,434,482	33,540,096	35,089,620
0	0	0	0	0	0
0	0	1,498	2,518	0	0
60,313	77,525	40,494	41,620	52,534	67,785
60,313	77,525	41,992	44,138	52,534	67,785
1,317,560	2,211,065	920,379	2,543,731	4,410,636	172,818
1,377,873	2,288,590	962,371	2,587,869	4,463,170	240,603
42,069,638	46,591,095	51,124,715	45,022,351	38,003,266	35,330,223
(1,187,040)	6,089,365	8,189,341	5,579,370	(2,245,690)	(4,466,523)
263,358	2,060,237	2,341,007	2,160,528	4,602,034	(661,262)
(\$923,682)	\$8,149,602	\$10,530,348	\$7,739,898	\$2,356,344	(\$5,127,785)

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

	2013	2012	2011	2010
<b>General Fund</b>				
Non-spendable	\$892,677	\$912,423	\$732,687	\$555,472
Restricted	1,650,000	0	377	96,972
Committed	188,187	557,390	1,003,676	1,182,073
Assigned	1,971,534	911,372	909,960	359,302
Unassigned	22,140,512	22,232,615	20,646,611	19,479,061
Reserved	0	0	0	0
Unreserved	0	0	0	0
<b>Total General Fund</b>	<b>26,842,910</b>	<b>24,613,800</b>	<b>23,293,311</b>	<b>21,672,880</b>
<b>All Other Governmental Funds</b>				
Restricted	15,447,234	11,107,256	9,577,187	8,408,663
Committed	1,281,567	925,688	1,012,836	1,188,298
Unassigned (Deficit)	0	0	0	(2,125)
Reserved	0	0	0	0
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	0	0	0	0
Debt Service Funds	0	0	0	0
Capital Projects Funds	0	0	0	0
<b>Total All Other Governmental Funds</b>	<b>16,728,801</b>	<b>12,032,944</b>	<b>10,590,023</b>	<b>9,594,836</b>
<b>Total Governmental Funds</b>	<b>\$43,571,711</b>	<b>\$36,646,744</b>	<b>\$33,883,334</b>	<b>\$31,267,716</b>

Note: The City implemented GASB 54 in 2010.

2009	2008	2007	2006	2005	2004
\$623,912	\$0	\$0	\$0	\$0	\$0
83,358	0	0	0	0	0
1,101,884	0	0	0	0	0
459,812	0	0	0	0	0
22,636,438	0	0	0	0	0
0	406,585	2,625,689	2,746,771	2,780,421	2,892,935
0	26,104,831	25,889,682	25,898,002	23,818,231	25,438,890
<u>24,905,404</u>	<u>26,511,416</u>	<u>28,515,371</u>	<u>28,644,773</u>	<u>26,598,652</u>	<u>28,331,825</u>
11,473,009					
1,234,298	0	0	0	0	0
(3,790,560)	0	0	0	0	0
0	455,015	5,339,021	1,902,166	255,949	3,560,449
0	4,488,030	3,563,983	3,185,684	2,762,247	2,737,070
0	1,485,082	1,074,820	1,529,697	1,996,287	2,362,134
0	13,198,823	6,549,744	10,924,870	10,570,361	9,525,748
<u>8,916,747</u>	<u>19,626,950</u>	<u>16,527,568</u>	<u>17,542,417</u>	<u>15,584,844</u>	<u>18,185,401</u>
<u>\$33,822,151</u>	<u>\$46,138,366</u>	<u>\$45,042,939</u>	<u>\$46,187,190</u>	<u>\$42,183,496</u>	<u>\$46,517,226</u>

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

	2013	2012	2011	2010
<b>Revenues</b>				
Property Taxes	\$3,990,357	\$4,084,821	\$4,175,477	\$4,200,659
Municipal Income Taxes	39,837,052	40,209,345	38,635,456	37,011,203
Special Assessments	601,538	708,400	722,102	812,268
Intergovernmental	3,267,683	4,734,703	3,369,326	3,418,929
Investment Income	(55,709)	171,550	607,074	895,577
Fees, Licenses and Permits	712,763	1,079,485	722,408	772,364
Fines and Forfeitures	364,383	372,559	397,909	342,265
Rentals	31,187	25,319	31,134	23,083
Charges for Services	3,928,190	3,848,537	3,741,157	3,562,684
Contributions and Donations	137,481	156,356	98,588	99,555
Miscellaneous	574,959	844,994	522,228	814,795
<b>Total Revenues</b>	<b>53,389,884</b>	<b>56,236,069</b>	<b>53,022,859</b>	<b>51,953,382</b>
<b>Expenditures</b>				
Current:				
Security of Persons and Property				
Police	7,563,495	8,538,190	8,077,151	8,264,487
Fire	6,960,704	7,877,662	7,444,523	7,429,107
Prosecutor	251,157	246,909	257,217	252,624
Public Health and Welfare	96,589	94,691	85,571	81,915
Leisure Time Activities	5,009,856	5,952,381	6,023,319	5,669,661
Community Development	2,313,356	3,075,063	2,838,647	3,001,106
Basic Utilities Services	2,064,763	2,002,298	1,894,005	1,890,447
Transportation	4,875,931	5,983,241	6,181,872	6,429,141
General Government	9,116,673	4,649,342	4,966,488	4,327,183
Capital Outlay	7,134,614	9,245,520	10,388,586	14,549,895
Debt Service:				
Principal Retirement	884,521	5,415,516	2,070,153	1,995,556
Interest and Fiscal Charges	230,001	469,946	546,106	657,129
<b>Total Expenditures</b>	<b>46,501,660</b>	<b>53,550,759</b>	<b>50,773,638</b>	<b>54,548,251</b>
<i>Excess of Revenues Over</i> <i>(Under) Expenditures</i>	<u>6,888,224</u>	<u>2,685,310</u>	<u>2,249,221</u>	<u>(2,594,869)</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	36,743	78,100	66,462	112,607
OWDA Loans Issued	0	0	0	0
Transfers In	3,002,761	5,300,000	4,363,775	7,529,125
Transfers Out	(3,002,761)	(5,300,000)	(4,063,840)	(7,601,298)
<b>Total Other Financing Sources (Uses)</b>	<b>36,743</b>	<b>78,100</b>	<b>366,397</b>	<b>40,434</b>
<b>Special Item</b>				
Proceeds from Sale of Land	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Net Change in Fund Balances</b>	<b><u>\$6,924,967</u></b>	<b><u>\$2,763,410</u></b>	<b><u>\$2,615,618</u></b>	<b><u>(\$2,554,435)</u></b>
Debt Service as a Percentage of Noncapital Expenditures	2.7%	12.4%	5.7%	6.4%



