

**CITY OF SOLON  
CUYAHOGA COUNTY, OHIO**

**AUDIT REPORT**

**FOR THE YEAR  
ENDED DECEMBER 31, 2018**

***James G. Zupka, CPA, Inc.***  
**Certified Public Accountants**





88 East Broad Street  
Columbus, Ohio 43215  
IPARepor@ohioauditor.gov  
(800) 282-0370

City Council  
City of Solon  
34200 Bainbridge Road  
Solon, Ohio 44139

We have reviewed the *Independent Auditor's Report* of the City of Solon, Cuyahoga County, prepared by James G. Zupka, CPA, Inc., for the audit period January 1, 2018 through December 31, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber  
Auditor of State  
Columbus, Ohio

July 10, 2019

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**CITY OF SOLON  
CUYAHOGA COUNTY, OHIO  
AUDIT REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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**JAMES G. ZUPKA, C.P.A., INC.**

*Certified Public Accountants*

*5240 East 98<sup>th</sup> Street*

*Garfield Hts., Ohio 44125*

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(216) 475 - 6136

Ohio Society of Certified Public Accountants

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

The Honorable Keith Faber  
Auditor of State  
State of Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Solon, Cuyahoga County, Ohio, (the City) as of and for the year ended December 31, 2018, 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 18, 2019, wherein we noted the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

***Internal Control Over Financial Reporting***

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

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

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

### ***Compliance and Other Matters***

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

### ***Purpose of This Report***

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



James G. Zupka, CPA, Inc.  
Certified Public Accountants

June 18, 2019



**CITY OF SOLON  
CUYAHOGA COUNTY, OHIO  
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS  
DECEMBER 31, 2018**

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The prior audit report, as of December 31, 2017, included no citations or instances of noncompliance. Management letter recommendations have been corrected, repeated, or procedures instituted to prevent occurrences in this audit period.

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# **City of Solon, Ohio**

## **Comprehensive Annual Financial Report**

***For the Year Ended December 31, 2018***

Issued by:

City of Solon  
Department of Finance

Matthew Rubino  
Finance Director



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# Introductory Section

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**City of Solon, Ohio**

*Comprehensive Annual Financial Report*

*For the Year Ended December 31, 2018*

*Prepared by the Department of  
Finance*

*Matthew Rubino  
Director of Finance*

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**City of Solon, Ohio**  
*Comprehensive Annual Financial Report*  
*For the Year Ended December 31, 2018*  
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June 18, 2019

Residents of the City of Solon  
Honorable Mayor Edward H. Kraus 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 Administration 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 public accounting (IPA) firm.

For the year 2018, the City of Solon was audited by James G. Zupka, CPA, Inc. Their unmodified opinion is included in the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the Independent Auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements of the City. The MD&A complements 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. Finally 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, with a 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 its proximity to State Route 422 which promotes immediate access to the various local interstate highways that make up the regional transportation network.

Pursuant to Governmental Accounting Standards Board Statement No.14 and Statement No.61, 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 Department protective services include patrol, investigations, jail facilities, drug resistance programs and safety schools. The Fire Department provides fire protection service including regular safety inspections, emergency medical services and fire safety education. Additionally, the City has a Service Department that provides free refuse collection, leaf and brush pickup, recycling, road maintenance and repair, storm sewer maintenance and repair, snow plowing services, operation of two cemeteries, as well as provision of various other supportive services to residents.

The City offers residents a comprehensive offering of community life programming. 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. The City is also 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; Grantwood Golf Course and the Water Reclamation Treatment Plant. The operating expenses of both of these City enterprises have been, and continue to be, covered by user/program fees. Part of the financial management efforts of the City are directed to monitoring and analyzing programs for these two enterprise funds. This oversight is to ensure that ongoing revenues are adequate to support ongoing operations and to maintain acceptable levels of cash resources in each of the operating funds.

For the past eight years, the City has administered 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 prior to the City's assuming control. The City's implementation of administering sewer billing was undertaken as a means to increase its level of customer service to its residents in a more cost effective manner. The City has continued to realize the benefits of the transition of billing services and revenue associated with sewer billing operations have remained stable since the implementation of billing administration.

The administrative functions of the City include planning and zoning, economic development, building (permits and inspection), engineering, human resources, legal, finance, and information technology. Beginning in January 2015, the City began using the Regional Income Tax Agency (RITA) to administer and collect municipal income taxes. The City strives to optimize its administrative departments to provide effective management of City operations to achieve the defined strategic goals of the City. The efficient use of administrative services within the City government has enabled the City to allocate resources to the critical functions of public safety and general services.

Solon City Council is required to adopt the annual budget by no later than the close of the fiscal year. The Administration is responsible for submitting an annual operating and capital budget to City Council for consideration. The annual budget serves as the foundation for the City's financial planning and control. The annual operating budget is prepared by fund, and department and appropriated by the expenditure categories of personal services and other expenditures. Department heads may request to transfer resources within their area of responsibility if deemed necessary and in fulfillment of approved departmental objectives. Appropriation amendments or transfers between legally approved budget categories require review and approval by the Finance Committee and City Council.

### **Economic Condition & 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 recent years. In 2015, the City of Solon ranked #10 in Money Magazine's Best Places to Live ratings of small cities in the U.S. The rankings consider such factors as job and income growth, purchasing power, tax burden, housing affordability, educational interest and attainment, availability of medical facilities, crime rate, and arts and leisure activities. This was Solon's fourth appearance on the list since 2005 and the second time in the top 10.

Once again, the City ranked highly in Cleveland Magazine's 2018 Rating the Suburbs issue. The City took 5th place overall and ranked #1 in the education category. On the State of Ohio's 2017-2018 school district report cards, Solon City Schools ranked #1 in the state for "performance index", a key measure of student achievement.

The City is currently home to more than 860 (in non-residential districts) businesses which positively impacts the daytime population of the community. In 2018, Solon welcomed 23 new businesses to the City and assisted 15 additional businesses with relocations within the City. The City is able to attract new businesses because of its ideal location, freeway access, excellent city services, and proactive economic development program.

In the City's analysis of the most current U.S. Census Economic Census, Solon's manufacturing sector compared favorable to other communities in Ohio. In a sampling of 20 cities, including Ohio's largest cities and local communities known for their manufacturing presence, Solon ranked 5th in the number of people employed by manufacturing companies, just behind Cleveland, Columbus, Cincinnati, Toledo and Dayton. The Census is taken every five years. Of the 20 cities included in the analysis, Solon was one of four that showed a gain in manufacturing jobs since the previous census.

For job creation grants administered by staff in 2018, the City invested \$1,466,572 and realized a net gain of \$3,119,805 in new payroll tax receipts, along with 1,482 new jobs. Under this program, a company receives a grant predicated and computed on part of the municipal withholding tax paid to the City on newly created jobs. The 2018 program directly contributed to retaining 2,217 jobs within the City in addition to the cited job gains. The City also has one active Enterprise Zone agreement and one Community Reinvestment Area agreement. In addition, the City provided financial assistance for one renovation project through its Growth & Revitalization Incentive Program.

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 collected by the City. Steady income tax collections and a stable housing market, are strong indicators of the financial strength of our community and the strong presence Solon maintains in Northeast Ohio as a leader in economic development.

Solon has been able to maintain and improve service levels to residents despite the permanent decline in aid from the State of Ohio. Changes in successive State budget have resulted in decreases in local government funding that many cities have had difficulty 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. The consistent stability of these two sources of local revenue have contributed to the ongoing financial success of the City.

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

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

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 (25% of receipts) of City income tax each year as enacted by a levy approved by voters in 1995.

Capital expenditures for new buildings, vehicles and equipment are also included in the five year plan. The City has allocated approximately \$2.4 million per year on average towards these purposes and continues to allocate funding each year. The inclusion of general capital in the multi-year planning process encourages identifying project funding for acquisition two or three years before they it is needed and allows the City to accommodate scheduled capital replacements and emergency expenditures without burdening or restructuring the current year budget. Investment in general capital needs with via cash funding of projects has continued without the necessity to utilize any new debt financing.

### **Relevant Financial Policies**

The City has maintained a policy of matching annual expenditures in the budget with estimated current revenues. Adhering to this policy has enabled the City to build-up maintain cash reserves that are adequate to insulate the City's finances from a potential shortfall in income tax receipts or economic downturn. The City has adopted a General Fund Cash Reserve Policy that establishes the use of cash reserves and sets a standard for the amount of the annual unencumbered ending balance in the General Fund. Compliance with the above policies are monitored on a periodic basis throughout the year.

In early 2013, the City took an additional step towards promoting long-term financial stability by establishing a Budget Stabilization ("rainy day") Fund that is used to segregate resources that will only be employed should pre-determined economic stress levels be reached. Transfers from the General Fund have been made each year and the fund balance was \$7.3 million as of the end of 2018. The combination of accumulating unencumbered cash reserves and maintaining 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 over the past ten years. Total outstanding debt of the City has been decreased by roughly 70 percent since 2008. The reduction in debt burden has been achieved as a result of concerted efforts to limit the unnecessary expansion of general operating expenditures and by directing available funds to retire outstanding debt. The City presently has no publicly issued debt subsequent to the payoff of an outstanding bond issue in 2012.

In addition to the reduction of outstanding debt, the City's capital planning process incorporates annual investments in general capital needs with an emphasis on cash funding approved projects. This approach to capital planning has enabled the City to address ongoing capital needs while maintaining operational balance in the general fund.

### **Major Initiatives**

The City continued its annual focus on capital improvements to provide for the upgrade, maintenance and improvement of street and sewer infrastructure and buildings and equipment. The City allocates resources on an annual basis from income tax collections and other sources to invest in capital needs. This continual investment of improving City infrastructure and capital assets is necessary in order to provide Solon residents and businesses the highest level of services possible.

Solon allocates resources to fund the improvement of its roadways and City streets which are a critical component of the City's infrastructure. In 2018 the City of Solon expended \$10.1 million towards improvement projects and the ongoing maintenance of its various thoroughfares. A major intersection improvement project at SOM Center and Aurora roads was commenced in 2017 and once completed is expected to usher in a new series of development along the corridor. The investments were made possible by a portion of income tax collections dedicated for this purpose and the ability to leverage federal and state resources as a secondary source to fund the costs of infrastructure projects.

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. It is to these ends that the City has given primacy to the use of economic development tools for the continued attraction and retention of businesses.

Below are the major economic development projects that took place in 2018.

- Swagelok Manufacturing announced it would be building its new Global Headquarters and Innovation Center alongside its existing facility on Solon Road. The new center will add 134,000 square feet and add an estimated \$27 million in real property value to the site. Solon was able to leverage an incentive proposal that included a job creation grant and property tax abatement components to secure the expansion of the major employer.
- Among other industrial area businesses that located or expanded in Solon in 2018 and occupied 10,000 square feet or more are Crown Packaging, Kyntronics, Channel Products, Townplace Suites and Bryant & Stratton.

In addition, the following projects were announced:

Chick-fil-A announced a new location in the City on Kruse Drive, a site plan that includes a drive through and patio were approved for the 5,000 square foot building.

Omni Properties will be constructing a new corporate headquarters that will be over 15,000 square feet and include space for additional office users.

The retail/commercial sector saw unprecedented activity with the completion of new construction projects for Chase Bank (3,570 square foot), First National Bank (3,550 square foot), Primrose School (13,285 square foot early childhood education center), and Townplace Suites by Marriott (59,500 square foot 4-story 101 room extended stay hotel). Adjacent to Townplace Suites a small shopping strip was partially demolished to make room for the hotel, and the remaining 8,400 square foot strip was renovated.

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, raise a family, and operate a business.

### ***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, 2017. 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 and valuable work by the 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 Edward H. Kraus and current members of City Council and the Council Finance Committee 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.

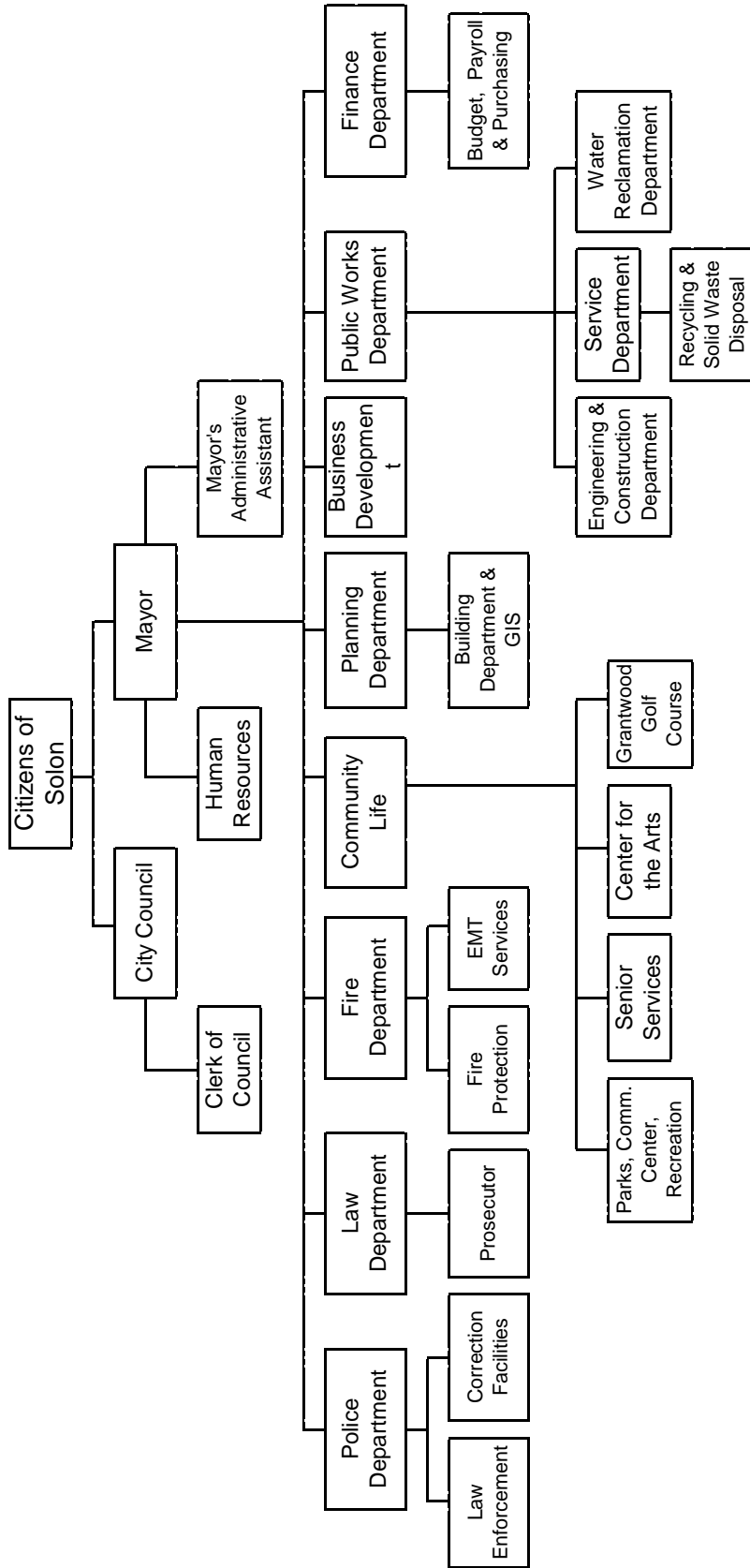
Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Matthew Rubino", with a stylized flourish extending to the right.

Matthew Rubino  
Director of Finance  
City of Solon, Ohio

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**CITY OF SOLON**  
**Organizational Chart**  
 December 31, 2018



**City of Solon, Ohio**

*Principal Officials*

*December 31, 2018*

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***Elected Officials***

Edward H. Kraus .....Mayor

*City Council*

Douglas A. Magill ..... Ward 1

Robert N. Pelunis ..... Ward 2

Jeremy A Zelwin..... Ward 3

Marc R. Kotora ..... Ward 4

Nancy E. Meany ..... Ward 5 (Vice Mayor)

Robert P. Shimits ..... Ward 6

William I. Russo.....Ward 7

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

***Appointed Officials***

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

Matthew Rubino ..... 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

William J. Drsek ..... Director of Service

Fred D. White ..... Chief Building Official

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

Jim Gibbs..... 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, 2017**

*Christopher P. Morrill*

Executive Director/CEO

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# Financial Section

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**JAMES G. ZUPKA, C.P.A., INC.**

*Certified Public Accountants  
5240 East 98<sup>th</sup> Street  
Garfield Hts., Ohio 44125*

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Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT**

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

The Honorable Keith Faber  
Auditor of State  
State of Ohio

**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 the City of Solon, Cuyahoga County, Ohio, (the City) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Solon as of December 31, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

As discussed in Note 22 to the basic financial statements, during 2018, the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

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

#### ***Other Information***

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



James G. Zupka, CPA, Inc.  
Certified Public Accountants

June 18, 2019

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**City of Solon, Ohio**  
*Management's Discussion and Analysis*  
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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, 2018. 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 2018 are as follows:

- The City's net position increased during 2018 due primarily to the effects of the robust economy of the City. The City of Solon has a strong income tax base of both residents and business that are located within City limits. These increases were offset by the increases in the net OPEB liability.
- The City's net governmental capital assets increased over 2017. The increase can be attributed to infrastructure related projects such as construction work on major road, storm sewer and sanitary sewer improvements along with the purchase of vehicles for various purposes and updating equipment and vehicles. The increase in capital assets was partially offset by annual depreciation.
- Long-term debt decreased in 2018 due to scheduled annual debt service payments.
- The City implemented the net pension liability and net OPEB liability in 2015 and 2018, respectively, which established standards for measuring and recognizing pension/OPEB liabilities, deferred outflows and inflows of resources and expenses. The implementation of these GASB statements resulted in a significant change to the financial statements presentation of the City. The City has reported these liabilities to comply with the requirements of GASB 68 and 75.