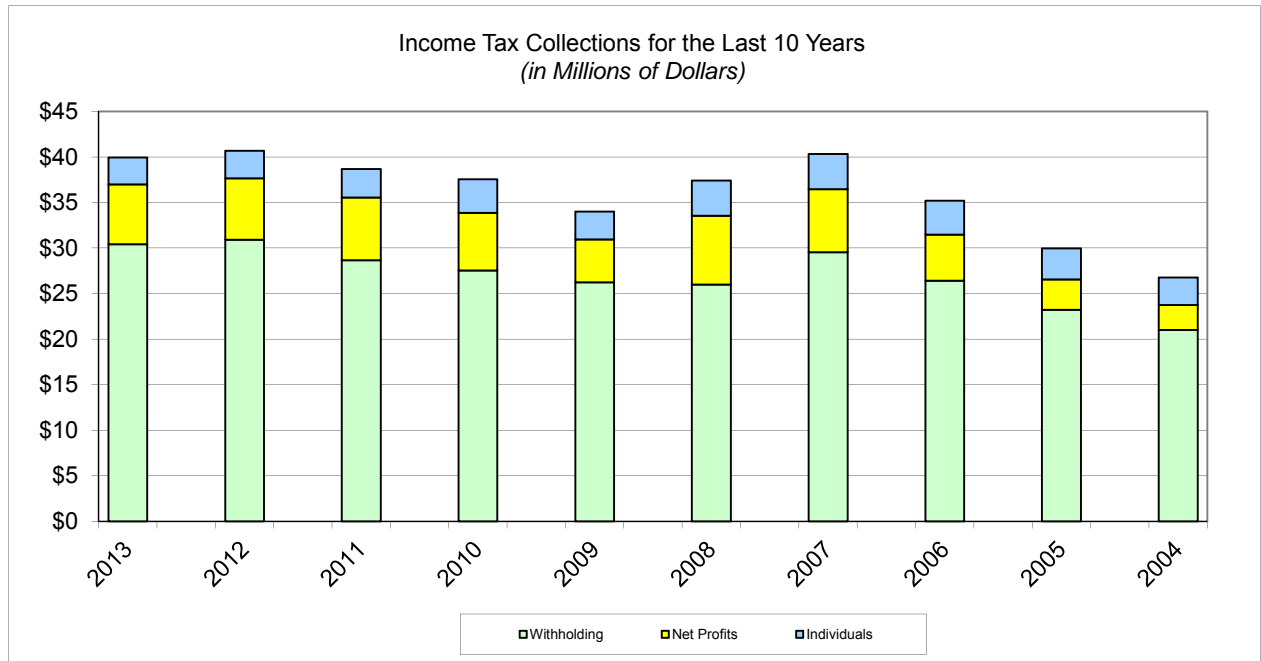
2009	2008	2007	2006	2005	2004
\$4,439,830	\$4,850,270	\$5,167,986	\$4,857,332	\$4,501,679	\$4,856,262
33,433,337	36,379,832	38,530,269	36,029,136	29,535,375	27,038,056
788,768	1,121,553	1,003,236	850,556	1,083,930	406,647
6,379,986	3,996,592	3,127,153	4,360,538	3,766,964	3,306,652
998,629	2,807,067	3,242,148	2,426,337	893,329	1,155,225
670,840	856,198	989,533	978,890	1,112,664	1,081,566
337,471	401,852	353,490	379,355	332,732	292,396
24,097	18,525	13,598	18,343	31,992	11,563
3,646,417	3,758,436	3,714,454	3,621,838	3,471,063	3,110,637
75,173	130,287	103,806	111,152	66,982	83,731
650,587	582,432	397,834	260,020	87,494	90,038
<u>51,445,135</u>	<u>54,903,044</u>	<u>56,643,507</u>	<u>53,893,497</u>	<u>44,884,204</u>	<u>41,432,773</u>
8,078,371	7,985,861	7,290,455	7,020,044	6,649,603	6,635,441
7,574,187	7,750,303	7,025,219	6,605,778	6,458,351	6,289,735
297,440	299,953	294,804	300,436	445,789	288,406
84,955	82,050	98,755	114,569	123,533	121,625
5,793,337	5,900,904	5,602,008	5,248,742	5,091,112	4,895,083
2,801,923	3,316,686	3,139,019	2,219,670	2,062,884	2,083,980
1,641,022	1,920,896	2,044,148	1,846,896	1,587,598	1,469,524
6,491,425	6,095,752	5,405,428	4,910,127	5,167,983	4,745,841
4,061,450	4,790,951	5,692,537	6,117,606	6,000,827	7,370,422
22,775,769	13,280,808	13,649,066	13,399,863	15,578,972	7,913,048
3,271,373	1,732,382	5,886,095	2,547,369	2,546,082	2,336,134
879,836	1,246,408	1,406,201	1,263,066	1,299,872	1,273,201
<u>63,751,088</u>	<u>54,402,954</u>	<u>57,533,735</u>	<u>51,594,166</u>	<u>53,012,606</u>	<u>45,422,440</u>
<u>(12,305,953)</u>	<u>500,090</u>	<u>(890,228)</u>	<u>2,299,331</u>	<u>(8,128,402)</u>	<u>(3,989,667)</u>
83,882	14,175	54,216	72,236	169,563	29,500
0	0	612,140	1,789,236	3,811,825	1,454,034
5,553,280	8,344,130	10,425,148	6,994,821	4,462,788	5,369,057
<u>(5,647,424)</u>	<u>(10,281,118)</u>	<u>(11,345,527)</u>	<u>(7,151,930)</u>	<u>(4,649,504)</u>	<u>(5,541,875)</u>
<u>(10,262)</u>	<u>(1,922,813)</u>	<u>(254,023)</u>	<u>1,704,363</u>	<u>3,794,672</u>	<u>1,310,716</u>
<u>0</u>	<u>2,518,150</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>(\$12,316,215)</u>	<u>\$1,095,427</u>	<u>(\$1,144,251)</u>	<u>\$4,003,694</u>	<u>(\$4,333,730)</u>	<u>(\$2,678,951)</u>
8.2%	6.1%	14.8%	11.1%	11.5%	10.6%