### **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

**City of Solon, Ohio**  
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In addition, this report also contains other supplementary information:

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

*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.

*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.



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**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 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 17 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 two internal service funds under the proprietary fund classification. They are the water reclamation (wastewater) operation and Grantwood (golf course) recreation, the internal service fund accounting for self-insured workers' compensation claims and the medical self insurance fund.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

**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.

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**Other Information**

In addition to the basic financial statements, accompanying notes and the required supplemental information, this report also presents certain other information that the City believes readers will find useful. After the notes to the required supplementary information, 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.

**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 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
- Deferred Outflows of Resources
- 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 2018 compared to 2017:

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(Table 1) Net Position						
	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
<b>Assets</b>						
Current and Other Assets	\$78,203,296	\$72,657,206	\$9,061,891	\$12,420,755	\$87,265,187	\$85,077,961
Net Pension Asset	104,086	0	12,865	0	116,951	0
Capital Assets, Net	138,990,986	137,527,496	65,630,553	61,823,204	204,621,539	199,350,700
<i>Total Assets</i>	<u>217,298,368</u>	<u>210,184,702</u>	<u>74,705,309</u>	<u>74,243,959</u>	<u>292,003,677</u>	<u>284,428,661</u>
<b>Deferred Outflows of Resources</b>						
Pension	8,417,973	11,875,949	383,087	863,405	8,801,060	12,739,354
OPEB	4,550,559	176,670	81,541	15,763	4,632,100	192,433
<i>Total Deferred Outflows of Resources</i>	<u>12,968,532</u>	<u>12,052,619</u>	<u>464,628</u>	<u>879,168</u>	<u>13,433,160</u>	<u>12,931,787</u>
<b>Liabilities</b>						
Current Liabilities	4,351,651	4,601,826	1,059,803	1,174,233	5,411,454	5,776,059
Long-term Liabilities						
Due within one Year	2,586,729	2,384,936	633,461	605,217	3,220,190	2,990,153
Due in More than one Year						
Net Pension Liability	41,980,118	46,625,776	1,554,501	2,244,076	43,534,619	48,869,852
Net OPEB Liability	35,860,182	29,440,227	1,077,335	1,001,711	36,937,517	30,441,938
Other Amounts	7,551,963	7,743,287	5,330,433	5,728,245	12,882,396	13,471,532
<i>Total Liabilities</i>	<u>92,330,643</u>	<u>90,796,052</u>	<u>9,655,533</u>	<u>10,753,482</u>	<u>101,986,176</u>	<u>101,549,534</u>
<b>Deferred Inflows of Resources</b>						
Property Taxes	3,950,884	3,742,692	0	0	3,950,884	3,742,692
Pension	5,011,241	1,589,103	406,342	87,276	5,417,583	1,676,379
OPEB	964,902	0	80,255	0	1,045,157	0
<i>Total Deferred Inflows of Resources</i>	<u>9,927,027</u>	<u>5,331,795</u>	<u>486,597</u>	<u>87,276</u>	<u>10,413,624</u>	<u>5,419,071</u>
<b>Net Position</b>						
Net Investment in Capital Assets	136,926,999	136,564,165	59,272,280	54,926,993	196,199,279	191,491,158
Restricted for:						
Capital Projects	26,125,940	22,116,192	0	0	26,125,940	22,116,192
Debt Service	3,432,786	3,833,030	0	0	3,432,786	3,833,030
Other Purposes	2,069,474	1,965,409	0	0	2,069,474	1,965,409
Unrestricted (Deficit)	(40,545,969)	(38,369,322)	5,755,527	9,355,376	(34,790,442)	(29,013,946)
<i>Total Net Position</i>	<u>\$128,009,230</u>	<u>\$126,109,474</u>	<u>\$65,027,807</u>	<u>\$64,282,369</u>	<u>\$193,037,037</u>	<u>\$190,391,843</u>

The net pension liability (NPL) is the largest single liability reported by the City at December 31, 2018 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For 2018, the City adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting the net pension asset and deferred outflows related to pension and OPEB.

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Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability (asset) and the net OPEB liability to equal the City's proportionate share of each plan's collective:

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

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

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract, but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

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

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

As a result of implementing GASB 75, the City is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating governmental net position at December 31, 2017, from \$155,373,031 to \$126,109,474 and restating business-type net position at December 31, 2017 from \$65,268,317 to \$64,282,369.

Total current and other assets for governmental activities increased due to an increase in cash and cash equivalents resulting from the City having revenues outpace expenses. Net capital assets for governmental capital assets increased due to additions of land, construction in progress, buildings, furniture and equipment, vehicles and infrastructure. This increase was partially offset by current year depreciation. There were also significant changes to deferred outflows of resources, net pension/OPEB liabilities and deferred inflows of resources for governmental activities, associated with the unfunded pension/OPEB liabilities specific to the Ohio Public Employees Retirement System (OPERS), due to changes in pension benefits, contributions rates and return on investments. The decrease in other long-term liabilities was due to the continued pay-down of debt liabilities.

Total assets for business-type activities increased due to additions of construction in progress, and furniture and equipment. This increase was partially offset by current year depreciation. Current liabilities decreased due to lessor contracts payable related to an ongoing treatment plant improvement project. There were also significant changes to deferred outflows of resources, net pension/OPEB liabilities and deferred inflows of resources for business-type activities, associated with the unfunded pension/OPEB liabilities specific to the Ohio Public Employees Retirement System (OPERS), due to changes in pension benefits, contributions rates and return on investments.

Further details of the changes in net position between 2018 and 2017 can be observed in Table 2.

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(Table 2)  
*Changes in Net Position*

	Governmental Activities		Business -Type Activities		Total	
	2018	2017	2018	2017	2018	2017
<b>Program Revenues</b>						
Charges for Services and Sales	\$5,276,881	\$5,227,773	\$6,799,424	\$6,343,483	\$12,076,305	\$11,571,256
Operating Grants and Contributions	1,350,466	1,370,182	0	0	1,350,466	1,370,182
Capital Grants, Contributions and Capital Assessments	422,830	1,082,903	0	0	422,830	1,082,903
<i>Total Program Revenues</i>	<u>7,050,177</u>	<u>7,680,858</u>	<u>6,799,424</u>	<u>6,343,483</u>	<u>13,849,601</u>	<u>14,024,341</u>
<b>General Revenues</b>						
Property Taxes	4,218,293	4,201,328	0	0	4,218,293	4,201,328
Municipal Income Taxes	46,338,543	44,316,025	0	0	46,338,543	44,316,025
Grants and Entitlements	532,235	466,778	0	0	532,235	466,778
Unrestricted Contributions	5,342	18,508	0	0	5,342	18,508
Investment Income	956,232	522,685	97,748	111,384	1,053,980	634,069
Gain on Sale of Capital Assets	23,284	45,460	0	0	23,284	45,460
Miscellaneous	483,933	363,966	21,452	21,134	505,385	385,100
<i>Total General Revenues</i>	<u>52,557,862</u>	<u>49,934,750</u>	<u>119,200</u>	<u>132,518</u>	<u>52,677,062</u>	<u>50,067,268</u>
<i>Total Revenues</i>	<u>59,608,039</u>	<u>57,615,608</u>	<u>6,918,624</u>	<u>6,476,001</u>	<u>66,526,663</u>	<u>64,091,609</u>
<b>Program Expenses</b>						
Security of Persons and Property						
Police	11,933,398	9,696,575	0	0	11,933,398	9,696,575
Fire	11,648,401	9,202,443	0	0	11,648,401	9,202,443
Public Health and Welfare	108,236	93,367	0	0	108,236	93,367
Leisure Time Activities	6,476,806	6,073,088	0	0	6,476,806	6,073,088
Community Environment	3,471,353	2,927,294	0	0	3,471,353	2,927,294
Basic Utility Services	3,182,746	3,136,684	0	0	3,182,746	3,136,684
Transportation	13,021,105	11,525,898	0	0	13,021,105	11,525,898
General Government	7,654,588	10,345,336	0	0	7,654,588	10,345,336
Interest and Fiscal Charges	144,951	156,092	0	0	144,951	156,092
Water Reclamation	0	0	5,187,947	4,870,073	5,187,947	4,870,073
Grantwood Recreation	0	0	1,051,938	1,093,075	1,051,938	1,093,075
<i>Total Program Expenses</i>	<u>57,641,584</u>	<u>53,156,777</u>	<u>6,239,885</u>	<u>5,963,148</u>	<u>63,881,469</u>	<u>59,119,925</u>
<i>Excess before Transfers</i>	<u>1,966,455</u>	<u>4,458,831</u>	<u>678,739</u>	<u>512,853</u>	<u>2,645,194</u>	<u>4,971,684</u>
Transfers	(66,699)	(1,135,226)	66,699	1,135,226	0	0
<i>Change in Net Position</i>	<u>1,899,756</u>	<u>3,323,605</u>	<u>745,438</u>	<u>1,648,079</u>	<u>2,645,194</u>	<u>4,971,684</u>
<i>Net Position Beginning of Year</i>	<u>126,109,474</u>	<u>N/A</u>	<u>64,282,369</u>	<u>N/A</u>	<u>190,391,843</u>	<u>N/A</u>
<i>Net Position End of Year</i>	<u>\$128,009,230</u>	<u>\$126,109,474</u>	<u>\$65,027,807</u>	<u>\$64,282,369</u>	<u>\$193,037,037</u>	<u>\$190,391,843</u>

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 governmental and business-type functional expenses still include OPEB expense of \$192,433 computed under GASB 45. GASB 45 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned and adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 governmental and business-type statements report an OPEB expense of \$3,169,950. Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

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	Governmental Activities	Business-type Activities	Total
Total 2018 program expenses under GASB 75	\$57,641,584	\$6,239,855	\$63,881,439
OPEB expense under GASB 75	(3,077,814)	(92,136)	(3,169,950)
2018 contractually required contribution	66,846	2,035	68,881
Adjusted 2018 program expenses	54,630,616	6,149,754	60,780,370
Total 2017 program expenses under GASB 45	53,156,777	5,963,148	59,119,925
Increase in program expenses not related to OPEB	\$1,473,839	\$186,606	\$1,660,445

The overall financial strength and the net position of the City improved in 2018 from 2017 for reasons previously stated. The City also makes a conscious effort to follow our financial plan and live within our financial means.

**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 exceeded governmental expenses as the City was able to monitor expenses to ensure positive fund balances. Capital grants decreased 2018 as a result of the City receiving additional grant funding sources in 2017. Municipal income tax revenues increased on an accrual basis due to the timing of employee withholding collections. Investment income increased in 2018 attributable to higher cash balances.

Security of persons and property, specifically police and fire comprise the largest portion of the City's governmental expenses. The City has made safety forces a priority for the community as a whole. Transportation expenses make up the second largest portion of expenses for the City. The care and upkeep of the City's streets has been deemed significant for the Administration. General government expenses are the third largest portion of governmental expenses and are comprised of the departments responsible for the running of the City which include the Mayor, the Finance Department, the Law Director and City Council amongst others.

All expenses were affected by the change in the net pension/OPEB liabilities for 2018 that takes into account the City's proportionate share of the unfunded benefits and healthcare.

**Business-type Activities**

The City has two business-type operations. They are the Water Reclamation (wastewater) and Grantwood (golf course) Recreation. The largest sources of revenue for both Water Reclamation and Grantwood Recreation in 2018 were charges for services. On the expense side, the largest expenses are for payroll and employee benefits for both operations.

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**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 with the balance sheet. These funds are accounted for by using the modified accrual basis of accounting.

As of the end of 2018, the City of Solon's governmental funds reported a positive combined ending fund balance. The largest portion 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 2018 and 2017. Revenues continued to outpace expenditures and transfers out. The general fund is the recipient of the largest portion of income taxes collected by the City. The City benefits from a robust economy that has a significant business-base located within City limits. This allows for the general fund to make transfers out to subsidize capital improvements.

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 decrease in the general obligation bond retirement fund balance between 2018 and 2017 as the City continues to make 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 balance between 2018 and 2017 as the income tax received into this fund exceeded total expenditures by 20 percent.

*Business-type Funds* – report the City's Water Reclamation (wastewater) operation and Grantwood (golf course) Recreation on an accrual basis. In 2018, the net position for the Water Reclamation fund increased as a result of City Council ensuring that rates collected from the citizens are enough to cover all costs of operations and to make payments on outstanding debt issues, without requiring any subsidies. The net position for the Grantwood Recreation fund decreased during 2018 which were affected by the implementation of GASB 75 during the current year.

**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.



**City of Solon, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2018*  
*Unaudited*

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In 2018, the general fund's original revenue estimate was below the final estimate resulting from the City making minor adjustments during the year. The general fund's actual revenue plus other financing sources exceeded the final estimate mainly as a result of higher than estimated income taxes received from the success financial situation being experienced by both residents and businesses alike. The general fund's final budget exceeded the original budget due primarily to City Council and the Finance Department having a clear picture of needed funding. Actual expenditures plus other financing uses were well under the final budget due to the Administration taking a proactive approach to continue increasing available cash reserves within the general fund.

### **Capital Assets**

Governmental capital assets, net of depreciation, increased due to additions of land, construction in progress, buildings, furniture and equipment, vehicles and infrastructure. This increase was partially offset by current year depreciation. Specific governmental additions include a salt barn, jail master control room, an HVAC control system for the fire department, an HVAC system for the indoor pool, traffic signals and infrastructure improvements. Business-type capital assets, net of depreciation, increased due to additions of construction in progress and furniture and equipment. This increase was partially offset by current year depreciation. Specific additions include an aerator and steel hopper for the water reclamation fund and two mowers and a back-up pump for the Grantwood golf course. For additional information on capital assets, please see note 8 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.

### **Outstanding Long-Term Obligations**

Ohio Water Development Authority Loans comprise most of the outstanding obligations. In addition, outstanding obligations include net pension/OPEB liability, compensated absences (sick leave, etc.), capital leases and claims payable.

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 net pension/OPEB liability establishes standards for measuring and recognizing pension/OPEB liabilities, deferred outflows/inflows of resources and expense/expenditure.

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.

The City last received a credit rating of AAA from Standard & Poor's in 2008. In 2010 Moody's Investor Service recalibrated the City's existing credit rating to Aaa. The debt associated with both ratings has since been retired and the City has not undertaken any process to update the ratings at this time. For additional information on long-term obligations, please see note 16 to the basic financial statements.

**City of Solon, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2018*  
*Unaudited*

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**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 the largest portion of the City's total governmental revenue.

Controlled spending and the strong 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 implement any significant budget 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 of the departmental budgets 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 direct the funding towards general operations of the City.

Due to a strong commitment to consistently fund infrastructure improvements, due in large part to the ongoing allocation of income tax revenue to infrastructure projects, 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 2018 with an unassigned fund balance of \$26,944,145. Beginning in 2013, the City implemented a policy whereby 20 percent of its unencumbered general fund balance will be maintained in reserve as well as having created a budget stabilization fund that will allow for a segregation of additional reserves that will be accumulated to use in emergency situations in times of revenue fluctuations.