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

Tax Year (1)	Tax Rate (2)	Total Tax Collected	Taxes from Withholding	Percentage of Taxes from Withholding	Taxes From Net Profits	Percentage of Taxes from Net Profits	Taxes From Individuals	Percentage of Taxes from Individuals
2013	2.00 %	\$39,942,088	\$30,410,326	76.15%	\$6,585,577	16.49%	\$2,946,185	7.38%
2012	2.00	40,665,159	30,887,176	75.96	6,758,924	16.62	3,019,059	7.42
2011	2.00	38,674,227	28,643,077	74.06	6,882,485	17.80	3,148,665	8.14
2010	2.00	37,526,783	27,519,770	73.33	6,341,666	16.90	3,665,347	9.77
2009	2.00	34,005,834	26,232,767	77.14	4,716,335	13.87	3,056,732	8.99
2008	2.00	37,416,449	25,989,242	69.46	7,547,808	20.17	3,879,399	10.37
2007	2.00	40,325,559	29,517,754	73.20	6,937,835	17.20	3,869,970	9.60
2006	2.00	35,179,096	26,402,804	75.05	5,075,164	14.43	3,701,128	10.52
2005	2.00	29,967,703	23,220,297	77.48	3,337,974	11.14	3,409,432	11.38
2004	2.00	26,772,588	21,006,825	78.46	2,726,706	10.19	3,039,057	11.35

(1) 2004 through 2013 are on an Accrual Basis.

(2) Rates may only be raised by obtaining the approval of a majority of the voters at a public election.



**City of Solon, Ohio**  
*Principal Income Taxpayers*  
*Current Year and Nine Years Ago*

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The following are the principal income taxpayers in the City; ranked in order of payroll withholding.

<u>2013 Taxpayers</u>	<u>Ranking</u>
Swagelok Manufacturing Company	1
Nestle Food Company	2
Solon Board of Education	3
Erico Products Inc.	4
Pennsylvania Life	5
The Cleveland Clinic Foundation	6
City of Solon	7
MRI Software LLC	8
National Enterprise Systems Inc.	9
Parker Hannifin	10

<u>2004 Taxpayers</u>	<u>Ranking</u>
Nestle Food Company	1
Swagelok Manufacturing Company	2
Keithley Instruments Inc.	3
Solon Board of Education	4
Agilysys Incorporated	5
Erico Products Inc.	6
Fasteners For Retail, Inc.	7
City of Solon	8
L'Oreal USA Products, Inc.	9
Kennametal Inc.	10

Due to legal restrictions and confidentiality requirements, the City cannot disclose the amount of withholding.

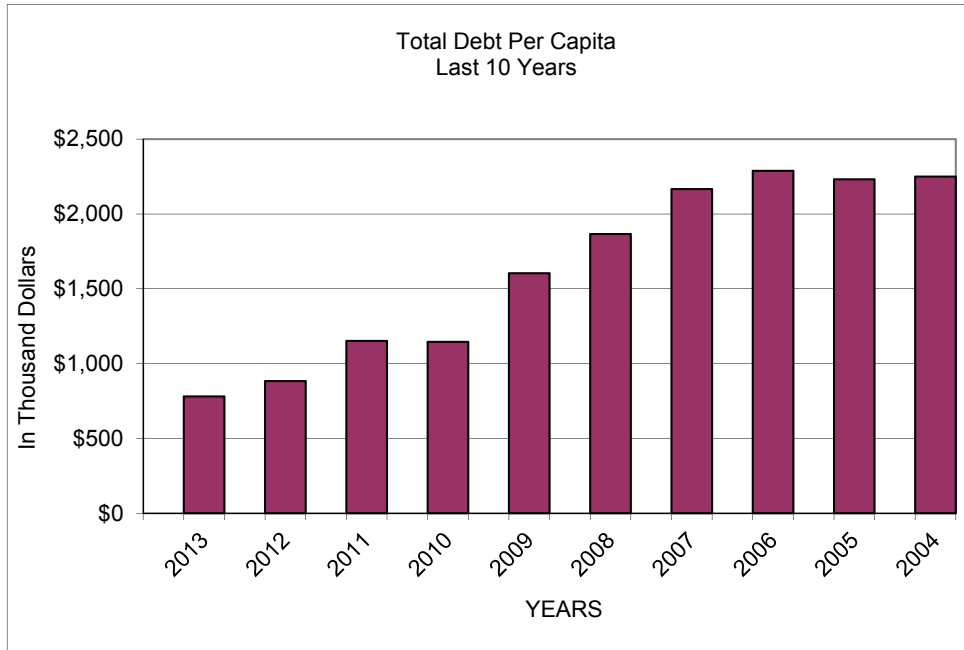
Source: Information provided by City's Finance Department.