More evidence of the City's commitment to effective financial management is the performance of the 2018 budget versus actual. In 2018, City-wide revenue exceeded final budget estimates by more than \$1.2 million and expenses were restricted to a level \$1.8 million under the final budgeted amounts. The resultant favorable variance of \$3.0 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, 2018*  
*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 retaining and encouraging expansion of 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 the Finance Department, 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, 2018*

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$57,829,557	\$7,146,693	\$64,976,250
Accounts Receivable	144,872	1,689,455	1,834,327
Intergovernmental Receivable	963,926	0	963,926
Internal Balances	(18,041)	18,041	0
Municipal Income Taxes Receivable	10,648,301	0	10,648,301
Materials and Supplies Inventory	862,878	193,745	1,056,623
Accrued Interest Receivable	114,707	13,957	128,664
Prepaid Items	268,487	0	268,487
Property Taxes Receivable	4,121,154	0	4,121,154
Special Assessments Receivable	3,267,455	0	3,267,455
Net Pension Asset	104,086	12,865	116,951
Nondepreciable Capital Assets	13,300,880	11,811,117	25,111,997
Depreciable Capital Assets, Net	125,690,106	53,819,436	179,509,542
<i>Total Assets</i>	<u>217,298,368</u>	<u>74,705,309</u>	<u>292,003,677</u>
<b>Deferred Outflows of Resources</b>			
Pension	8,417,973	383,087	8,801,060
OPEB	4,550,559	81,541	4,632,100
<i>Total Deferred Outflows of Resources</i>	<u>12,968,532</u>	<u>464,628</u>	<u>13,433,160</u>
<b>Liabilities</b>			
Accounts Payable	510,576	41,035	551,611
Accrued Wages	949,681	68,289	1,017,970
Contracts Payable	394,586	0	394,586
Intergovernmental Payable	557,061	29,841	586,902
Retainage Payable	989,972	774,924	1,764,896
Matured Compensated Absences Payable	3,827	0	3,827
Accrued Interest Payable	73,574	83,858	157,432
Claims Payable	407,349	0	407,349
Vacation Benefits Payable	465,025	61,856	526,881
Long-Term Liabilities:			
Due Within One Year	2,586,729	633,461	3,220,190
Due In More Than One Year			
Net Pension Liability (See Note 11)	41,980,118	1,554,501	43,534,619
Net OPEB Liability (See Note 12)	35,860,182	1,077,335	36,937,517
Other Amounts	7,551,963	5,330,433	12,882,396
<i>Total Liabilities</i>	<u>92,330,643</u>	<u>9,655,533</u>	<u>101,986,176</u>
<b>Deferred Inflows of Resources</b>			
Property Taxes	3,950,884	0	3,950,884
Pension	5,011,241	406,342	5,417,583
OPEB	964,902	80,255	1,045,157
<i>Total Deferred Inflows of Resources</i>	<u>9,927,027</u>	<u>486,597</u>	<u>10,413,624</u>
<b>Net Position</b>			
Net Investment in Capital Assets	136,926,999	59,272,280	196,199,279
Restricted for:			
Capital Projects	26,125,940	0	26,125,940
Debt Service	3,432,786	0	3,432,786
Street, Construction, Maintenance and Repair	517,141	0	517,141
Police Pension	690,940	0	690,940
Fire Pension	590,583	0	590,583
Other Purposes	270,810	0	270,810
Unrestricted (Deficit)	(40,545,969)	5,755,527	(34,790,442)
<i>Total Net Position</i>	<u>\$128,009,230</u>	<u>\$65,027,807</u>	<u>\$193,037,037</u>

See accompanying notes to the basic financial statements

**City of Solon, Ohio**  
*Statement of Activities*  
For the Year Ended December 31, 2018

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants, Contributions and Assessments
<b>Governmental Activities:</b>				
Security of Persons and Property				
Police	\$11,933,398	\$1,096,397	\$125,843	\$0
Fire	11,648,401	1,474,418	137,552	38,817
Public Health and Welfare	108,236	13,356	0	0
Leisure Time Activities	6,476,806	847,509	13,329	0
Community Environment	3,471,353	232,863	0	0
Basic Utility Services	3,182,746	253,210	0	0
Transportation	13,021,105	568,334	1,073,742	380,376
General Government	7,654,588	790,794	0	3,637
Interest and Fiscal Charges	144,951	0	0	0
<i>Total Governmental Activities</i>	<u>57,641,584</u>	<u>5,276,881</u>	<u>1,350,466</u>	<u>422,830</u>
<b>Business-Type Activities:</b>				
Water Reclamation	5,187,947	5,874,922	0	0
Grantwood Recreation	1,051,938	924,502	0	0
<i>Total Business-Type Activities</i>	<u>6,239,885</u>	<u>6,799,424</u>	<u>0</u>	<u>0</u>
<i>Total</i>	<u>\$63,881,469</u>	<u>\$12,076,305</u>	<u>\$1,350,466</u>	<u>\$422,830</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

Unrestricted Contributions

Investment Income

Gain on Sale of Capital Assets

Miscellaneous

*Total General Revenues*

Transfers

*Total General Revenues and Transfers*

Change in Net Position

*Net Position Beginning of Year -*  
*(Restated - See Note 22)*

*Net Position End of Year*

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
(\$10,711,158)	\$0	(\$10,711,158)
(9,997,614)	0	(9,997,614)
(94,880)	0	(94,880)
(5,615,968)	0	(5,615,968)
(3,238,490)	0	(3,238,490)
(2,929,536)	0	(2,929,536)
(10,998,653)	0	(10,998,653)
(6,860,157)	0	(6,860,157)
(144,951)	0	(144,951)
<u>(50,591,407)</u>	<u>0</u>	<u>(50,591,407)</u>
0	686,975	686,975
<u>0</u>	<u>(127,436)</u>	<u>(127,436)</u>
<u>0</u>	<u>559,539</u>	<u>559,539</u>
<u>(50,591,407)</u>	<u>559,539</u>	<u>(50,031,868)</u>
1,395,261	0	1,395,261
314,629	0	314,629
838,985	0	838,985
1,258,440	0	1,258,440
410,978	0	410,978
34,660,499	0	34,660,499
11,604,180	0	11,604,180
73,864	0	73,864
532,235	0	532,235
5,342	0	5,342
956,232	97,748	1,053,980
23,284	0	23,284
483,933	21,452	505,385
<u>52,557,862</u>	<u>119,200</u>	<u>52,677,062</u>
<u>(66,699)</u>	<u>66,699</u>	<u>0</u>
<u>52,491,163</u>	<u>185,899</u>	<u>52,677,062</u>
1,899,756	745,438	2,645,194
<u>126,109,474</u>	<u>64,282,369</u>	<u>190,391,843</u>
<u>\$128,009,230</u>	<u>\$65,027,807</u>	<u>\$193,037,037</u>

**City of Solon, Ohio**

*Balance Sheet*

*Governmental Funds*

*December 31, 2018*

	General	General Obligation Bond Retirement	Infrastructure	Other Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$29,740,894	\$985,257	\$19,317,388	\$5,685,020
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	32,210	0	0	0
Accrued Interest Receivable	114,168	0	0	539
Accounts Receivable	96,778	0	0	48,094
Intergovernmental Receivable	291,235	17,249	9,668	645,774
Municipal Income Taxes Receivable	7,950,367	0	2,650,123	47,811
Materials and Supplies Inventory	862,878	0	0	0
Prepaid Items	189,650	0	0	0
Property Taxes Receivable	1,121,820	336,546	0	2,662,788
Special Assessments Receivable	0	2,489,935	777,520	0
<b>Total Assets</b>	<b>\$40,400,000</b>	<b>\$3,828,987</b>	<b>\$22,754,699</b>	<b>\$9,090,026</b>
<b>Liabilities</b>				
Accounts Payable	\$438,945	\$0	\$50,681	\$19,461
Accrued Wages	920,959	0	0	500
Contracts Payable	0	0	254,944	139,642
Intergovernmental Payable	291,333	0	2,049	263,679
Retainage Payable	0	0	989,972	0
Matured Compensated Absences Payable	3,827	0	0	0
<b>Total Liabilities</b>	<b>1,655,064</b>	<b>0</b>	<b>1,297,646</b>	<b>423,282</b>
<b>Deferred Inflows of Resources</b>				
Property Taxes	1,075,424	322,627	0	2,552,833
Unavailable Revenue	5,445,353	2,521,103	2,515,483	727,681
<b>Total Deferred Inflows of Resources</b>	<b>6,520,777</b>	<b>2,843,730</b>	<b>2,515,483</b>	<b>3,280,514</b>
<b>Fund Balances</b>				
Nonspendable	1,084,738	0	0	0
Restricted	0	985,257	18,941,570	5,007,775
Committed	652,201	0	0	378,455
Assigned	3,543,075	0	0	0
Unassigned	26,944,145	0	0	0
<b>Total Fund Balances</b>	<b>32,224,159</b>	<b>985,257</b>	<b>18,941,570</b>	<b>5,386,230</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$40,400,000</b>	<b>\$3,828,987</b>	<b>\$22,754,699</b>	<b>\$9,090,026</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, 2018*

Total Governmental Funds	<b>Total Governmental Funds Balances</b>	\$57,537,216
\$55,728,559	<b>Amounts reported for governmental activities in the statement of net position are different because</b>	
32,210	Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	138,990,986
114,707	Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds.	
144,872	Delinquent Property Taxes	170,526
963,926	Municipal Income Taxes	6,935,794
10,648,301	Intergovernmental	713,969
862,878	Charges for Services	87,355
189,650	Special Assessments	3,267,455
4,121,154	Fees, Licenses and Permits	33,625
3,267,455	Miscellaneous	896
\$76,073,712	Total	11,209,620
\$509,087	An internal service fund is used by management to charge the costs of health insurance and workers' compensation to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	
921,459	Net Position	1,640,638
394,586	Internal Balance	(18,041)
557,061	Claims Payable	69,927
989,972	Total	1,692,524
3,827		
3,375,992	In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(73,574)
3,950,884	Vacation benefits payable is not expected to be paid with expendable available financial resources and therefore not reported in the funds.	(465,025)
11,209,620	The net pension asset, net pension liability and net OPEB liability are not due and payable in the current period; therefore, the asset, liability and related deferred inflows/outflows are not reported in governmental funds.	
15,160,504	Net Pension Asset	104,086
1,084,738	Deferred Outflows - Pension	8,417,973
24,934,602	Net Pension Liability	(41,980,118)
1,030,656	Deferred Inflows - Pension	(5,011,241)
3,543,075	Deferred Outflows - OPEB	4,550,559
26,944,145	Net OPEB Liability	(35,860,182)
57,537,216	Deferred Inflows - OPEB	(964,902)
\$76,073,712	Total	(70,743,825)
	Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
	OWDA Loan Payable	(4,827,211)
	Capital Leases	(1,059,667)
	Compensated Absences	(4,181,887)
	Claims Payable	(69,927)
	Total	(10,138,692)
	<i>Net Position of Governmental Activities</i>	\$128,009,230

**City of Solon, Ohio**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2018*

	General	General Obligation Bond Retirement	Infrastructure	Other Governmental Funds
<b>Revenues</b>				
Property Taxes	\$1,392,402	\$312,986	\$0	\$2,496,507
Municipal Income Taxes	34,118,257	0	11,423,433	77,246
Special Assessments	0	329,369	22,096	0
Intergovernmental	493,733	33,468	265,773	1,355,357
Investment Income	952,643	0	0	3,589
Fees, Licenses and Permits	676,114	6,596	0	202,196
Fines and Forfeitures	304,839	0	0	20,599
Rentals	5,644	0	0	15,524
Charges for Services	4,005,394	0	0	2,070
Contributions and Donations	5,342	0	0	47,468
Miscellaneous	302,767	0	143,450	80,976
<b>Total Revenues</b>	<b>42,257,135</b>	<b>682,419</b>	<b>11,854,752</b>	<b>4,301,532</b>
<b>Expenditures</b>				
Current:				
Security of Persons and Property				
Police	8,526,911	0	0	930,895
Fire	7,474,730	0	0	1,349,907
Public Health and Welfare	108,236	0	0	0
Leisure Time Activities	5,123,368	0	0	250,098
Community Environment	3,291,668	0	0	0
Basic Utility Services	2,026,723	0	0	0
Transportation	4,532,325	0	0	1,072,600
General Government	6,533,257	3,270	0	34,193
Capital Outlay	0	0	9,508,153	2,569,498
Debt Service:				
Principal Retirement	0	636,048	0	163,791
Interest and Fiscal Charges	0	127,900	0	24,773
<b>Total Expenditures</b>	<b>37,617,218</b>	<b>767,218</b>	<b>9,508,153</b>	<b>6,395,755</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>4,639,917</b>	<b>(84,799)</b>	<b>2,346,599</b>	<b>(2,094,223)</b>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	34,793	0	0	0
Inception of Capital Lease	0	0	0	181,702
Transfers In	0	0	0	2,598,000
Transfers Out	(2,598,000)	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>(2,563,207)</b>	<b>0</b>	<b>0</b>	<b>2,779,702</b>
<b>Net Change in Fund Balances</b>	<b>2,076,710</b>	<b>(84,799)</b>	<b>2,346,599</b>	<b>685,479</b>
<b>Fund Balances Beginning of Year</b>	<b>30,147,449</b>	<b>1,070,056</b>	<b>16,594,971</b>	<b>4,700,751</b>
<b>Fund Balances End of Year</b>	<b>\$32,224,159</b>	<b>\$985,257</b>	<b>\$18,941,570</b>	<b>\$5,386,230</b>

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, 2018*

Total Governmental Funds	<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$5,023,989</b>
	<b>Amounts reported for governmental activities in the statement of activities are different because</b>	
\$4,201,895	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 capital outlay exceeded depreciation in the current period.	
45,618,936	Capital Asset Additions	8,931,043
351,465	Capital Contributions	179,300
2,148,331	Depreciation	(7,180,557)
956,232	Total	1,929,786
884,906	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.	(466,296)
325,438	Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
21,168	Delinquent Property Taxes	16,398
4,007,464	Municipal Income Taxes	719,607
52,810	Intergovernmental	(65,261)
527,193	Charges for Services	48,752
	Special Assessments	(355,772)
59,095,838	Fees, Licenses and Permits	(10,847)
	Miscellaneous	(54,234)
	Total	298,643
	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.	799,839
	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.	7,722
	Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.	
	Pension	3,716,844
	OPEB	66,846
	Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense in the statement of net position.	
	Pension	(5,847,214)
	OPEB	(3,077,814)
	Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
	Compensated Absences	(588,361)
	Vacation Benefits Payable	(34,839)
	Claims Payable	(40,245)
	Total	(663,445)
	Other financing sources, such as inception of capital lease, in the governmental funds increase long-term liabilities in the statement of net position.	(181,702)
	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 funds are allocated among the governmental activities.	
	Change in Net Position	270,354
	Change in Internal Balance	(18,041)
	Claims Payable	40,245
	Total	292,558
\$57,537,216	<b>Change in Net Position of Governmental Activities</b>	<b>\$1,899,756</b>

**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, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$1,354,643	\$1,414,616	\$1,395,138	(\$19,478)
Municipal Income Taxes	33,165,737	33,109,510	34,234,264	1,124,754
Intergovernmental	466,166	462,200	480,102	17,902
Investment Income	883,565	900,000	909,978	9,978
Fees, Licenses and Permits	656,110	696,700	675,724	(20,976)
Fines and Forfeitures	304,011	286,150	313,099	26,949
Rentals	5,480	5,200	5,644	444
Charges for Services	3,937,247	3,958,050	4,019,564	61,514
Contributions and Donations	5,187	5,200	5,342	142
Miscellaneous	275,658	274,607	284,754	10,147
<i>Total Revenues</i>	41,053,804	41,112,233	42,323,609	1,211,376
<b>Expenditures</b>				
Current:				
Security of Persons and Property				
Police	8,436,316	8,934,093	8,566,579	367,514
Fire	7,346,744	7,519,801	7,474,260	45,541
Public Health and Welfare	108,592	110,573	108,736	1,837
Leisure Time Activities	5,168,768	5,405,532	5,237,354	168,178
Community Environment	1,944,942	2,250,375	1,998,444	251,931
Basic Utility Services	2,063,959	2,155,357	2,086,764	68,593
Transportation	5,019,115	5,286,577	5,054,565	232,012
General Government	6,872,351	7,580,665	6,909,121	671,544
<i>Total Expenditures</i>	36,960,787	39,242,973	37,435,823	1,807,150
<i>Excess of Revenues Over (Under) Expenditures</i>	4,093,017	1,869,260	4,887,786	3,018,526
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	34,793	34,793	34,793	0
Transfers Out	(4,895,020)	(4,895,020)	(4,895,020)	0
<i>Total Other Financing Sources (Uses)</i>	(4,860,227)	(4,860,227)	(4,860,227)	0
<i>Net Change in Fund Balance</i>	(767,210)	(2,990,967)	27,559	3,018,526
<i>Fund Balance Beginning of Year</i>	25,983,305	25,983,305	25,983,305	0
Prior Year Encumbrances Appropriated	1,103,994	1,103,994	1,103,994	0
<i>Fund Balance End of Year</i>	\$26,320,089	\$24,096,332	\$27,114,858	\$3,018,526

See accompanying notes to the basic financial statements

**City of Solon, Ohio**  
*Statement of Fund Net Position*  
*Proprietary Funds*  
*December 31, 2018*

	Enterprise			Internal Service
	Water Reclamation	Grantwood Recreation	Total	
<b>Assets</b>				
<i>Current Assets:</i>				
Equity in Pooled Cash and Cash Equivalents	\$6,931,998	\$214,695	\$7,146,693	\$2,068,788
Materials and Supplies Inventory	118,805	74,940	193,745	0
Accounts Receivable	1,689,413	42	1,689,455	0
Accrued Interest Receivable	13,536	421	13,957	0
Prepaid Items	0	0	0	78,837
<i>Total Current Assets</i>	<u>8,753,752</u>	<u>290,098</u>	<u>9,043,850</u>	<u>2,147,625</u>
<i>Noncurrent Assets:</i>				
Net Pension Asset	9,357	3,508	12,865	0
Nondepreciable Capital Assets	9,428,953	2,382,164	11,811,117	0
Depreciable Capital Assets, Net	53,195,896	623,540	53,819,436	0
<i>Total Noncurrent Assets</i>	<u>62,634,206</u>	<u>3,009,212</u>	<u>65,643,418</u>	<u>0</u>
<i>Total Assets</i>	<u>71,387,958</u>	<u>3,299,310</u>	<u>74,687,268</u>	<u>2,147,625</u>
<b>Deferred Outflows of Resources</b>				
Pension	278,609	104,478	383,087	0
OPEB	59,302	22,239	81,541	0
<i>Total Deferred Outflows of Resources</i>	<u>337,911</u>	<u>126,717</u>	<u>464,628</u>	<u>0</u>
<b>Liabilities</b>				
<i>Current Liabilities:</i>				
Accounts Payable	40,925	110	41,035	1,489
Accrued Wages	51,959	16,330	68,289	28,222
Intergovernmental Payable	24,162	5,679	29,841	0
Retainage Payable	774,924	0	774,924	0
Accrued Interest Payable	83,858	0	83,858	0
Vacation Benefits Payable	44,698	17,158	61,856	0
Compensated Absences Payable	115,070	92,889	207,959	0
OWDA Loans Payable	425,502	0	425,502	0
Claims Payable	0	0	0	459,794
<i>Total Current Liabilities</i>	<u>1,561,098</u>	<u>132,166</u>	<u>1,693,264</u>	<u>489,505</u>
<i>Long-Term Liabilities:</i>				
Compensated Absences Payable	143,640	21,786	165,426	0
OWDA Loans Payable	5,165,007	0	5,165,007	0
Net Pension Liability	1,130,547	423,954	1,554,501	0
Net OPEB Liability	783,516	293,819	1,077,335	0
Claims Payable	0	0	0	17,482
<i>Total Long-Term Liabilities</i>	<u>7,222,710</u>	<u>739,559</u>	<u>7,962,269</u>	<u>17,482</u>
<i>Total Liabilities</i>	<u>8,783,808</u>	<u>871,725</u>	<u>9,655,533</u>	<u>506,987</u>
<b>Deferred Inflows of Resources</b>				
Pension	295,521	110,821	406,342	0
OPEB	58,367	21,888	80,255	0
<i>Total Deferred Inflows of Resources</i>	<u>353,888</u>	<u>132,709</u>	<u>486,597</u>	<u>0</u>
<b>Net Position</b>				
Net Investment in Capital Assets	56,266,576	3,005,704	59,272,280	0
Unrestricted (Deficit)	6,321,597	(584,111)	5,737,486	1,640,638
<i>Total Net Position</i>	<u>\$62,588,173</u>	<u>\$2,421,593</u>	<u>65,009,766</u>	<u>\$1,640,638</u>