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

Governmental Activities

Year	General Obligation Bonds	Special Assessment Bonds	OWDA Loans	OPWC Loans	General Obligation Bond Anticipation Notes
2013	\$0	\$0	\$8,119,077	\$77,939	\$0
2012	0	0	8,942,950	138,587	0
2011	4,470,000	84,895	9,742,923	199,235	0
2010	5,620,000	167,497	10,519,826	259,883	0
2009	6,720,000	247,805	11,274,426	320,531	4,707,351
2008	9,150,000	325,818	12,007,462	350,855	5,739,897
2007	10,150,000	401,537	12,603,477	411,503	9,400,888
2006	15,210,000	474,961	12,683,360	472,151	7,112,751
2005	17,170,000	548,385	11,347,421	532,799	6,012,118
2004	19,040,000	722,220	7,977,195	593,447	6,531,075

(1) The personal income and population can be found on S22.



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Business-Type  
Activities

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<u>OWDA Loans</u>	<u>Total Debt</u>	<u>Percentage of Personal Income (1)</u>	<u>Per Capita (1)</u>
\$10,025,013	\$18,222,029	1.67%	\$780
11,541,487	20,623,024	1.89	883
12,381,524	26,878,577	2.46	1,151
10,171,586	26,738,792	2.44	1,145
11,688,947	34,959,060	4.53	1,603
13,110,071	40,684,103	5.27	1,866
14,275,277	47,242,682	6.12	2,167
13,942,003	49,895,226	6.47	2,289
13,041,769	48,652,492	6.30	2,232
14,183,512	49,047,449	6.36	2,250

**City of Solon, Ohio**  
*Ratio of General Obligation Bonded Debt to Estimated  
 True Values of Taxable Property and Bonded Debt Per Capita  
 Last Ten Years*

Year	Population (1)	Estimated True Values of Taxable Property (2)	Bonded Debt (3)	Ratio of Bonded Debt to Estimated True Values of Taxable Property	Bonded Debt Per Capital
2013	23,348	\$3,112,770,336	\$0	0.00 %	\$0.00
2012	23,348	3,223,292,544	0	0.00	0.00
2011	23,348	3,232,882,651	4,470,000	0.14	191.45
2010	23,348	3,238,635,274	5,620,000	0.17	240.71
2009	21,802	3,629,826,351	6,720,000	0.19	308.23
2008	21,802	3,970,061,706	9,150,000	0.23	419.69
2007	21,802	4,250,386,170	10,150,000	0.24	465.55
2006	21,802	3,741,137,847	15,210,000	0.41	697.64
2005	21,802	3,522,804,158	17,170,000	0.49	787.54
2004	21,802	3,586,420,398	19,040,000	0.53	873.31

Sources:

(1) U. S. Bureau of Census, Census of Population.

(2) Cuyahoga County Fiscal Officer

(3) Includes all general obligation bonded debt.

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

**City of Solon, Ohio**  
*Computation of Direct and Overlapping Governmental Activities Debt*  
*December 31, 2013*

Jurisdiction	Governmental Activities Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to City of Solon
<b>Direct - City of Solon</b>			
OWDA Loans	\$8,119,077	100.00%	\$8,119,077
OPWC Loans	77,939	100.00%	77,939
<i>Total Direct</i>	<u>8,197,016</u>		<u>8,197,016</u>
<b>Overlapping</b>			
Solon City School District			
General Obligation Bonds	13,360,396	97.86%	13,074,484
Capital Lease Obligations	66,820	97.86%	65,390
Orange School District			
General Obligation Bonds	24,241,607	2.14%	518,770
Capital Lease Obligations	12,218	2.14%	261
Cuyahoga County (2)			
General Obligation Bonds	335,242,118	3.87%	12,973,870
Revenue Bonds	427,434,477	3.87%	16,541,714
Loans Payable	6,058,580	3.87%	234,467
Notes Payable	5,100,000	3.87%	197,370
Capital Lease Obligations	372,101,958	3.87%	14,400,346
Greater Cleveland Regional Transit Authority			
	<u>162,777,626</u>	3.87%	<u>6,299,494</u>
<i>Total Overlapping Debt</i>	<u>1,346,395,800</u>		<u>64,306,167</u>
<b>Total</b>	<u><u>\$1,354,592,816</u></u>		<u><u>\$72,503,183</u></u>

(1) The percentage of gross indebtedness of the City's overlapping political subdivisions was determined by dividing each overlapping subdivision's assessed valuation within the City by its total assessed valuation.

(2) The special taxing districts' debt (which includes the Cleveland Metropolitan Park District, Cuyahoga Community College and the Cleveland-Cuyahoga Port Authority) is included in the County total.

Source: Cuyahoga County Fiscal Officer

**City of Solon, Ohio**  
*Ratios of Bonded Debt Outstanding and Legal Debt Margin*  
*Last Ten Years*

	2013	2012	2011	2010
Population	23,348	23,348	23,348	23,348
Total Assessed Property Value	<u>\$1,101,210,810</u>	<u>\$1,138,853,530</u>	<u>\$1,141,833,370</u>	<u>\$1,138,422,059</u>
General Bonded Debt Outstanding:				
General Obligation Bonds	\$0	\$0	\$4,470,000	\$5,620,000
Special Assessment Bonds	0	0	84,895	167,497
Bond Anticipation Notes	0	0	0	0
OPWC Loans	77,939	138,587	199,235	259,883
OWDA Loans	<u>18,144,090</u>	<u>20,484,437</u>	<u>22,124,447</u>	<u>20,691,412</u>
Total Gross Indebtedness	18,222,029	20,623,024	26,878,577	26,738,792
Less:				
Special Assessment Bonds	0	0	(84,895)	(167,497)
OWDA Loans	(18,144,090)	(20,484,437)	(22,124,447)	(20,691,412)
General Obligation Bond Retirement Fund Balance (1)	<u>(77,939)</u>	<u>(138,587)</u>	<u>(2,114,990)</u>	<u>(1,800,852)</u>
Total Net Debt Applicable to Debt Limit	<u>0</u>	<u>0</u>	<u>2,554,245</u>	<u>4,079,031</u>
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	<u>115,627,135</u>	<u>119,579,621</u>	<u>119,892,504</u>	<u>119,534,316</u>
Legal Debt Margin Within 10 ½ % Limitations	<u>\$115,627,135</u>	<u>\$119,579,621</u>	<u>\$117,338,259</u>	<u>\$115,455,285</u>
Legal Debt Margin as a Percentage of the Debt Limit	100.00%	100.00%	97.87%	96.59%
Unvoted Debt Limitation 5 ½ % of Assessed Valuation	<u>\$60,566,595</u>	<u>\$62,636,944</u>	<u>\$62,800,835</u>	<u>\$62,613,213</u>
Total Gross Indebtedness	18,222,029	20,623,024	26,878,577	26,738,792
Less:				
Voted General Obligation Bonds	0	0	0	(240,000)
Special Assessment Bonds	0	0	(84,895)	(167,497)
OWDA Loans	(18,144,090)	(20,484,437)	(22,124,447)	(20,691,412)
General Obligation Bond Retirement Fund Balance	<u>(77,939)</u>	<u>(138,587)</u>	<u>(2,114,990)</u>	<u>(1,800,852)</u>
Net Debt Within 5 ½ % Limitations	<u>0</u>	<u>0</u>	<u>2,554,245</u>	<u>3,839,031</u>
Unvoted Legal Debt Margin Within 5 ½ % Limitations	<u>\$60,566,595</u>	<u>\$62,636,944</u>	<u>\$60,246,590</u>	<u>\$58,774,182</u>
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	100.00%	100.00%	95.93%	93.87%

Source: City Financial Records

(1) In 2012 and 2013, the Bond Retirement Fund Balance was limited to the outstanding balance of OPWC debt.



2009	2008	2007	2006	2005	2004
21,802	21,802	21,802	21,802	21,802	21,802
<u>\$1,179,483,022</u>	<u>\$1,189,301,755</u>	<u>\$1,268,462,154</u>	<u>\$1,185,343,677</u>	<u>\$1,178,760,526</u>	<u>\$1,188,847,661</u>
\$6,720,000	\$9,150,000	\$10,150,000	\$15,210,000	\$17,170,000	\$19,040,000
247,805	325,818	401,537	474,961	548,385	722,220
4,700,000	5,700,000	9,390,000	7,100,000	6,000,000	6,500,000
320,531	350,855	411,503	472,151	532,799	593,447
22,963,373	25,117,533	26,878,754	26,625,363	24,389,190	22,160,707
34,951,709	40,644,206	47,231,794	49,882,475	48,640,374	49,016,374
(247,805)	(325,818)	(401,537)	(474,961)	(548,385)	(722,220)
(22,963,373)	(25,117,533)	(26,878,754)	(26,625,363)	(24,389,190)	(22,160,707)
(1,186,990)	(1,485,082)	(1,074,820)	(1,529,697)	(1,996,287)	(2,362,134)
10,553,541	13,715,773	18,876,683	21,252,454	21,706,512	23,771,313
123,845,717	124,876,684	133,188,526	124,461,086	123,769,855	124,829,004
<u>\$113,292,176</u>	<u>\$111,160,911</u>	<u>\$114,311,843</u>	<u>\$103,208,632</u>	<u>\$102,063,343</u>	<u>\$101,057,691</u>
91.48%	89.02%	85.83%	82.92%	82.46%	80.96%
<u>\$64,871,566</u>	<u>\$65,411,597</u>	<u>\$69,765,418</u>	<u>\$65,193,902</u>	<u>\$64,831,829</u>	<u>\$65,386,621</u>
34,951,709	40,644,206	47,231,794	49,882,475	48,640,374	49,016,374
(465,000)	(2,060,000)	(2,250,000)	(2,430,000)	(2,605,000)	(2,770,000)
(247,805)	(325,818)	(401,537)	(474,961)	(548,385)	(722,220)
(22,963,373)	(25,117,533)	(26,878,754)	(26,625,363)	(24,389,190)	(22,160,707)
(1,186,990)	(1,485,082)	(1,074,820)	(1,529,697)	(1,996,287)	(2,362,134)
10,088,541	11,655,773	16,626,683	18,822,454	19,101,512	21,001,313
<u>\$54,783,025</u>	<u>\$53,755,824</u>	<u>\$53,138,735</u>	<u>\$46,371,448</u>	<u>\$45,730,317</u>	<u>\$44,385,308</u>
84.45%	82.18%	76.17%	71.13%	70.54%	67.88%