Net position reported for business-type activities in the statement of net position are different because they include accumulated overpayments to the internal service fund: 18,041  
Net position of business-type activities \$65,027,807

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, 2018*

	Enterprise			Internal Service
	Water Reclamation	Grantwood Recreation	Total	
<b>Operating Revenues</b>				
Charges for Services	\$5,594,071	\$749,659	\$6,343,730	\$5,277,258
Tap-In Fees	280,851	0	280,851	0
Rentals	0	174,843	174,843	0
Miscellaneous	19,639	1,813	21,452	10,974
<i>Total Operating Revenues</i>	<u>5,894,561</u>	<u>926,315</u>	<u>6,820,876</u>	<u>5,288,232</u>
<b>Operating Expenses</b>				
Personal Services	1,782,078	651,876	2,433,954	44,020
Materials and Supplies	380,771	154,099	534,870	0
Contractual Services	959,352	84,647	1,043,999	821,299
Depreciation	1,923,242	77,869	2,001,111	0
Claims	0	0	0	3,966,311
Change in Workers' Compensation Estimate	0	0	0	186,248
Other	42,483	84,996	127,479	0
<i>Total Operating Expenses</i>	<u>5,087,926</u>	<u>1,053,487</u>	<u>6,141,413</u>	<u>5,017,878</u>
<i>Operating Income (Loss)</i>	<u>806,635</u>	<u>(127,172)</u>	<u>679,463</u>	<u>270,354</u>
<b>Non-Operating Revenues (Expenses)</b>				
Interest	94,554	3,194	97,748	0
Loss on Sale of Capital Assets	0	(1,525)	(1,525)	0
Interest and Fiscal Charges	(114,988)	0	(114,988)	0
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(20,434)</u>	<u>1,669</u>	<u>(18,765)</u>	<u>0</u>
<i>Income (Loss) before Capital Contributions</i>	786,201	(125,503)	660,698	270,354
Capital Contributions	0	66,699	66,699	0
<i>Change in Net Position</i>	786,201	(58,804)	727,397	270,354
<i>Net Position Beginning of Year - (Restated - See Note 22)</i>	<u>61,801,972</u>	<u>2,480,397</u>		<u>1,370,284</u>
<i>Net Position End of Year</i>	<u>\$62,588,173</u>	<u>\$2,421,593</u>		<u>\$1,640,638</u>

Some amounts reported for business-type activities in the statement of activities are different because a portion of the change in net position of the internal service fund is reported with business-type activities:

	<u>18,041</u>
Change in net position of business-type activities	<u>\$745,438</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, 2018*

	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	\$5,502,388	\$749,887	\$6,252,275	\$0
Cash Received from Tap-In Fees	296,393	0	296,393	0
Cash Received from Rentals	0	174,843	174,843	0
Cash Received from Interfund Services Provided	0	0	0	5,277,258
Cash Received from Other Sources	27,939	2,588	30,527	10,974
Cash Payments to Employees for Services and Benefits	(1,295,773)	(530,518)	(1,826,291)	(15,798)
Cash Payments for Goods and Services	(1,471,636)	(239,476)	(1,711,112)	(869,793)
Cash Payments for Interfund Services Provided	(304,504)	(62,550)	(367,054)	0
Cash Payments for Claims	0	0	0	(3,996,291)
Cash Payments for Other Operating Expenses	(43,299)	(85,423)	(128,722)	0
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>2,711,508</u>	<u>9,351</u>	<u>2,720,859</u>	<u>406,350</u>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Proceeds from Sale of Capital Assets	0	2,500	2,500	0
Acquisition of Capital Assets	(5,745,786)	0	(5,745,786)	0
Principal Paid on OWDA Loans	(412,408)	0	(412,408)	0
Interest Paid on OWDA Loans	(177,019)	0	(177,019)	0
<i>Net Cash Provided by (Used for) Capital and Related Financing Activities</i>	<u>(6,335,213)</u>	<u>2,500</u>	<u>(6,332,713)</u>	<u>0</u>
<b>Cash Flows from Investing Activities</b>				
Interest on Investments	150,135	3,028	153,163	0
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	<u>(3,473,570)</u>	<u>14,879</u>	<u>(3,458,691)</u>	<u>406,350</u>
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>10,405,568</u>	<u>199,816</u>	<u>10,605,384</u>	<u>1,662,438</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$6,931,998</u>	<u>\$214,695</u>	<u>\$7,146,693</u>	<u>\$2,068,788</u>

(continued)

**City of Solon, Ohio**  
*Statement of Cash Flows*  
*Proprietary Funds (continued)*  
For the Year Ended December 31, 2018

	Business-type Activities			Internal Service
	Water Reclamation	Grantwood Recreation	Total	
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</b>				
Operating Income (Loss)	\$806,635	(\$127,172)	\$679,463	\$270,354
Adjustments:				
Depreciation	1,923,242	77,869	2,001,111	0
(Increase) Decrease in Assets and Deferred Outflows:				
Accounts Receivable	(67,841)	1,003	(66,838)	0
Prepaid Items	0	0	0	(49,983)
Materials and Supplies Inventory	(16,704)	2,186	(14,518)	0
Net Pension Asset	(5,614)	(2,105)	(7,719)	0
Deferred Outflows - Pension	206,139	77,302	283,441	0
Deferred Outflows - OPEB	37,629	14,111	51,740	0
Increase (Decrease) in Liabilities and Deferred Inflows:				
Accounts Payable	2,275	(2,916)	(641)	1,489
Accrued Wages	3,832	542	4,374	28,222
Contracts Payable	(669,002)	0	(669,002)	0
Retainage Payable	550,632	0	550,632	0
Claims Payable	0	0	0	156,268
Compensated Absences Payable	36,267	6,573	42,840	0
Vacation Benefits Payable	5,516	990	6,506	0
Intergovernmental Payable	624	(737)	(113)	0
Net Pension Liability	24,589	9,221	33,810	0
Net OPEB Liability	42,491	15,934	58,425	0
Deferred Inflows - Pension	(154,610)	(57,978)	(212,588)	0
Deferred Inflows - OPEB	(14,592)	(5,472)	(20,064)	0
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>\$2,711,508</u>	<u>\$9,351</u>	<u>\$2,720,859</u>	<u>\$406,350</u>

**Noncash Capital Financing Activities**

During 2018, the general capital improvements capital project fund paid \$66,699 to contractors directly on behalf of the Grantwood Recreation enterprise fund. These amounts are included in capital contributions.

See accompanying notes to the basic financial statements



**City of Solon, Ohio**  
*Statement of Fiduciary Assets and Liabilities*  
*Agency Funds*  
*December 31, 2018*

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**Assets**

Equity in Pooled Cash and Cash Equivalents	\$676,402
Cash and Cash Equivalents in Segregated Accounts	<u>36,559</u>
<i>Total Assets</i>	<u><u>\$712,961</u></u>

**Liabilities**

Intergovernmental Payable	\$36,559
Deposits Held and Due to Others	<u>676,402</u>
<i>Total Liabilities</i>	<u><u>\$712,961</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, 2018*

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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 by ward 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 13 and 14 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, 2018*

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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 funds 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, 2018*

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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 special assessments 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 funds report on City departments' costs of workers' compensation and medical self insurance programs for employee medical benefits.

**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 maintain the financial activity of the Bainbridge Township-City of Solon Joint Economic Development District.

**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, 2018*

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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 outflows/inflows of resources, and in the presentation of expenses versus expenditures.

***Revenues - Exchange and Nonexchange Transactions*** Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the City, available means expected to be received within 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 6). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
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**Deferred Outflows/Inflows of Resources** In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources are reported in the government-wide statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB are explained in Notes 11 and 12.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the City, deferred inflows of resources include property taxes, pension, OPEB and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2018, but which were levied to finance year 2019 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, municipal income taxes, franchise fees, charges for services, miscellaneous revenue, 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. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities found on page 23. Deferred inflows of resources related to pension and OPEB are reported on the government – wide statement of net position (See Notes 11 and 12).

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

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

**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.

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2018*

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During 2018, investments were limited to federal home loan bank bonds, federal farm credit bank bonds, federal national mortgage association notes, federal home loan mortgage corporation notes, negotiable certificates of deposit, money market mutual fund and State Treasury Asset Reserve of Ohio (STAR Ohio).

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

For 2018, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$25 million or more. STAR Ohio reserves the right to limit the transactions to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

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

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2018 amounted to \$952,643, which includes \$474,935 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, 2018, 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.

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*Notes to the Basic Financial Statements*  
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**Restricted Assets**

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

**Capital Assets**

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 acquisition 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 maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

Description	Governmental Activities Estimated Lives	Business Type Activities Estimated Lives
Land Improvements	20 years	20 years
Buildings	40 years	40 years
Furniture and Equipment	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.



**City of Solon, Ohio**  
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***Pensions/Other Postemployment Benefits (OPEB)***

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

***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.

***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 judgements 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 fiscal year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits. Bonds, capital leases and long-term loans are recognized as a liability on the governmental fund financial statements when due.

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
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***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.

**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 legally binding) of City Council. Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, 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.

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
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**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. City Council assigned fund balance for economic incentives and compensated absences.

**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 the workers' compensation and medical insurance programs. Operating expenses are necessary costs that have been incurred in order to provide the good or service that is the primary activity of the fund. Any revenues and expenses not meeting the 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.

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.

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2018*

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***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, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

***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.

**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 in the following table:

**City of Solon, Ohio**  
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Fund Balances	General	General Obligation Bond Retirement	Infrastructure	Other Governmental Funds	Total Governmental Funds
<u>Nonspendable:</u>					
Prepays	\$189,650	\$0	\$0	\$0	\$189,650
Inventory	862,878	0	0	0	862,878
Unclaimed Monies	32,210	0	0	0	32,210
<i>Total Nonspendable</i>	<u>1,084,738</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,084,738</u>
<u>Restricted for:</u>					
Street and Highway Construction, Maintenance and Repair	0	0	0	136,863	136,863
Police Pension	0	0	0	607,824	607,824
Fire Pension	0	0	0	465,910	465,910
Police Department	0	0	0	191,594	191,594
Debt Service	0	985,257	0	0	985,257
Capital Improvements	0	0	18,941,570	3,605,584	22,547,154
<i>Total Restricted</i>	<u>0</u>	<u>985,257</u>	<u>18,941,570</u>	<u>5,007,775</u>	<u>24,934,602</u>
<u>Committed to:</u>					
Emergency Medical Service	468,852	0	0	0	468,852
Cable TV	0	0	0	230,045	230,045
Tree Planting	0	0	0	70,381	70,381
Recreation	0	0	0	26,989	26,989
Police and Fire Departments	0	0	0	25,108	25,108
Senior Services	0	0	0	14,919	14,919
Community Development	0	0	0	5,512	5,512
Cemetery	0	0	0	5,501	5,501
Contract Services	183,349	0	0	0	183,349
<i>Total Committed</i>	<u>652,201</u>	<u>0</u>	<u>0</u>	<u>378,455</u>	<u>1,030,656</u>
<u>Assigned to:</u>					
Economic Incentive	1,912,504	0	0	0	1,912,504
Compensated Absences	1,039,501	0	0	0	1,039,501
Purchases on Order:					
General Government	254,213	0	0	0	254,213
Police	19,920	0	0	0	19,920
Fire	21,903	0	0	0	21,903
Community Environment	62,947	0	0	0	62,947
Leisure Time Activities	89,340	0	0	0	89,340
Transportation	119,566	0	0	0	119,566
Basic Utility Services	22,882	0	0	0	22,882
Public Health and Welfare	299	0	0	0	299
<i>Total Assigned</i>	<u>3,543,075</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,543,075</u>
Unassigned	26,944,145	0	0	0	26,944,145
<b>Total Fund Balances</b>	<u><u>\$32,224,159</u></u>	<u><u>\$985,257</u></u>	<u><u>\$18,941,570</u></u>	<u><u>\$5,386,230</u></u>	<u><u>\$57,537,216</u></u>

**City of Solon, Ohio**  
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**Stabilization arrangement** The governing council adopted an ordinance to establish and maintain a budget stabilization (“rainy day”) fund, in 2013, that is combined with the general fund for reporting purposes and is used to segregate resources that will only be employed should pre-determined economic stress levels be reached. Transfers from the general fund have been made each year and the fund balance is \$7.3 million as of the end of 2018.

**Note 4 - 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) Budgetary revenues and expenditures of the 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.

Net Change in Fund Balance	
GAAP Basis	\$2,076,710
Net Adjustment for Revenue Accruals	2,368,743
Beginning Fair Value Adjustment for Investments	(284,674)
Ending Fair Value Adjustment for Investments	288,525
Net Adjustment for Expenditure Accruals	(2,533,344)
Perspective Difference:	
Economic Incentive	(901,089)
Police Training	17
Encumbrances	(987,329)
Budget Basis	\$27,559

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
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**Note 5 - Deposits and Investments**

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

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

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

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

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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

1. United States Treasury bills, bonds notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
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4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

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

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

The City 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;
3. Obligations of the City.

**Investments**

As of December 31, 2018, the City had the following investments:



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Measurement/Investment	Measurement Amount	Maturity	Moody's Rating	Percent of Total Investments
Net Asset Value Per Share:				
STAR Ohio	\$31,344,502	Average 44.9 days	AAAm	N/A
Fair Value - Level Two Inputs:				
Federal Home Loan				
Bank Bonds	6,952,570	Less than five years	Aaa	11.01
Federal Farm Credit Bank Bonds	4,096,542	Less than three years	Aaa	6.49
Federal National Mortgage Association Notes				
	4,186,577	Less than five years	Aaa	6.63
Federal Home Loan Mortgage Corporation Notes				
	10,668,360	Less than five years	Aaa	16.90
Money Market Mutual Funds	1,946,790	Less than one year	N/A	3.08
Negotiable Certificates of Deposit	3,942,469	Less than five years	N/A	6.25
Total Investments	<u>\$63,137,810</u>			

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The previous chart identifies the City's recurring fair value measurements as of December 31, 2018. STAR Ohio is measured at net asset value per share. The City's remaining investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs).

**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.

**Credit Risk** Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The negotiable certificates of deposit are unrated. The City has no investment policy that addresses credit risk.

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

**Note 6 – Receivables**

Receivables at December 31, 2018, 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.

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
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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 \$2,127,096 in the general obligation bond retirement fund and \$755,922 in the infrastructure capital projects fund. At December 31, 2018, the amount of delinquent special assessments was \$123,604.

**Property Taxes**

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2018 for real and public utility property taxes represents collections of 2017 taxes.

2018 real property taxes were levied after October 1, 2018, on the assessed value as of January 1, 2018, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2018 real property taxes are collected in and intended to finance 2019.

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. 2018 public utility property taxes which became a lien December 31, 2017, are levied after October 1, 2018, and are collected in 2019 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2018, was \$3.80 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2018 property tax receipts were based are as follows:

Real Estate	
Residential/Agricultural	\$830,066,510
Other Real Estate	303,238,180
Tangible Personal Property	
Public Utility	<u>25,975,500</u>
Total	<u><u>\$1,159,280,190</u></u>

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, 2018, and for which there was an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2018 operations is offset to deferred inflows of resources – property taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2018*

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***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 2018, 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:

<u>Governmental Activities</u>	<u>Amount</u>
Gasoline Tax/Cents per Gallon	\$402,962
Homestead and Rollback	208,949
Auto Regulation	108,542
Prisoner Housing	102,829
Local Government	81,468
City of Bedford	16,743
Bedford Municipal Court	14,839
City of Cleveland	9,668
Violation Bureau	7,660
State of Ohio	5,452
Solon City Schools	4,760
Cuyahoga County	54
Total Intergovernmental Receivables	<u>\$963,926</u>

**Note 7 - 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, 2018.

***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.

**City of Solon, Ohio**  
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**Note 8 - Capital Assets**

Capital asset activity for the year ended December 31, 2018, was as follows:

	Balance 12/31/17	Additions	Reductions	Balance 12/31/18
Governmental Activities:				
Capital Assets Not Being Depreciated				
Land	\$10,931,374	\$179,300	\$0	\$11,110,674
Construction in progress	6,270,663	2,728,411	(6,808,868)	2,190,206
Total Capital Assets Not Being Depreciated	<u>17,202,037</u>	<u>2,907,711</u>	<u>(6,808,868)</u>	<u>13,300,880</u>
Capital Assets Being Depreciated				
Land improvements	2,235,881	726,173	(155,238)	2,806,816
Buildings	59,390,280	935,349	0	60,325,629
Furniture and Equipment	7,567,249	287,315	(98,352)	7,756,212
Vehicles	14,118,466	829,733	(606,544)	14,341,655
Infrastructure	154,461,567	10,232,930	(2,158,396)	162,536,101
Total Capital Assets Being Depreciated	<u>237,773,443</u>	<u>13,011,500</u>	<u>(3,018,530)</u>	<u>247,766,413</u>
Less Accumulated Depreciation				
Land improvements	(1,290,219)	(127,558)	108,422	(1,309,355)
Buildings	(25,763,266)	(1,707,715)	0	(27,470,981)
Furniture and Equipment	(6,213,749)	(295,913)	98,352	(6,411,310)
Vehicles	(9,181,045)	(886,360)	595,035	(9,472,370)
Infrastructure	(74,999,705)	(4,163,011)	1,750,425	(77,412,291)
Total Accumulated Depreciation	<u>(117,447,984)</u>	<u>(7,180,557) *</u>	<u>2,552,234</u>	<u>(122,076,307)</u>
Capital Assets Being Depreciated, net	<u>120,325,459</u>	<u>5,830,943</u>	<u>(466,296)</u>	<u>125,690,106</u>
Governmental Activities Capital Assets, net	<u>\$137,527,496</u>	<u>\$8,738,654</u>	<u>(\$7,275,164)</u>	<u>\$138,990,986</u>

During 2018, the City received land valued at \$179,300. The City has recorded this as a capital contribution.