**City of Solon, Ohio**  
Principal Employers  
2012 and 2003 (1)

2012		
Employer	W-2's	Percentage of Total City W-2's
Swagelok Company	3,015	6.00 %
Nestle Food Company	2,304	4.58
Solon Board of Education	1,058	2.11
City of Solon	848	1.69
The Cleveland Clinic Foundation	777	1.55
National Enterprise Systems	774	1.54
Pennsylvania Life	549	1.09
Erico Products Inc.	543	1.08
Renaissance Hotel Operating	513	1.02
LPS Management LLC	434	0.86
<b>Total</b>	<b><u>10,815</u></b>	<b><u>21.52 %</u></b>
<b>Total W-2's Received</b>	<b><u>50,253</u></b>	

2003		
Employer	W-2's	Percentage of Total City W-2's
Nestle Food Company	2,065	4.43 %
Swagelok Company	1,545	3.32
Solon Board of Education	1,074	2.30
City of Solon	859	1.84
Agilysys Incorporated	648	1.39
L'Oreal USA Products, Inc.	570	1.22
Erico Products Inc.	548	1.18
Keithley Instruments Inc.	505	1.08
Kennametal Inc.	421	0.90
Datavantage	361	0.78
<b>Total</b>	<b><u>8,596</u></b>	<b><u>18.44 %</u></b>
<b>Total W-2's Received</b>	<b><u>46,612</u></b>	

(1) Current year data was not complete when this report was produced.

Source: Information provided by City's Finance Department.

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**City of Solon, Ohio**  
*Demographic and Economic Statistics*  
*Last Ten Years*

Year	Population (1)	Total Personal Income (5)	Personal Income Per Capita (1)	Median Household Income (1)	Median Age (1)
2013	23,348	\$1,093,853,800	\$46,850	\$95,881	43
2012	23,348	1,093,853,800	46,850	95,881	43
2011	23,348	1,093,853,800	46,850	95,881	43
2010	23,348	1,093,853,800	46,850	95,881	43
2009	21,802	771,659,988	35,394	78,903	39
2008	21,802	771,659,988	35,394	78,903	39
2007	21,802	771,659,988	35,394	78,903	39
2006	21,802	771,659,988	35,394	78,903	39
2005	21,802	771,659,988	35,394	78,903	39
2004	21,802	771,659,988	35,394	78,903	39

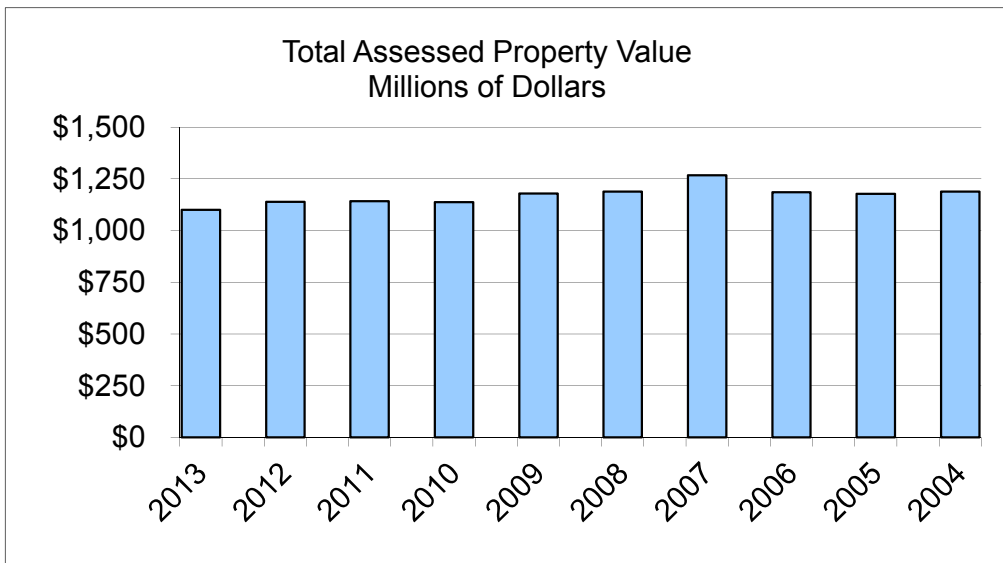
(1) Source: U. S. Census

(2) Source: Ohio Department of Education Website: "<http://www.ode.state.oh.us/data/>"

(3) Ohio Labor Market Website: "<http://www.lmi.state.oh.us>"

(4) Source: Cuyahoga County Auditor

(5) Computation of per capita personal income multiplied by population



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Educational Attainment: Bachelor's Degree or Higher (1)	School Enrollment (2)	Cuyahoga County Unemployment Rate (3)	Total Assessed Property Value (4)
57.0%	4,871	7.2%	\$1,101,210,810
57.0	4,909	7.3	1,138,853,530
57.0	5,043	7.1	1,141,833,370
57.0	5,171	8.6	1,138,422,059
50.4	5,214	9.0	1,179,483,022
50.4	5,292	7.1	1,189,301,755
50.4	5,357	6.1	1,268,462,154
50.4	5,366	5.5	1,185,343,677
50.4	5,314	5.9	1,178,760,526
50.4	5,243	6.3	1,188,847,661