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

Security of Persons and Property	
Police	\$467,341
Fire	514,866
Leisure Time Activities	676,003
Community Environment	8,491
Transportation	4,163,011
Basic Utility Service	904,441
General Government	446,404
Total Depreciation Expense	<u>\$7,180,557</u>

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
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	Balance 12/31/17	Additions	Reductions	Balance 12/31/18
Business Type Activities:				
Capital Assets Not Being Depreciated				
Land	\$3,120,877	\$0	\$0	\$3,120,877
Construction in progress	3,007,781	5,682,459	0	8,690,240
Total Capital Assets				
Not Being Depreciated	6,128,658	5,682,459	0	11,811,117
Capital Assets Being Depreciated				
Land Improvements	249,522	0	0	249,522
Buildings	34,042,088	0	0	34,042,088
Furniture and Equipment	6,130,638	130,026	(49,126)	6,211,538
Vehicles	378,951	0	0	378,951
Infrastructure	61,649,181	0	0	61,649,181
Total Capital Assets Being Depreciated	102,450,380	130,026	(49,126)	102,531,280
Less Accumulated Depreciation				
Land Improvements	(226,947)	(1,777)	0	(228,724)
Buildings	(17,134,837)	(818,356)	0	(17,953,193)
Furniture and Equipment	(5,243,088)	(116,995)	45,101	(5,314,982)
Vehicles	(309,412)	(12,425)	0	(321,837)
Infrastructure	(23,841,550)	(1,051,558)	0	(24,893,108)
Total Accumulated Depreciation	(46,755,834)	(2,001,111)	45,101	(48,711,844)
Capital Assets Being Depreciated, net	55,694,546	(1,871,085)	(4,025)	53,819,436
Business Type Activities				
Capital Assets, net	\$61,823,204	\$3,811,374	(\$4,025)	\$65,630,553

**Note 9 – 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 for all employees except police and fire who can earn up to a maximum of 159 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 500 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**  
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**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 \$69,927 reported in the fund at December 31, 2018, 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 2017 and 2018 were:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Change in Workers' Compensation Estimate	Balance at End of Year
2017	\$10,861	\$53,937	\$35,116	\$0	\$29,682
2018	29,682	37,200	183,203	186,248	69,927

**City of Solon, Ohio**  
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**Employee Health Benefits**

The City provides employee medical, prescription drug and dental benefits through a self insured program. The maintenance of these benefits is accounted for in the medical self insurance internal service fund. The third party administrators, Medical Mutual of Ohio for medical and prescription, and Guardian Life for dental, review the claims which are then paid by the City.

Medical claims within the network are subject to \$350 single and \$700 family deductible, and then are covered 100 percent. Medical claims out of network are subject to \$700 single and \$1,400 family deductible followed by 90/10 percent coinsurance for the next \$750 single and \$1,500 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 \$100,000 per family, per year, and a calculated aggregate maximum for the 2018 plan year of \$5,285,256.

Incurred but not reported claims of \$407,349 have been accrued as a liability based on a review of the January and February 2019 billings provided by the City. The claims liability 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 claims adjustment expenses. The claims activity for the medical self insurance program in 2017 and 2018 were:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2017	\$0	\$291,326	\$0	\$291,326
2018	291,326	3,929,111	3,813,088	407,349

**Note 11 - Defined Benefit Pension Plans**

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

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

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

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

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

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

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

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

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

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



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

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

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

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

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

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

	State and Local
<b>2018 Statutory Maximum Contribution Rates</b>	
Employer	14.0 %
Employee *	10.0 %
<b>2018 Actual Contribution Rates</b>	
Employer:	
Pension **	14.0 %
Post-employment Health Care Benefits **	0.0
Total Employer	14.0 %
Employee	10.0 %

- \* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.
- \*\* These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension.

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

For 2018, The City's contractually required contribution was \$1,684,174 for the traditional plan, \$57,673 for the combined plan and \$46,264 for the member-directed plan. Of these amounts, \$194,397 is reported as an intergovernmental payable for the traditional plan, \$6,652 for the combined plan and \$7,487 for the member-directed plan.

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

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

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

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

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

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

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will receive a COLA equal to a percentage of the member's base pension benefit where the percentage is the lesser of three percent or the percentage increase in the consumer price index, if any, over the 12 month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

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

	Police	Firefighters
<b>2018 Statutory Maximum Contribution Rates</b>		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
<b>2018 Actual Contribution Rates</b>		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
Total Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %

**City of Solon, Ohio**  
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Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$2,166,600 for 2018. Of this amount, \$257,695 is reported as an intergovernmental payable.

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

The net pension liability (asset) for OPERS was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2017, and was determined by rolling forward the total pension liability as of January 1, 2017, to December 31, 2017. The City's proportion of the net pension liability (asset) was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense of the City's defined benefit pension plans:

	OPERS <u>Traditional Plan</u>	OPERS <u>Combined Plan</u>	<u>OP&amp;F</u>	<u>Total</u>
Proportion of the Net Pension Liability/Asset:				
Current Measurement Date	0.090080%	0.085911%	0.4790720%	
Prior Measurement Date	<u>0.089838%</u>	<u>0.089870%</u>	<u>0.4494730%</u>	
Change in Proportionate Share	<u>0.000242%</u>	<u>-0.003959%</u>	<u>0.0295990%</u>	
Proportionate Share of the:				
Net Pension Liability	\$14,131,806	\$0	\$29,402,813	\$43,534,619
Net Pension Asset	0	116,951	0	116,951
Pension Expense	2,698,949	(75,801)	3,512,613	6,135,761

2018 pension expense for the member-directed defined contribution plan was \$46,264.

At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to defined benefit pensions from the following sources:

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	OPERS Traditional Plan	OPERS Combined Plan	OP&F	Total
<b>Deferred Outflows of Resources</b>				
Differences between expected and actual experience	\$14,432	\$0	\$446,208	\$460,640
Changes of assumptions	1,688,845	10,221	1,281,236	2,980,302
Changes in proportion and differences between City contributions and proportionate share of contributions	25,342	1,921	1,424,408	1,451,671
City contributions subsequent to the measurement date	<u>1,684,174</u>	<u>57,673</u>	<u>2,166,600</u>	<u>3,908,447</u>
Total Deferred Outflows of Resources	<u><u>\$3,412,793</u></u>	<u><u>\$69,815</u></u>	<u><u>\$5,318,452</u></u>	<u><u>\$8,801,060</u></u>
<b>Deferred Inflows of Resources</b>				
Differences between expected and actual experience	\$278,493	\$34,840	\$53,190	\$366,523
Net difference between projected and actual earnings on pension plan investments	3,033,912	18,452	1,017,112	4,069,476
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>328,337</u>	<u>0</u>	<u>653,247</u>	<u>981,584</u>
Total Deferred Inflows of Resources	<u><u>\$3,640,742</u></u>	<u><u>\$53,292</u></u>	<u><u>\$1,723,549</u></u>	<u><u>\$5,417,583</u></u>

\$3,908,447 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability or increase to the net pension asset in 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS Traditional Plan	OPERS Combined Plan	OP&F	Total
Year Ending December 31:				
2019	\$975,701	(\$5,635)	\$847,522	\$1,817,588
2020	(305,172)	(6,140)	580,115	268,803
2021	(1,335,974)	(10,274)	(473,369)	(1,819,617)
2022	(1,246,678)	(9,838)	(256,117)	(1,512,633)
2023	0	(3,359)	586,110	582,751
Thereafter	<u>0</u>	<u>(5,904)</u>	<u>144,042</u>	<u>138,138</u>
Total	<u><u>(\$1,912,123)</u></u>	<u><u>(\$41,150)</u></u>	<u><u>\$1,428,303</u></u>	<u><u>(\$524,970)</u></u>

**Actuarial Assumptions - OPERS**

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

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Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2017, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2017, are presented below.

	OPERS Traditional Plan	OPERS Combined Plan
Wage Inflation	3.25 percent	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	3.25 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	3 percent, simple through 2018, then 2.15 percent, simple	3 percent, simple through 2018, then 2.15 percent, simple
Investment Rate of Return	7.5 percent	7.5 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

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

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

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

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 16.82 percent for 2017.

**City of Solon, Ohio**  
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The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.20 %
Domestic Equities	19.00	6.37
Real Estate	10.00	5.26
Private Equity	10.00	8.97
International Equities	20.00	7.88
Other investments	18.00	5.26
<b>Total</b>	<b>100.00 %</b>	<b>5.66 %</b>

**Discount Rate** The discount rate used to measure the total pension liability was 7.5 percent for the traditional plan and the combined plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the City's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate** The following table presents the City's proportionate share of the net pension liability (asset) calculated using the current period discount rate assumption of 7.5 percent, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (6.5 percent) or one-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
<b>City's proportionate share of the net pension liability (asset)</b>			
OPERS Traditional Plan	\$25,094,486	\$14,131,806	\$4,992,234
OPERS Combined Plan	(63,574)	(116,951)	(153,781)

**Changes between Measurement Date and Report Date**

In October 2018, the OPERS Board adopted a change in the investment return assumption, reducing it from 7.5 percent to 7.2 percent. This change will be effective for the 2018 valuation. The exact amount of the impact to the City's net pension liability is not known.

**City of Solon, Ohio**  
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**Actuarial Assumptions – OP&F**

OP&F’s total pension liability as of December 31, 2017, is based on the results of an actuarial valuation date of January 1, 2017, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F’s actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of January 1, 2017, compared with January 1, 2016, are presented below.

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

For the January 1, 2017, valuation, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

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

For the January 1, 2017, valuation, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale.



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

For the January 1, 2016 valuation, rates of death were based on the RP2000 Combined Table, age-adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police and three years for firefighters. For service retirements, set back zero years for police and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis, with a base year of 2009, using mortality improvement Scale AA.

The most recent experience study was completed for the five year period ended December 31, 2016, the prior experience study was completed December 31, 2011.

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2017, are summarized below:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Cash and Cash Equivalents	- %	0.00 %
Domestic Equity	16.00	5.21
Non-US Equity	16.00	5.40
Core Fixed Income *	20.00	2.37
Global Inflation Protected Securities *	20.00	2.33
High Yield	15.00	4.48
Real Estate	12.00	5.65
Private Markets	8.00	7.99
Timber	5.00	6.87
Master Limited Partnerships	8.00	7.36
Total	120.00 %	

Note: Assumptions are geometric

\* levered 2x

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

**City of Solon, Ohio**  
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**Discount Rate** For 2017, the total pension liability was calculated using the discount rate of 8.00 percent. The discount rate used for 2016 was 8.25 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.00 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	\$40,760,007	\$29,402,813	\$20,139,980

**Note 12 – Defined Benefit OPEB Plans**

See Note 11 for a description of the net OPEB liability

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

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

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

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

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

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

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2018 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$18,506 for 2018. Of this amount, \$2,139 is reported as an intergovernmental payable.

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

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment healthcare plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. OP&F provides health care benefits including coverage for medical, prescription drug, dental, vision, and Medicare Part B Premium to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 75.

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

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

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

OP&F maintains funds for health care in two separate accounts. There is one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits under IRS Code Section 115 trust. An Internal Revenue Code 401(h) account is maintained for Medicare Part B reimbursements.

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 2018, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

The City's contractually required contribution to OP&F was \$50,375 for 2018. Of this amount, \$5,984 is reported as an intergovernmental payable.

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

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2017, and was determined by rolling forward the total OPEB liability as of January 1, 2017, to December 31, 2017. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

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	<u>OPERS</u>	<u>OP&amp;F</u>	
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.090190%	0.4790720%	
Prior Measurement Date	<u>0.090160%</u>	<u>0.4494730%</u>	
Change in Proportionate Share	<u>0.000030%</u>	<u>0.0295990%</u>	
			<u>Total</u>
Proportionate Share of the Net OPEB Liability	\$9,793,970	\$27,143,547	\$36,937,517
OPEB Expense	\$837,604	\$2,332,346	\$3,169,950

At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$7,629	\$0	\$7,629
Changes of assumptions	713,105	2,648,633	3,361,738
Changes in proportion and differences between City contributions and proportionate share of contributions	2,050	1,191,802	1,193,852
City contributions subsequent to the measurement date	<u>18,506</u>	<u>50,375</u>	<u>68,881</u>
Total Deferred Outflows of Resources	<u>\$741,290</u>	<u>\$3,890,810</u>	<u>\$4,632,100</u>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$0	\$136,901	\$136,901
Net difference between projected and actual earnings on OPEB plan investments	<u>729,585</u>	<u>178,671</u>	<u>908,256</u>
Total Deferred Inflows of Resources	<u>\$729,585</u>	<u>\$315,572</u>	<u>\$1,045,157</u>

\$68,881 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
Year Ending December 31:			
2019	\$163,169	\$496,785	\$659,954
2020	163,169	496,785	659,954
2021	(150,742)	496,785	346,043
2022	(182,397)	496,785	314,388
2023	0	541,452	541,452
Thereafter	<u>0</u>	<u>996,271</u>	<u>996,271</u>
Total	<u>(\$6,801)</u>	<u>\$3,524,863</u>	<u>\$3,518,062</u>

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**Actuarial Assumptions - OPERS**

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

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	3.85 percent
Prior Measurement date	4.23 percent
Investment Rate of Return	6.50 percent
Municipal Bond Rate	3.31 percent
Health Care Cost Trend Rate	7.5 percent, initial 3.25 percent, ultimate in 2028
Actuarial Cost Method	Individual Entry Age

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

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

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

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During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio is 15.2 percent for 2017.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	34.00 %	1.88 %
Domestic Equities	21.00	6.37
Real Estate Investment Trust	6.00	5.91
International Equities	22.00	7.88
Other investments	17.00	5.39
<b>Total</b>	<b>100.00 %</b>	<b>4.98 %</b>

**Discount Rate** A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. A single discount rate of 4.23 percent was used to measure the OPEB liability on the measurement date of December 31, 2016. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.50 percent and a municipal bond rate of 3.31 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

**City of Solon, Ohio**  
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**Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate** The following table presents the City's proportionate share of the net OPEB liability calculated using the single discount rate of 3.85 percent, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.85 percent) or one-percentage-point higher (4.85 percent) than the current rate:

	1% Decrease (2.85%)	Discount Rate (3.85%)	1% Increase (4.85%)
City's proportionate share of the net OPEB liability	\$13,011,711	\$9,793,970	\$7,190,849

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

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2018 is 7.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability	\$9,370,741	\$9,793,970	\$10,231,154

**Changes between Measurement Date and Report Date**

In October 2018, the OPERS Board adopted a change in the investment return assumption, reducing it from 6.5 percent to 6.0 percent. This change will be effective for the 2018 valuation. The exact amount of the impact to the City's net OPEB liability is unknown.

**Actuarial Assumptions – OP&F**

OP&F's total OPEB liability as of December 31, 2017, is based on the results of an actuarial valuation date of January 1, 2017, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.



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

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

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

Valuation Date	January 1, 2017, with actuarial liabilities rolled forward to December 31, 2017
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Single discount rate:	
Current measurement date	3.24 percent
Prior measurement date	3.79 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent

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

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

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

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

The most recent experience study was completed for the five year period ended December 31, 2016, the prior experience study was completed December 31, 2011.

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

**Discount Rate** The total OPEB liability was calculated using the discount rate of 3.24 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 8 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 3.16 percent at December 31, 2017 and 3.71 percent at December 31, 2016, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 3.24 percent. The municipal bond rate was determined using the S&P Municipal Bond 20 Year High Grade Rate Index. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2025. The long-term expected rate of return on health care investments was applied to projected costs through 2025, and the municipal bond rate was applied to all health care costs after that date.

**Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate** Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 3.24 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.24 percent), or one percentage point higher (4.24 percent) than the current rate.

	1% Decrease (2.24%)	Current Discount Rate (3.24%)	1% Increase (4.24%)
City's proportionate share of the net OPEB liability	\$33,929,763	\$27,143,547	\$21,921,806

**Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate** Net OPEB liability is sensitive to changes in the health care cost trend rate. The trend rate is the annual rate at which the cost of covered medical services is assumed to increase from the current year to the next year. Beginning in 2017, the per-capita costs are assumed to change by the following percentages each year:

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Year	Non-Medicare	Non-AARP	AARP	Rx Drug	Medicare Part B
2017	-0.47%	-2.50%	4.50%	-0.47%	5.20%
2018	7.00%	7.00%	4.50%	7.00%	5.10%
2019	6.50%	6.50%	4.50%	6.50%	5.00%
2020	6.00%	6.00%	4.50%	6.00%	5.00%
2021	5.50%	5.50%	4.50%	5.50%	5.00%
2022	5.00%	5.00%	4.50%	5.00%	5.00%
2023 and Later	4.50%	4.50%	4.50%	4.50%	5.00%

To illustrate the potential impact, the following table presents the net OPEB liability calculated using the current healthcare cost trend current rates as outlined in the table above, a one percent decrease in the trend rates and a one percent increase in the trend rates.