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

Function/Program	2013	2012	2011	2010
<b>Security of Persons and Property</b>				
Police	46.00	46.00	44.00	46.00
Dispatch and Clerks	17.00	17.00	18.00	17.00
Corrections	10.00	10.00	7.00	8.00
Fire	57.00	57.00	58.00	60.00
<b>Leisure Time Activities</b>				
Recreation	12.00	12.00	12.00	13.00
Senior Services	4.00	4.00	4.00	5.00
Arts Center	3.00	2.00	4.00	4.00
Grantwood Golf Course	5.00	5.00	5.00	5.00
<b>Community Environment</b>				
Planning	6.00	6.00	6.00	6.00
Building	3.00	3.00	3.00	4.00
Engineering	8.00	9.00	10.00	11.00
Public Works	0.00	0.00	0.00	1.00
<b>Basic Utility Services</b>				
Water Reclamation	17.00	18.00	17.00	23.00
<b>Transportation</b>				
Service	68.00	69.00	68.00	66.00
<b>General Government</b>				
City Council	2.00	2.00	2.00	2.00
Mayors Office	2.00	2.00	2.00	2.00
Finance	10.00	9.00	10.00	11.00
Income Tax	4.00	4.00	4.00	4.00
Prosecutor Clerk	1.00	1.00	1.00	1.00
Human Resources	1.00	2.00	2.00	2.00
Network Administrator	3.00	3.00	3.00	3.00
City Hall Custodial	2.00	2.00	2.00	2.00
Receptionist	1.00	1.00	1.00	1.00
Totals:	<u>282.00</u>	<u>284.00</u>	<u>283.00</u>	<u>297.00</u>

**Source:** City of Solon, Ohio Payroll Department W2 Audit Lising

**Method:** Using 1.0 for each full-time employee at December 31.  
 No part-time or seasonal employees are included.

<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
47.00	46.00	46.00	46.00	46.00	46.00
19.00	19.00	16.00	16.00	15.00	15.00
10.00	10.00	10.00	10.00	10.00	10.00
61.00	61.00	61.00	61.00	61.00	61.00
14.00	15.00	16.00	16.00	16.00	14.00
5.00	5.00	5.00	5.00	5.00	5.00
4.00	4.00	3.00	3.00	3.00	3.00
5.00	6.00	7.00	7.00	7.00	7.00
6.00	6.00	6.00	6.00	6.00	6.00
4.00	5.00	6.00	6.00	7.00	8.00
11.00	10.00	8.00	8.00	8.00	9.00
2.00	2.00	2.00	2.00	1.00	2.00
23.00	22.00	24.00	23.00	24.00	24.00
70.00	68.00	67.00	65.00	64.00	66.00
2.00	2.00	2.00	2.00	2.00	2.00
2.00	2.00	2.00	2.00	2.00	2.00
11.00	10.00	11.00	11.00	11.00	11.00
4.00	4.00	4.00	4.00	4.00	4.00
1.00	1.00	1.00	1.00	1.00	1.00
2.00	2.00	2.00	1.00	1.00	1.00
3.00	3.00	3.00	3.00	2.00	2.00
2.00	2.00	2.00	2.00	2.00	2.00
1.00	1.00	1.00	1.00	1.00	1.00
<u>309.00</u>	<u>306.00</u>	<u>305.00</u>	<u>301.00</u>	<u>299.00</u>	<u>302.00</u>

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

Function/Program	2013	2012	2011	2010
<b>Security of Persons &amp; Property</b>				
<i><b>Police</b></i>				
Number of traffic citations issued	3,768	3,893	3,744	4,673
DUI Arrests	131	151	132	118
Prisoners Processed	1,927	1,819	1,732	1,521
<i><b>Fire</b></i>				
Fire Responses	715	671	746	737
EMS Calls	2,104	1,737	1,726	1,789
Safety Inspections	1,794	2,480	1,529	1,589
Plan Reviews	617	393	247	150
<b>Leisure Time Activities</b>				
<i><b>Parks and Recreation</b></i>				
Community Center Memberships	7,417	7,811	8,341	8,495
Summer Camp Participants	1,186	1,129	1,201	1,248
Baseball/Softball Teams	56	64	81	99
<i><b>Senior Services</b></i>				
Program Attendance (1)	40,292	37,912	36,817	31,678
<i><b>Arts Center</b></i>				
Class Registrations	2,906	3,204	3,160	3,274
Percentage of Solon Residents	81%	77%	79%	81%
<i><b>Grantwood Golf Course</b></i>				
Rounds Played (18 holes)	9,918	10,256	14,025	12,021
Rounds Played (9 holes)	17,152	16,768	10,967	17,148
Range Balls (3)	45,704	44,795	34,082	35,292
<b>Community Environment</b>				
<i><b>Building</b></i>				
Building Permits Issued	988	927	793	819
<b>Basic Utility Services</b>				
<i><b>Waste Water Treatment</b></i>				
Average Daily Flow (millions of gallons)	3.526	3.452	4.131	3.733
<b>Transportation</b>				
<i><b>Service</b></i>				
Tons of Salt Purchased	9,996	9,318	10,119	16,000
Tons of Rubbish Collected	7,654	7,473	7,835	7,868
Yards of Leaves Collected (2)	12,293	13,653	n/a	n/a
Tons of Recycling Materials Collected	1,453	1,394	1,422	1,334
<b>General Government</b>				
<i><b>City Council</b></i>				
Ordinances or Resolutions Introduced	273	302	255	286
<i><b>Finance</b></i>				
Accounts Payable Checks Processed	9,216	10,052	9,333	9,547
Purchase Orders Issued	3,986	4,425	4,829	4,355
<i><b>Network Administration</b></i>				
Computer Workstations	257	256	237	235

- (1) Indicator changed from prior year reports and new indicator data not available prior to 2008.  
(2) Indicator changed from prior year reports and new indicator data not available prior to 2012.  
(3) Indicator changed from prior year reports and new indicator data not available prior to 2009.