	1% Decrease	Current Rates	1% Increase
City's proportionate share of the net OPEB liability	\$21,085,596	\$27,143,547	\$35,307,617

***Changes between Measurement Date and Report Date***

In March 2018, the OP&F Board of Trustees approved the implementation date and framework for a new health care model. Beginning January 1, 2019, the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses. The impact to the City's NOL is not known.

**Note 13 – Shared Risk Pool**

The Northern Ohio Risk Management Association (NORMA) is a shared risk pool comprised of the Cities of Beachwood, 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.

**City of Solon, Ohio**  
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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 \$800,000 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 2018, the City of Solon paid \$252,867 in premiums from the general fund, which represents 16.68 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 14 – 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 220 communities who have been authorized by ballot to purchase electricity on behalf of their citizens. The intent of NOPEC is to provide electricity at the lowest possible rates while at the same time 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 2018. Financial information can be obtained by contacting Ronald McVoy, Board Chairman, 31360 Solon Road, Suite 33, Solon, Ohio 44139.

**Note 15 – 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.

**City of Solon, Ohio**  
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**Note 16 - Long-Term Obligations**

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

	Balance 12/31/17	Additions	Reductions	Balance 12/31/18	Amounts Due in One Year
<b>Governmental Activities</b>					
<b>OWDA Loans</b>					
2004 \$5,861,485 - 1.45%					
Aurora Road West Draw	\$2,093,601	\$0	(\$309,435)	\$1,784,166	\$313,939
2006 \$6,329,372 - 3.00%					
Aurora East Sewer Project	3,369,658	0	(326,613)	3,043,045	337,646
<i>Total OWDA Loans</i>	<u>5,463,259</u>	<u>0</u>	<u>(636,048)</u>	<u>4,827,211</u>	<u>651,585</u>
<b>Other Long-term Obligations</b>					
Net Pension Liability					
OPERS	18,156,607	0	(5,579,302)	12,577,305	0
OP&F	28,469,169	933,644	0	29,402,813	0
Total Net Pension Liability	<u>46,625,776</u>	<u>933,644</u>	<u>(5,579,302)</u>	<u>41,980,118</u>	<u>0</u>
Net OPEB Liability					
OPERS	8,104,755	611,880	0	8,716,635	0
OP&F	21,335,472	5,808,075	0	27,143,547	0
Total Net OPEB Liability	<u>29,440,227</u>	<u>6,419,955</u>	<u>0</u>	<u>35,860,182</u>	<u>0</u>
Compensated Absences	3,593,526	2,151,196	(1,562,835)	4,181,887	1,681,214
Capital Leases Payable	1,041,756	181,702	(163,791)	1,059,667	201,485
Claims Payable	29,682	62,507	(22,262)	69,927	52,445
<i>Total Other Long-term Obligations</i>	<u>80,730,967</u>	<u>9,749,004</u>	<u>(7,328,190)</u>	<u>83,151,781</u>	<u>1,935,144</u>
<i>Total General Long-term Obligations</i>	<u>\$86,194,226</u>	<u>\$9,749,004</u>	<u>(\$7,964,238)</u>	<u>\$87,978,992</u>	<u>\$2,586,729</u>
<b>Business-type Activities</b>					
<b>OWDA Loans</b>					
2006 \$3,935,828 - 3.00%					
Trickling Filter Rehabilitation	\$2,272,966	\$0	(\$196,681)	\$2,076,285	\$202,926
2011 \$4,891,846 - 3.00%					
Anaerobic Digester and Electrical Upgrade	3,729,951	0	(215,727)	3,514,224	222,576
<i>Total OWDA Loans</i>	<u>6,002,917</u>	<u>0</u>	<u>(412,408)</u>	<u>5,590,509</u>	<u>425,502</u>
<b>Other Long-term Liabilities</b>					
Net Pension Liability - OPERS					
Water Reclamation	1,632,056	0	(501,509)	1,130,547	0
Grantwood Recreation	612,020	0	(188,066)	423,954	0
Total Net Pension Liability	<u>2,244,076</u>	<u>0</u>	<u>(689,575)</u>	<u>1,554,501</u>	<u>0</u>
Net OPEB Liability - OPERS					
Water Reclamation	728,517	54,999	0	783,516	0
Grantwood Recreation	273,194	20,625	0	293,819	0
Total Net OPEB Liability	<u>1,001,711</u>	<u>75,624</u>	<u>0</u>	<u>1,077,335</u>	<u>0</u>
Compensated Absences	330,545	235,649	(192,809)	373,385	207,959
<i>Total Other Long-term Liabilities</i>	<u>3,576,332</u>	<u>311,273</u>	<u>(882,384)</u>	<u>3,005,221</u>	<u>207,959</u>
<i>Total Business-type Activities</i>	<u>\$9,579,249</u>	<u>\$311,273</u>	<u>(\$1,294,792)</u>	<u>\$8,595,730</u>	<u>\$633,461</u>

**City of Solon, Ohio**  
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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 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.

In 2011, the City received a \$4,891,846 Ohio Water Development Authority loan for the Anaerobic Digester and Electrical Upgrade project. The loan was issued for a twenty year period with a final maturity in 2031.

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

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 and the water reclamation and grantwood recreation enterprise funds. There is no repayment schedule for the net pension liability and net OPEB liability. However, employer pension and OPEB contributions are made from the following funds: general fund and the water reclamation and grantwood recreation enterprise funds. For additional information related to the net pension and net OPEB liabilities see Notes 11 and 12. The capital leases payable will be paid from the service and safety equipment capital projects fund.

The City's overall legal debt margin was \$121,724,420 with an unvoted debt margin of \$63,760,410 at December 31, 2018. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2018 are as follows:

*Governmental Activities*

	OWDA Loans	
	Principal	Interest
2019	\$651,585	\$123,874
2020	667,559	107,899
2021	683,985	91,474
2022	700,877	74,581
2023	718,250	57,209
2024 - 2026	1,404,955	74,732
Total	\$4,827,211	\$529,769

**City of Solon, Ohio**  
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*Business-Type Activities*

	OWDA Loans	
	Principal	Interest
2019	\$425,502	\$167,587
2020	439,010	154,415
2021	452,948	140,825
2022	467,329	126,803
2023	482,166	112,335
2024-2028	2,381,554	330,175
2029-2031	942,000	50,099
Total	\$5,590,509	\$1,082,239

**Note 17 - Capital Leases**

In prior years the City entered into lease agreements for a street/sewer cleaning truck, a televising camera truck, a vactor truck and a rubbish truck. For 2018, the City entered into lease agreement for a rear load packer truck. The City's lease obligations meet the criteria of capital leases and have been recorded on the government-wide statements. The original amounts capitalized for the capital leases and the book values as of December 31, 2018 follow:

	Amounts
Asset:	
Vehicles	\$1,300,606
Less: Accumulated Depreciation	(313,456)
Current Book Value	\$987,150

The following is a schedule of the future long-term minimum lease payments required under the capital lease and present value of the minimum lease payments is as follows:

Year Ending December 31,	
2019	\$229,093
2020	229,093
2021	371,463
2022	151,834
2023	151,835
Total Payments	1,133,318
Less: Amount Representing Interest	(73,651)
Present Value of Minimum Lease Payments	\$1,059,667

Capital lease payments have been reclassified and reflected as debt service in the fund financial statement for the service and safety equipment capital projects fund. These expenditures are reflected as program expenditures on a budgetary basis.

**City of Solon, Ohio**  
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**Note 18 - Interfund Transfers**

During 2018, the general fund transferred \$2,598,000 to other governmental funds. 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, building construction 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 City of Solon Finance Department, 34200 Bainbridge Road, Solon, Ohio 44139.

**Note 20 – Significant Commitments**

***Encumbrances***

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

<i>Governmental Funds:</i>		<i>Proprietary Funds:</i>	
General Fund	\$987,329	Water Reclamation Fund	\$1,814,055
Infrastructure Fund	6,000,926	Grantwood Golf Fund	1,316
Other Governmental Funds	976,773	Internal Service Fund	3,970
Total Governmental	<u>\$7,965,028</u>	Total Proprietary	<u>\$1,819,341</u>



**City of Solon, Ohio**  
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**Contractual Commitments**

The following table presents the City's remaining balances on construction contracts at year end.

Vendor	Project Description	Amount Remaining on Contract
Trimor Corporation	Emergency Rd Repair	\$190,645
R.E. Warner & Associates	Cannon Rd & SOM Intersection	33,942
GEO-SCI Laboratory, Inc.	Annual Materials Testing	60,577
URS Corporation	Citywide Traffic Signal Upgrade	1,678
Burgess & Niple LTD	Citywide Traffic Signal Upgrade	5,480
Perram Electric, Inc.	Citywide Traffic Signal Upgrade	252,471
Euthenics Inc.	SOM/Aurora Intersection	7,135
Fabrizi Trucking and Paving	Hunters Ridger Infrastructure Improvements	136,095
The Illuminating Company	Hunters Ridger Infrastructure Improvements	10,261
The Mannik & Smith Group, Inc.	Brainard Rd Culvert Replacement	1,163
Burgess & Niple LTD	Cochran Rd Reconstruction	114,472
Solar Testing Labs Inc.	Cochran Rd Reconstruction	4,978
Trimor Corporation	Cochran Rd Reconstruction	1,868
Trax Construction Co.	Bainbridge Rd Culvert design	29,915
Eclipse Co., LLC	SOM Storm Sewer Replacement	16,460
Burgess & Niple LTD	Briar Hill Culvert design	31,036
PSI	Briar Hill Culvert design	500
GPD Associates	Aurora Rd Reconstruction design	327,994
Sander Contracting Inc.	SOM Retaining Wall	133,239
Mr. Excavator, Inc.	Sharondale Storm Sewer	10,746
Burgess & Niple LTD	Derby Downs Reconstruction	3,331
S.E.T. Inc.	Derby Downs Reconstruction	1,722,551
S.E.T. Inc.	Copley Ave Reconstruction	68,088
Nerone & Sons, Inc.	Storm Sewer Repair	16,841
Northeast Ohio Trenching	Hsherwood Dr Storm Sewer	20,915
Burgess & Niple LTD	Fox Hill Storm Sewer Design	67,000
Catts Construction, Inc.	Carter Street Reconstruction	623,383
Various Miscellaneous	Various Miscellaneous	215,858
Signal Service	Miscellaneous Traffic Signal Improvements	120,342
GPD Associates	SOM/Pettibone Intersection Improvement Design	130,760
Burgess & Niple LTD	Solon Road Reconstruction Design	149,700
Trimor Corporation	Annual Concrete Repair	211,567
Ronyak Paving, Inc.	Annual Asphalt Repair (2017)	65,909
Chagrin Valley Paving	Annual Asphalt Repair	225,167
Asphalt Fabrics	Annual Preventive Maint.	19,860
Dura Mark Inc.	Annual Street Striping	29,135
Dura Mark Inc.	Annual Street Striping	29,135
Cuyahoga Soil and Water	Storm Water Plan Review	6,500
AAA Flexible Pipe Corp.	Annual Sewer Grouting	46,804
Catts Construction, Inc.	Annual Catch Basin Repair	15,596
Platform Cement, Inc.	City Hall Entry Plaza	13,456
ES Architecture & Development	Fire Station Roof Replacement Design	21,398
Burgess & Niple LTD	Design Services for Concrete Repairs	99,500
Arcadis US, Inc.	Preliminary Treatment Improvement Project	105,213
A.P. O'Horo Company, Inc.	Preliminary Treatment Improvement Project	1,322,088
Herbst Electric Co.	Preliminary Treatment Improvement Project	159,532
		\$6,880,284

Remaining commitment amounts were encumbered at year end.

**Note 21 - Tax Abatement Disclosures**

As of December 31, 2018, the City of Solon provides tax incentives under two programs: the Urban Jobs and Enterprise Zone (EZ) and the Community Reinvestment Area (CRA).

**City of Solon, Ohio**  
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**Real Estate Tax Abatements**

Pursuant to Ohio Revised Code Chapter 5709, the City established an Enterprise Zone in 1987, and amended this in 1990, which included all land within the I-2 Industrial Manufacturing District. In 2004, the City established a Community Reinvestment Area comprised of nine parcels at the southwest corner of Solon Road and Cochran Road. Under both programs, the City of Solon authorizes incentives through passage of public ordinances, based upon each business' investment and job creation commitment, and through a contractual agreement process with each business, including proof that the improvements have been made. The abatement equals an agreed upon percentage of the additional property tax resulting from the increase in assessed value as a result of the improvements. The amount of the abatement is deducted from the recipient's property tax bill. The establishment of the Enterprise Zone and the Community Reinvestment Area gave the City the ability to maintain and expand business located in the City and create new jobs.

**Current Tax Abatement Activity**

The City of Solon currently has one active CRA abatement and one active Enterprise Zone abatement in the City. The City considers projects based on program criteria specified by the Ohio Revised Code. The City adheres to State prescribed minimum investment and job creation for determining the application of abatement for projects.

Below is the information relevant to the disclosure of those programs for the year ended December 31, 2018.

Tax Abatement Program	Taxes Abated (Incentives Abated) For the year 2018 (In Actual Dollars)
<i>Community Reinvestment Area (CRA)</i>	
- Manufacturing	\$548,474
<i>Enterprise Zone Agreement (EZA)</i>	
- Industrial	274,229

**Enterprise Zone Revenue Sharing Agreement**

The City of Solon also contracts with the Solon City School District for revenue sharing of new income tax resulting from the projects when required by Section 5709.82 of the Ohio Revised Code.

Pursuant to Section 5709.82 of the Ohio Revised Code, the City of Solon and the Solon City School District, approved an Enterprise Zone Revenue Sharing Agreement. The agreement provides for the 50/50 split of income tax revenue for new payroll in excess of \$1 million plus an additional fixed revenue sharing amount in years two through six of the agreement. The City's revenue sharing obligation for the one CRA agreement was fulfilled several years ago.

The following is the required amount of income tax dollars paid by the City to the Solon City School District in 2018:

Enterprise Zone Revenue Sharing	\$77,178
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**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2018*

**Note 22 – Change in Accounting Principle and Restatement of Net Position**

For fiscal year 2018, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 85, *Omnibus 2017*, Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, and related guidance from (GASB) Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*.

For 2018, the City also implemented the Governmental Accounting Standards Board's (GASB) *Implementation Guide No. 2017-1*. These changes were incorporated in the City's 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). These changes were incorporated in the City's fiscal year 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB 89 establishes accounting requirements for interest cost incurred before the end of a construction period. These changes were incorporated in the City's 2018 financial statements; however, there was no effect on beginning net position.

GASB 75 established standards for measuring and recognizing Postemployment benefit liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported December 31, 2017:

	Governmental Activities	Business - Type Activities
Net Position December 31, 2017	\$155,373,031	\$65,268,317
Adjustments:		
Net OPEB Liability	(29,440,227)	(1,001,711)
Deferred Outflow - Payments Subsequent to Measurement Date	176,670	15,763
Restated Net Position December 31, 2017	<u>\$126,109,474</u>	<u>\$64,282,369</u>

	Water Reclamation	Grantwood Recreation	Total Enterprise
Net Position December 31, 2017	\$62,519,025	\$2,749,292	\$65,268,317
Adjustments:			
Net OPEB Liability	(728,517)	(273,194)	(1,001,711)
Deferred Outflow - Payments Subsequent to Measurement Date	11,464	4,299	15,763
Restated Net Position December 31, 2017	<u>\$61,801,972</u>	<u>\$2,480,397</u>	<u>\$64,282,369</u>

Other than employer contributions subsequent to the measurement date, the City made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

**City of Solon, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2018*

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## Required Supplementary Information

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

	2018	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.09008000%	0.08983800%	0.09708100%	0.09840800%	0.09840800%
City's Proportionate Share of the Net Pension Liability	\$14,131,806	\$20,400,683	\$16,815,653	\$11,869,151	\$11,601,065
City's Covered Payroll	\$11,904,185	\$11,613,317	\$12,083,657	\$12,064,925	\$12,360,838
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	118.71%	175.67%	139.16%	98.38%	93.85%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.66%	77.25%	81.08%	86.45%	86.36%

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

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

See accompanying notes to the required supplementary information.

**City of Solon, Ohio**  
*Required Supplementary Information*  
*Schedule of the City's Proportionate Share of the*  
*Net Pension Asset*  
*Ohio Public Employees Retirement System - Combined Plan*  
*2018 (1)*

	<u>2018</u>
City's Proportion of the Net Pension Asset	0.08591100%
City's Proportionate Share of the Net Pension Asset	\$116,951
City's Covered Payroll	\$351,846
City's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	-33.24%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset	137.28%

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

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

See accompanying notes to the required supplementary information.

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

	2018	2017
City's Proportion of the Net OPEB Liability	0.0901900%	0.0901600%
City's Proportionate Share of the Net OPEB Liability	\$9,793,970	\$9,106,466
City's Covered Payroll	\$12,774,506	\$12,460,259
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	76.67%	73.08%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	54.14%	54.04%

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

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

See accompanying notes to the required supplementary information.



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

	2018	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.47907200%	0.44947300%	0.46554600%	0.46826400%	0.04682640%
City's Proportionate Share of the Net Pension Liability	\$29,402,813	\$28,469,169	\$29,948,902	\$24,258,028	\$22,805,926
City's Covered Payroll	\$9,826,819	\$9,514,949	\$9,269,014	\$9,113,753	\$8,880,813
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	299.21%	299.20%	323.11%	266.17%	256.80%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.91%	68.36%	66.77%	71.71%	73.00%

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

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

See accompanying notes to the required supplementary information.

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

	2018	2017
City's Proportion of the Net OPEB Liability	0.4790720%	0.4494730%
City's Proportionate Share of the Net OPEB Liability	\$27,143,547	\$21,335,472
City's Covered Payroll	\$9,826,819	\$9,514,949
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	276.22%	224.23%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	14.13%	15.96%

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

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

See accompanying notes to the required supplementary information.

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

	2018	2017	2016
<b>Net Pension Liability - Traditional Plan</b>			
Contractually Required Contribution	\$1,684,174	\$1,547,544	\$1,393,598
Contributions in Relation to the Contractually Required Contribution	<u>(1,684,174)</u>	<u>(1,547,544)</u>	<u>(1,393,598)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$12,029,814	\$11,904,185	\$11,613,317
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>13.00%</u>	<u>12.00%</u>
<b>Net Pension Liability - Combined Plan</b>			
Contractually Required Contribution	\$57,673	\$45,740	\$41,981
Contributions in Relation to the Contractually Required Contribution	<u>(57,673)</u>	<u>(45,740)</u>	<u>(41,981)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$411,950	\$351,846	\$349,842
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>13.00%</u>	<u>12.00%</u>
<b>Net OPEB Liability - OPEB Plan (2)</b>			
Contractually Required Contribution	\$18,506	\$143,299	\$259,147
Contributions in Relation to the Contractually Required Contribution	<u>(18,506)</u>	<u>(143,299)</u>	<u>(259,147)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll (3)	\$12,904,414	\$12,774,506	\$12,460,259
OPEB Contributions as a Percentage of Covered Payroll	<u>0.14%</u>	<u>1.12%</u>	<u>2.08%</u>

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

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

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

See accompanying notes to the required supplementary information.

<u>2015</u>	<u>2014</u>	<u>2013</u>
\$1,450,038	\$1,447,791	\$1,606,909
<u>(1,450,038)</u>	<u>(1,447,791)</u>	<u>(1,606,909)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$12,083,657	\$12,064,925	\$12,360,838
<u>12.00%</u>	<u>12.00%</u>	<u>13.00%</u>
\$52,794	\$55,689	\$57,391
<u>(52,794)</u>	<u>(55,689)</u>	<u>(57,391)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$439,950	\$464,075	\$441,469
<u>12.00%</u>	<u>12.00%</u>	<u>13.00%</u>

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Net Pension Liability</b>				
Contractually Required Contribution	\$2,166,600	\$2,113,672	\$2,045,193	\$1,992,084
Contributions in Relation to the Contractually Required Contribution	<u>(2,166,600)</u>	<u>(2,113,672)</u>	<u>(2,045,193)</u>	<u>(1,992,084)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll (1)	\$10,074,922	\$9,826,819	\$9,514,949	\$9,269,014
Pension Contributions as a Percentage of Covered Payroll	<u>21.50%</u>	<u>21.51%</u>	<u>21.49%</u>	<u>21.49%</u>
<b>Net OPEB Liability</b>				
Contractually Required Contribution	\$50,375	\$49,134	\$47,575	\$46,345
Contributions in Relation to the Contractually Required Contribution	<u>(50,375)</u>	<u>(49,134)</u>	<u>(47,575)</u>	<u>(46,345)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>0.50%</u>	<u>0.50%</u>	<u>0.50%</u>	<u>0.50%</u>
Total Contributions as a Percentage of Covered Payroll	<u>22.00%</u>	<u>22.01%</u>	<u>21.99%</u>	<u>21.99%</u>

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

See accompanying notes to the required supplementary information.

2014	2013	2012	2011	2010	2009
\$1,959,654	\$1,631,979	\$1,306,875	\$1,283,206	\$1,287,816	\$1,315,498
<u>(1,959,654)</u>	<u>(1,631,979)</u>	<u>(1,306,875)</u>	<u>(1,283,206)</u>	<u>(1,287,816)</u>	<u>(1,315,498)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$9,113,753	\$8,880,813	\$8,565,132	\$8,385,932	\$8,433,354	\$8,584,815
<u>21.50%</u>	<u>18.38%</u>	<u>15.26%</u>	<u>15.30%</u>	<u>15.27%</u>	<u>15.32%</u>
\$45,569	\$321,189	\$578,147	\$566,050	\$569,251	\$579,475
<u>(45,569)</u>	<u>(321,189)</u>	<u>(578,147)</u>	<u>(566,050)</u>	<u>(569,251)</u>	<u>(579,475)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>0.50%</u>	<u>3.62%</u>	<u>6.75%</u>	<u>6.75%</u>	<u>6.75%</u>	<u>6.75%</u>
<u>22.00%</u>	<u>22.00%</u>	<u>22.01%</u>	<u>22.05%</u>	<u>22.02%</u>	<u>22.07%</u>

**City of Solon**  
*Notes to the Required Supplementary Information*  
*For the Year Ended December 31, 2018*

**Changes in Assumptions – OPERS Pension**

Amounts reported beginning in 2017 incorporate changes in assumptions used by OPERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in 2016 and prior are presented below:

	<u>2017</u>	<u>2016 and prior</u>
Wage Inflation	3.25 percent	3.75 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	3 percent, simple through 2018, then 2.15 percent, simple	3 percent, simple through 2018, then 2.8 percent, simple
Investment Rate of Return	7.5 percent	8 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

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

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



**City of Solon**  
*Notes to the Required Supplementary Information*  
*For the Year Ended December 31, 2018*

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

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

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

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

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

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

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

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

**City of Solon**  
*Notes to the Required Supplementary Information*  
*For the Year Ended December 31, 2018*

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**Changes in Assumptions – OPERS OPEB**

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

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

For 2018, the single discount rate changed from 3.79 percent to 3.24 percent.

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**Combining and Individual Fund Statements and Schedules**

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## Combining Statements – Nonmajor Governmental Funds

### *Nonmajor Special Revenue Funds*

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

***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 recreation programs.

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

***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.

***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.

***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.

(continued)

## Combining Statements – Nonmajor Governmental Funds (continued)

### ***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, 2018*

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$1,955,797	\$3,729,223	\$5,685,020
Accrued Interest Receivable	539	0	539
Accounts Receivable	48,094	0	48,094
Intergovernmental Receivable	626,570	19,204	645,774
Municipal Income Taxes Receivable	0	47,811	47,811
Property Taxes Receivable	2,243,639	419,149	2,662,788
<i>Total Assets</i>	<u>\$4,874,639</u>	<u>\$4,215,387</u>	<u>\$9,090,026</u>
<b>Liabilities</b>			
Accounts Payable	\$10,269	\$9,192	\$19,461
Accrued Wages	500	0	500
Contracts Payable	0	139,642	139,642
Intergovernmental Payable	263,679	0	263,679
<i>Total Liabilities</i>	<u>274,448</u>	<u>148,834</u>	<u>423,282</u>
<b>Deferred Inflows of Resources</b>			
Property Taxes	2,150,847	401,986	2,552,833
Unavailable Revenue	668,698	58,983	727,681
<i>Total Deferred Inflows of Resources</i>	<u>2,819,545</u>	<u>460,969</u>	<u>3,280,514</u>
<b>Fund Balances</b>			
Restricted	1,402,191	3,605,584	5,007,775
Committed	378,455	0	378,455
<i>Total Fund Balances</i>	<u>1,780,646</u>	<u>3,605,584</u>	<u>5,386,230</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$4,874,639</u>	<u>\$4,215,387</u>	<u>\$9,090,026</u>

**City of Solon, Ohio**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Governmental Funds*  
*For the Year Ended December 31, 2018*

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues</b>			
Property Taxes	\$2,086,476	\$410,031	\$2,496,507
Municipal Income Taxes	0	77,246	77,246
Intergovernmental	1,316,181	39,176	1,355,357
Investment Income	3,589	0	3,589
Fees, Licenses and Permits	202,196	0	202,196
Fines and Forfeitures	20,599	0	20,599
Rentals	15,524	0	15,524
Charges for Services	2,070	0	2,070
Contributions and Donations	47,468	0	47,468
Miscellaneous	59,825	21,151	80,976
<i>Total Revenues</i>	<u>3,753,928</u>	<u>547,604</u>	<u>4,301,532</u>
<b>Expenditures</b>			
Current:			
Security of Persons and Property			
Police	930,895	0	930,895
Fire	1,349,907	0	1,349,907
Leisure Time Activities	250,098	0	250,098
Transportation	1,072,600	0	1,072,600
General Government	34,193	0	34,193
Capital Outlay	0	2,569,498	2,569,498
Debt Service:			
Principal Retirement	0	163,791	163,791
Interest and Fiscal Charges	0	24,773	24,773
<i>Total Expenditures</i>	<u>3,637,693</u>	<u>2,758,062</u>	<u>6,395,755</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>116,235</u>	<u>(2,210,458)</u>	<u>(2,094,223)</u>
<b>Other Financing Sources (Uses)</b>			
Inception of Capital Lease	0	181,702	181,702
Transfers In	30,000	2,568,000	2,598,000
<i>Total Other Financing Sources (Uses)</i>	<u>30,000</u>	<u>2,749,702</u>	<u>2,779,702</u>
<i>Net Change in Fund Balances</i>	146,235	539,244	685,479
<i>Fund Balances Beginning of Year</i>	<u>1,634,411</u>	<u>3,066,340</u>	<u>4,700,751</u>
<i>Fund Balances End of Year</i>	<u><u>\$1,780,646</u></u>	<u><u>\$3,605,584</u></u>	<u><u>\$5,386,230</u></u>

**City of Solon, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds*  
*December 31, 2018*

	Street Construction, Maintenance and Repair	State Highway	Police Pension	Fire Pension	Cable TV
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$43,914	\$8,626	\$709,983	\$627,430	\$222,485
Accrued Interest Receivable	86	17	0	0	436
Accounts Receivable	0	0	0	0	46,835
Intergovernmental Receivable	473,141	38,363	45,999	68,998	0
Property Taxes Receivable	0	0	897,456	1,346,183	0
<i>Total Assets</i>	<u>\$517,141</u>	<u>\$47,006</u>	<u>\$1,653,438</u>	<u>\$2,042,611</u>	<u>\$269,756</u>
<b>Liabilities</b>					
Accounts Payable	\$0	\$0	\$0	\$0	\$6,086
Accrued Wages	0	0	0	0	0
Intergovernmental Payable	0	0	102,159	161,520	0
<i>Total Liabilities</i>	<u>0</u>	<u>0</u>	<u>102,159</u>	<u>161,520</u>	<u>6,086</u>
<b>Deferred Inflows of Resources</b>					
Property Taxes	0	0	860,339	1,290,508	0
Unavailable Revenue	395,238	32,046	83,116	124,673	33,625
<i>Total Deferred Inflows of Resources</i>	<u>395,238</u>	<u>32,046</u>	<u>943,455</u>	<u>1,415,181</u>	<u>33,625</u>
<b>Fund Balances</b>					
Restricted	121,903	14,960	607,824	465,910	0
Committed	0	0	0	0	230,045
<i>Total Fund Balances</i>	<u>121,903</u>	<u>14,960</u>	<u>607,824</u>	<u>465,910</u>	<u>230,045</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$517,141</u>	<u>\$47,006</u>	<u>\$1,653,438</u>	<u>\$2,042,611</u>	<u>\$269,756</u>



Tree Planting	Recreation	Police Department Programs	Law Enforcement Trust	Donations Trust	Total Nonmajor Special Revenue Funds
\$70,381	\$31,172	\$17,624	\$173,142	\$51,040	\$1,955,797
0	0	0	0	0	539
0	0	0	1,259	0	48,094
0	0	0	69	0	626,570
0	0	0	0	0	2,243,639
<u>\$70,381</u>	<u>\$31,172</u>	<u>\$17,624</u>	<u>\$174,470</u>	<u>\$51,040</u>	<u>\$4,874,639</u>
\$0	\$4,183	\$0	\$0	\$0	\$10,269
0	0	0	500	0	500
0	0	0	0	0	263,679
0	4,183	0	500	0	274,448
0	0	0	0	0	2,150,847
0	0	0	0	0	668,698
0	0	0	0	0	2,819,545
0	0	17,624	173,970	0	1,402,191
70,381	26,989	0	0	51,040	378,455
70,381	26,989	17,624	173,970	51,040	1,780,646
<u>\$70,381</u>	<u>\$31,172</u>	<u>\$17,624</u>	<u>\$174,470</u>	<u>\$51,040</u>	<u>\$4,874,639</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, 2018*

	Street Construction, Maintenance and Repair	State Highway	Police Pension	Fire Pension	Cable TV
<b>Revenues</b>					
Property Taxes	\$0	\$0	\$834,605	\$1,251,871	\$0
Intergovernmental	1,011,090	81,981	89,245	133,865	0
Investment Income	451	93	0	0	3,045
Fees, Licenses and Permits	0	0	0	0	202,196
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>1,011,541</u>	<u>82,074</u>	<u>923,850</u>	<u>1,385,736</u>	<u>205,241</u>
<b>Expenditures</b>					
Current:					
Security of Persons and Property					
Police	0	0	873,524	0	0
Fire	0	0	0	1,349,907	0
Leisure Time Activities	0	0	0	0	124,305
Transportation	992,600	80,000	0	0	0
General Government	0	0	0	0	0
<i>Total Expenditures</i>	<u>992,600</u>	<u>80,000</u>	<u>873,524</u>	<u>1,349,907</u>	<u>124,305</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	18,941	2,074	50,326	35,829	80,936
<b>Other Financing Sources (Uses)</b>					
Transfers In	0	0	0	0	0
<i>Net Change in Fund Balances</i>	18,941	2,074	50,326	35,829	80,936
<i>Fund Balances Beginning of Year</i>	<u>102,962</u>	<u>12,886</u>	<u>557,498</u>	<u>430,081</u>	<u>149,109</u>
<i>Fund Balances End of Year</i>	<u><u>\$121,903</u></u>	<u><u>\$14,960</u></u>	<u><u>\$607,824</u></u>	<u><u>\$465,910</u></u>	<u><u>\$230,045</u></u>

Tree Planting	Recreation	Police Department Programs	Law Enforcement Trust	Donations Trust	Total Nonmajor Special Revenue Funds
\$0	\$0	\$0	\$0	\$0	\$2,086,476
0	0	0	0	0	1,316,181
0	0	0	0	0	3,589
0	0	0	0	0	202,196
0	0	0	20,599	0	20,599
0	15,524	0	0	0	15,524
2,070	0	0	0	0	2,070
0	5,420	30,964	0	11,084	47,468
0	59,825	0	0	0	59,825
2,070	80,769	30,964	20,599	11,084	3,753,928
0	0	39,787	14,007	3,577	930,895
0	0	0	0	0	1,349,907
0	116,883	0	0	8,910	250,098
0	0	0	0	0	1,072,600
34,193	0	0	0	0	34,193
34,193	116,883	39,787	14,007	12,487	3,637,693
(32,123)	(36,114)	(8,823)	6,592	(1,403)	116,235
0	30,000	0	0	0	30,000
(32,123)	(6,114)	(8,823)	6,592	(1,403)	146,235
102,504	33,103	26,447	167,378	52,443	1,634,411
\$70,381	\$26,989	\$17,624	\$173,970	\$51,040	\$1,780,646

**City of Solon, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Capital Projects Funds*  
*December 31, 2018*

	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	\$740,110	\$1,814,294	\$17,744	\$1,157,075	\$3,729,223
Intergovernmental Receivable	19,204	0	0	0	19,204
Municipal Income Taxes Receivable	0	0	0	47,811	47,811
Property Taxes Receivable	419,149	0	0	0	419,149
<i>Total Assets</i>	<u>\$1,178,463</u>	<u>\$1,814,294</u>	<u>\$17,744</u>	<u>\$1,204,886</u>	<u>\$4,215,387</u>
<b>Liabilities</b>					
Accounts Payable	\$0	\$399	\$0	\$8,793	\$9,192
Contracts Payable	118,829	15,413	0	5,400	139,642
<i>Total Liabilities</i>	<u>118,829</u>	<u>15,812</u>	<u>0</u>	<u>14,193</u>	<u>148,834</u>
<b>Deferred Inflows of Resources</b>					
Property Taxes	401,986	0	0	0	401,986
Unavailable Revenue	36,367	0	0	22,616	58,983
<i>Total Deferred Inflows of Resources</i>	<u>438,353</u>	<u>0</u>	<u>0</u>	<u>22,616</u>	<u>460,969</u>
<b>Fund Balances</b>					
Restricted	621,281	1,798,482	17,744	1,168,077	3,605,584
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$1,178,463</u>	<u>\$1,814,294</u>	<u>\$17,744</u>	<u>\$1,204,886</u>	<u>\$4,215,387</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, 2018*

	Safety and Service Equipment	Building Construction	Old City Hall Renovations	General Capital Improvements	Total Nonmajor Capital Projects Funds
<b>Revenues</b>					
Property Taxes	\$410,031	\$0	\$0	\$0	\$410,031
Municipal Income Taxes	0	0	0	77,246	77,246
Intergovernmental	39,176	0	0	0	39,176
Miscellaneous	21,151	0	0	0	21,151
<i>Total Revenues</i>	<u>470,358</u>	<u>0</u>	<u>0</u>	<u>77,246</u>	<u>547,604</u>
<b>Expenditures</b>					
Capital Outlay	1,161,859	510,015	0	897,624	2,569,498
Debt Service:					
Principal Retirement	163,791	0	0	0	163,791
Interest and Fiscal Charges	24,773	0	0	0	24,773
<i>Total Expenditures</i>	<u>1,350,423</u>	<u>510,015</u>	<u>0</u>	<u>897,624</u>	<u>2,758,062</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(880,065)</u>	<u>(510,015)</u>	<u>0</u>	<u>(820,378)</u>	<u>(2,210,458)</u>
<b>Other Financing Sources (Uses)</b>					
Inception of Capital Lease	181,702	0	0	0	181,702
Transfers In	832,000	855,000	0	881,000	2,568,000
<i>Total Other Financing Sources (Uses)</i>	<u>1,013,702</u>	<u>855,000</u>	<u>0</u>	<u>881,000</u>	<u>2,749,702</u>
<i>Net Change in Fund Balances</i>	133,637	344,985	0	60,622	539,244
<i>Fund Balances Beginning of Year</i>	<u>487,644</u>	<u>1,453,497</u>	<u>17,744</u>	<u>1,107,455</u>	<u>3,066,340</u>
<i>Fund Balances End of Year</i>	<u>\$621,281</u>	<u>\$1,798,482</u>	<u>\$17,744</u>	<u>\$1,168,077</u>	<u>\$3,605,584</u>

## Combining Statements – Internal Service Funds

Internal service funds are used to account for and report the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis.