Source: Information provided by various departments at the City of Solon



2009	2008	2007	2006	2005	2004
4,266	4,743	4,672	4,901	4,431	4,477
126	135	117	109	128	127
1,376	1,445	1,489	1,472	1,124	1,323
785	753	833	705	841	820
1,725	1,831	1,844	1,739	1,695	1,541
1,703	2,600	2,763	2,408	1,471	999
231	293	287	273	259	234
9,550	9,950	10,600	11,056	11,534	10,201
1,295	1,475	1,520	1,500	1,585	1,582
108	117	118	136	138	137
25,545	12,518	n/a	n/a	n/a	n/a
3,508	3,040	2,683	2,332	1,713	1,447
83%	87%	88%	83%	77%	79%
12,649	12,464	12,598	12,266	13,485	14,354
19,289	19,398	20,492	20,720	21,645	20,748
36,825	n/a	n/a	n/a	n/a	n/a
706	726	775	819	923	758
3,291	3,787	3,957	4,045	4,112	4,024
12,700	11,509	9,497	7,515	17,970	12,888
8,147	8,987	12,255	11,309	11,590	11,980
n/a	n/a	n/a	n/a	n/a	n/a
1,199	1,069	1,573	987	727	594
311	372	324	311	302	288
10,838	10,525	10,022	9,971	10,272	10,627
4,880	4,828	4,523	4,698	4,805	5,067
235	225	217	205	200	196

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

Function/Program	2013	2012	2011	2010
<b>Security of Persons and Property</b>				
<i><b>Police</b></i>				
Square Footage of Station	37,168	37,168	37,168	37,168
Vehicles	26	29	28	27
<i><b>Fire</b></i>				
Square Footage of Station #1	37,168	37,168	37,168	37,168
Square Footage of Station #2	16,200	16,200	16,200	16,200
Square Footage of Station #3	9,610	9,610	9,610	9,610
Vehicles	19	20	19	21
<b>Leisure Time Activities</b>				
<i><b>Parks and Recreation</b></i>				
Square Footage of Community Center	92,500	92,500	92,500	92,500
Vehicles	7	8	7	7
<i><b>Senior Services</b></i>				
Vehicles	4	4	4	4
<i><b>Arts Center</b></i>				
Square Footage of Building	15,000	15,000	15,000	15,000
<i><b>Grantwood Golf Course</b></i>				
Square Footage of Clubhouse	7,200	7,200	7,200	7,200
Square Footage of Maintenance Building	5,000	5,000	5,000	5,000
Vehicles	1	1	1	1
<b>Community Environment</b>				
<i><b>Planning Department</b></i>				
Vehicles	2	2	2	2
<i><b>Building Department</b></i>				
Vehicles	4	3	4	4
<i><b>Engineering Department</b></i>				
Vehicles	7	8	9	8
<b>Basic Utility Services</b>				
<i><b>Waste Water Treatment</b></i>				
Square Footage of Buildings	56,000	56,000	56,000	56,000
Vehicles	9	10	12	12
<b>Transportation</b>				
<i><b>Service</b></i>				
Square Footage of Building	70,461	70,461	70,461	70,461
Vehicles	73	73	71	70
<b>General Government</b>				
<i><b>City Hall</b></i>				
Square Footage of Building	55,950	55,950	55,950	55,950
Mayor's Vehicle	1	1	1	1
Tax/Finance's Vehicle	1	1	1	1
Network Administration's Vehicle	1	1	1	1
City Hall Vehicle	2	2	1	1

Source: Information provided by various departments at the City of Solon

2009	2008	2007	2006	2005	2004
37,168	37,168	37,168	37,168	37,168	37,168
25	24	24	24	24	23
37,168	37,168	37,168	37,168	37,168	37,168
16,200	16,200	16,200	9,000	9,000	9,000
9,610	9,610	9,610	9,610	9,610	9,610
21	23	22	21	21	21
92,500	92,500	92,500	92,500	92,500	92,500
7	8	8	7	7	7
6	5	3	4	4	3
15,000	15,000	15,000	15,000	15,000	15,000
7,200	7,200	7,200	7,200	7,200	7,200
5,000	5,000	5,000	5,000	5,000	5,000
1	1	1	1	1	1
2	2	2	2	2	2
5	5	5	5	5	5
8	9	9	8	8	8
56,000	56,000	56,000	56,000	56,000	56,000
12	13	13	13	14	15
70,461	70,461	70,461	70,461	70,461	70,461
73	67	66	58	64	68
55,950	55,950	55,950	55,950	55,950	55,950
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	0	0
1	1	1	1	1	1

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*City of Solon, Ohio*



[solonohio.org](http://solonohio.org)



***SUSAN DRUCKER, MAYOR***

34200 Bainbridge Road · Solon, Ohio · 44139



Dave Yost • Auditor of State





CITY OF SOLON  
CUYAHOGA COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	1

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# Dave Yost • Auditor of State

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

City of Solon  
Cuyahoga County  
34200 Bainbridge Road  
Solon, Ohio 44139

To the City Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Solon, Cuyahoga County, (the City) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 19, 2014.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the City's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the City's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***Compliance and Other Matters***

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

June 19, 2014



# Dave Yost • Auditor of State

**CITY OF SOLON**

**CUYAHOGA COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JULY 1, 2014**