***Workers' Compensation Fund*** - To account for and report self-insurance provided by the City through a retrospective rating plan with the State of Ohio for workers' compensation.

***Medical Self Insurance Fund*** - To account for and report claims and administration of the health care program for covered City employees and eligible dependents, and the accumulation and allocation of costs associated with health care.

**City of Solon, Ohio**  
*Combining Statement of Fund Net Position*  
*Internal Service Funds*  
*December 31, 2018*

	Workers' Compensation	Medical Self Insurance	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$275,428	\$1,793,360	\$2,068,788
Prepaid Items	78,837	0	78,837
<i>Total Assets</i>	<u>354,265</u>	<u>1,793,360</u>	<u>2,147,625</u>
<b>Liabilities</b>			
<i>Current Liabilities:</i>			
Accounts Payable	0	1,489	1,489
Accrued Wages	0	28,222	28,222
Claims Payable	52,445	407,349	459,794
<i>Total Current Liabilities</i>	<u>52,445</u>	<u>437,060</u>	<u>489,505</u>
<i>Long-Term Liabilities:</i>			
Claims Payable	17,482	0	17,482
<i>Total Liabilities</i>	<u>69,927</u>	<u>437,060</u>	<u>506,987</u>
<b>Net Position</b>			
Unrestricted	<u>\$284,338</u>	<u>\$1,356,300</u>	<u>\$1,640,638</u>

**City of Solon, Ohio**  
*Combining Statement of Revenues,  
Expenses and Changes in Fund Net Position  
Internal Service Funds  
For the Year Ended December 31, 2018*

	Workers' Compensation	Medical Self Insurance	Total
<b>Operating Revenues</b>			
Charges for Services	\$0	\$5,277,258	\$5,277,258
Miscellaneous	0	10,974	10,974
<i>Total Operating Revenues</i>	<u>0</u>	<u>5,288,232</u>	<u>5,288,232</u>
<b>Operating Expenses</b>			
Personal Services	0	44,020	44,020
Contractual Services	86,124	735,175	821,299
Claims	37,200	3,929,111	3,966,311
Change in Worker's Compensation Estimate	<u>186,248</u>	<u>0</u>	<u>186,248</u>
<i>Total Operating Expenses</i>	<u>309,572</u>	<u>4,708,306</u>	<u>5,017,878</u>
<i>Change in Net Position</i>	(309,572)	579,926	270,354
<i>Net Position Beginning of Year</i>	<u>593,910</u>	<u>776,374</u>	<u>1,370,284</u>
<i>Net Position End of Year</i>	<u><u>\$284,338</u></u>	<u><u>\$1,356,300</u></u>	<u><u>\$1,640,638</u></u>



**City of Solon, Ohio**  
*Combining Statement of Cash Flows*  
*Internal Service Funds*  
For the Year Ended December 31, 2018

	<u>Workers'</u> <u>Compensation</u>	<u>Medical</u> <u>Self Insurance</u>	<u>Total</u>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>			
<b>Cash Flows from Operating Activities</b>			
Cash Received from Interfund Services Provided	\$0	\$5,277,258	\$5,277,258
Cash Received from Other Sources	0	10,974	10,974
Cash Payments to Employees for Services	0	(15,798)	(15,798)
Cash Payments for Goods and Services	(136,107)	(733,686)	(869,793)
Cash Payments for Claims	<u>(183,203)</u>	<u>(3,813,088)</u>	<u>(3,996,291)</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(319,310)	725,660	406,350
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>594,738</u>	<u>1,067,700</u>	<u>1,662,438</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$275,428</u></u>	<u><u>\$1,793,360</u></u>	<u><u>\$2,068,788</u></u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</b>			
Operating Income (Loss)	<u>(\$309,572)</u>	<u>\$579,926</u>	<u>\$270,354</u>
<i>(Increase) Decrease in Assets:</i>			
Prepaid Items	(49,983)	0	(49,983)
<i>Increase (Decrease) in Liabilities</i>			
Accounts Payable	0	1,489	1,489
Accrued Wages	0	28,222	28,222
Claims Payable	<u>40,245</u>	<u>116,023</u>	<u>156,268</u>
<i>Total Adjustments</i>	<u>(9,738)</u>	<u>145,734</u>	<u>135,996</u>
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u><u>(\$319,310)</u></u>	<u><u>\$725,660</u></u>	<u><u>\$406,350</u></u>

## Combining Statements – Fiduciary Funds

### *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. 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 ensure 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, 2018*

	Beginning Balance 12/31/17	Additions	Deductions	Ending Balance 12/31/18
<b><i>Inspection Deposits Fund</i></b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$617,352	\$142,640	\$83,964	\$676,028
<b>Liabilities</b>				
Deposits Held and Due to Others	\$617,352	\$142,640	\$83,964	\$676,028
<b><i>Traffic Violations Fund</i></b>				
<b>Assets</b>				
Cash and Cash Equivalents in Segregated Accounts	\$0	\$132,380	\$132,380	\$0
<b>Liabilities</b>				
Intergovernmental Payable	\$0	\$132,380	\$132,380	\$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	\$39,320	\$160,507	\$163,268	\$36,559
<b>Liabilities</b>				
Intergovernmental Payable	\$39,320	\$160,507	\$163,268	\$36,559
<b><i>Total - All Agency Funds</i></b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$617,726	\$142,640	\$83,964	\$676,402
Cash and Cash Equivalents in Segregated Accounts	39,320	292,887	295,648	36,559
<b>Total Assets</b>	<b>\$657,046</b>	<b>\$435,527</b>	<b>\$379,612</b>	<b>\$712,961</b>
<b>Liabilities</b>				
Intergovernmental Payable	\$39,320	\$292,887	\$295,648	\$36,559
Deposits Held and Due to Others	617,726	142,640	83,964	676,402
<b>Total Liabilities</b>	<b>\$657,046</b>	<b>\$435,527</b>	<b>\$379,612</b>	<b>\$712,961</b>

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

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**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, 2018*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Property Taxes	\$1,354,643	\$1,414,616	\$1,395,138	(\$19,478)
Municipal Income Taxes	33,165,737	33,109,510	34,234,264	1,124,754
Intergovernmental	466,166	462,200	480,102	17,902
Investment Income	883,565	900,000	909,978	9,978
Fees, Licenses and Permits	656,110	696,700	675,724	(20,976)
Fines and Forfeitures	304,011	286,150	313,099	26,949
Rentals	5,480	5,200	5,644	444
Charges for Services	3,937,247	3,958,050	4,019,564	61,514
Contributions and Donations	5,187	5,200	5,342	142
Miscellaneous	275,658	274,607	284,754	10,147
<i>Total Revenues</i>	<u>41,053,804</u>	<u>41,112,233</u>	<u>42,323,609</u>	<u>1,211,376</u>
<b>Expenditures</b>				
Current:				
Security of Persons and Property				
Police				
Personal Services	7,169,006	7,552,501	7,294,038	258,463
Materials and Supplies	282,888	321,044	274,981	46,063
Contractual Services	919,059	987,647	933,792	53,855
Capital Outlay	65,363	72,901	63,768	9,133
Total Police	<u>8,436,316</u>	<u>8,934,093</u>	<u>8,566,579</u>	<u>367,514</u>
Fire				
Personal Services	6,929,571	7,046,255	7,035,858	10,397
Materials and Supplies	212,602	250,692	224,335	26,357
Contractual Services	119,334	125,977	118,468	7,509
Capital Outlay	85,237	96,877	95,599	1,278
Total Fire	<u>7,346,744</u>	<u>7,519,801</u>	<u>7,474,260</u>	<u>45,541</u>
Total Security of Persons and Property	<u>15,783,060</u>	<u>16,453,894</u>	<u>16,040,839</u>	<u>413,055</u>
Public Health and Welfare				
Cemetery				
Other	9,455	9,709	7,872	1,837
County Health District				
Contractual Services	99,137	100,864	100,864	0
Total Public Health and Welfare	<u>108,592</u>	<u>110,573</u>	<u>108,736</u>	<u>1,837</u>
Leisure Time Activities				
Recreation Admin				
Personal Services	513,412	523,290	522,357	933
Materials and Supplies	43,310	42,305	41,490	815
Contractual Services	61,614	63,999	63,364	635
Other	17,703	18,074	13,358	4,716
Total Recreation Admin	<u>636,039</u>	<u>647,668</u>	<u>640,569</u>	<u>7,099</u>
Youth and Adult Recreation Programs				
Personal Services	483,019	493,746	491,435	2,311
Materials and Supplies	112,647	120,832	111,328	9,504
Contractual Services	228,401	252,587	237,342	15,245
Other	2,310	2,500	2,350	150
Total Youth Recreation Programs	<u>\$826,377</u>	<u>\$869,665</u>	<u>\$842,455</u>	<u>\$27,210</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, 2018*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Community Parks and Swimming Pools				
Personal Services	\$617,038	\$629,086	\$627,789	\$1,297
Materials and Supplies	149,697	156,831	132,321	24,510
Contractual Services	66,819	78,369	64,630	13,739
<b>Total Community Parks and Swimming Pools</b>	<b>833,554</b>	<b>864,286</b>	<b>824,740</b>	<b>39,546</b>
Community Center				
Personal Services	957,820	978,764	974,509	4,255
Materials and Supplies	150,672	160,135	150,007	10,128
Contractual Services	93,589	103,080	96,897	6,183
Capital Outlay	4,807	7,100	4,891	2,209
Other	3,851	4,000	3,918	82
<b>Total Community Center</b>	<b>1,210,739</b>	<b>1,253,079</b>	<b>1,230,222</b>	<b>22,857</b>
Center for the Arts Programs				
Personal Services	721,096	749,901	733,660	16,241
Materials and Supplies	64,026	76,825	65,296	11,529
Contractual Services	77,355	94,203	87,874	6,329
Capital Outlay	4,000	4,700	3,052	1,648
Other	5,170	5,300	5,260	40
<b>Total Center for the Arts Programs</b>	<b>871,647</b>	<b>930,929</b>	<b>895,142</b>	<b>35,787</b>
Senior Services Admin				
Personal Services	604,288	620,448	614,817	5,631
Materials and Supplies	19,544	26,407	19,884	6,523
Contractual Services	1,450	3,825	2,150	1,675
<b>Total Senior Services Admin</b>	<b>625,282</b>	<b>650,680</b>	<b>636,851</b>	<b>13,829</b>
Senior Programs				
Materials and Supplies	72,326	74,100	71,061	3,039
Contractual Services	92,707	114,925	96,215	18,710
Other	97	200	99	101
<b>Total Senior Programs</b>	<b>165,130</b>	<b>189,225</b>	<b>167,375</b>	<b>21,850</b>
<b>Total Leisure Time Activities</b>	<b>5,168,768</b>	<b>5,405,532</b>	<b>5,237,354</b>	<b>168,178</b>
Community Environment				
Planning and Zoning				
Personal Services	621,828	670,106	632,662	37,444
Materials and Supplies	3,883	5,154	3,901	1,253
Contractual Services	34,410	42,328	31,116	11,212
<b>Total Planning and Zoning</b>	<b>660,121</b>	<b>717,588</b>	<b>667,679</b>	<b>49,909</b>
Development Board				
Materials and Supplies	94	1,700	96	1,604
Contractual Services	20,164	31,834	19,600	12,234
<b>Total Development Board</b>	<b>\$20,258</b>	<b>\$33,534</b>	<b>\$19,696</b>	<b>\$13,838</b>

(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, 2018*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Building Department				
Personal Services	\$142,498	\$147,564	\$144,981	\$2,583
Materials and Supplies	3,680	6,970	3,650	3,320
Contractual Services	141,369	177,297	158,590	18,707
Capital Outlay	0	800	0	800
Other	11,321	16,000	11,518	4,482
<b>Total Building Department</b>	<b>298,868</b>	<b>348,631</b>	<b>318,739</b>	<b>29,892</b>
Engineering Department				
Personal Services	775,643	944,701	810,946	133,755
Materials and Supplies	15,155	26,891	14,777	12,114
Contractual Services	171,292	171,540	164,862	6,678
Capital Outlay	1,715	5,600	1,745	3,855
<b>Total Engineering Department</b>	<b>963,805</b>	<b>1,148,732</b>	<b>992,330</b>	<b>156,402</b>
Beautification Commission				
Materials and Supplies	1,890	1,890	0	1,890
<b>Total Community Environment</b>	<b>1,944,942</b>	<b>2,250,375</b>	<b>1,998,444</b>	<b>251,931</b>
Basic Utility Services				
Storm Sewers				
Personal Services	484,435	495,774	492,876	2,898
Materials and Supplies	26,326	48,325	26,779	21,546
Contractual Services	42,593	25,800	23,495	2,305
<b>Total Storm Sewers</b>	<b>553,354</b>	<b>569,899</b>	<b>543,150</b>	<b>26,749</b>
Trees, Leaf and Brush				
Personal Services	65,698	66,850	66,843	7
Materials and Supplies	108	600	250	350
Contractual Services	48,340	78,800	76,065	2,735
<b>Total Trees, Leaf and Brush</b>	<b>114,146</b>	<b>146,250</b>	<b>143,158</b>	<b>3,092</b>
Refuse Collection and Disposal				
Personal Services	814,823	841,334	829,020	12,314
Materials and Supplies	227,735	247,427	231,472	15,955
Contractual Services	353,901	350,447	339,964	10,483
<b>Total Refuse Collection and Disposal</b>	<b>1,396,459</b>	<b>1,439,208</b>	<b>1,400,456</b>	<b>38,752</b>
<b>Total Basic Utility Services</b>	<b>2,063,959</b>	<b>2,155,357</b>	<b>2,086,764</b>	<b>68,593</b>
Transportation				
Street Department				
Personal Services	3,822,971	3,913,130	3,884,455	28,675
Materials and Supplies	1,083,585	1,222,123	1,049,331	172,792
Contractual Services	70,525	101,796	79,529	22,267
Capital Outlay	42,034	49,528	41,250	8,278
<b>Total Transportation</b>	<b>\$5,019,115</b>	<b>\$5,286,577</b>	<b>\$5,054,565</b>	<b>\$232,012</b>

(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, 2018*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
General Government				
Council				
Personal Services	\$290,295	\$297,368	\$295,352	\$2,016
Materials and Supplies	8,938	10,165	9,084	1,081
Contractual Services	12,505	29,900	13,073	16,827
Total Council	311,738	337,433	317,509	19,924
Mayor				
Personal Services	272,489	280,292	277,237	3,055
Materials and Supplies	7,004	7,375	6,789	586
Contractual Services	11,204	12,518	11,076	1,442
Total Mayor	290,697	300,185	295,102	5,083
Finance/Income Tax				
Personal Services	569,510	677,689	579,433	98,256
Materials and Supplies	8,613	10,863	9,017	1,846
Contractual Services	525,718	557,237	530,089	27,148
Total Finance/Income Tax	1,103,841	1,245,789	1,118,539	127,250
Prosecutor/Legal Department				
Personal Services	156,305	159,029	159,028	1
Contractual Services	133,299	221,230	137,997	83,233
Other	107,398	151,514	134,447	17,067
Total Prosecutor/Legal Department	397,002	531,773	431,472	100,301
Human Resources				
Personal Services	424,220	486,319	431,611	54,708
Materials and Supplies	22,300	20,042	17,320	2,722
Contractual Services	123,346	164,194	130,987	33,207
Capital Outlay	25,811	26,051	25,413	638
Total Human Resources	595,677	696,606	605,331	91,275
Civil Service				
Personal Services	3,100	4,000	3,154	846
Materials and Supplies	1	500	1	499
Contractual Services	24,367	29,940	23,487	6,453
Total Civil Service	27,468	34,440	26,642	7,798
City Hall				
Personal Services	526,283	539,863	535,453	4,410
Materials and Supplies	271,443	362,500	352,199	10,301
Contractual Services	749	1,400	762	638
Total City Hall	798,475	903,763	888,414	15,349
Unclaimed Monies				
Other	\$5,000	\$5,000	\$0	\$5,000

(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, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
City Administration				
Personal Services	\$125,563	\$140,143	\$126,399	\$13,744
Materials and Supplies	153,798	149,865	121,285	28,580
Contractual Services	2,605,554	2,743,097	2,570,888	172,209
Capital Outlay	4,376	7,644	2,118	5,526
Other	153,162	184,927	152,680	32,247
<b>Total City Administration</b>	<b>3,042,453</b>	<b>3,225,676</b>	<b>2,973,370</b>	<b>252,306</b>
Sick Leave Reserve				
Personal Services	300,000	300,000	252,742	47,258
<b>Total General Government</b>	<b>6,872,351</b>	<b>7,580,665</b>	<b>6,909,121</b>	<b>671,544</b>
<b>Total Expenditures</b>	<b>36,960,787</b>	<b>39,242,973</b>	<b>37,435,823</b>	<b>1,807,150</b>
<i>Excess of Revenues Over (Under) Expenditures</i>	<i>4,093,017</i>	<i>1,869,260</i>	<i>4,887,786</i>	<i>3,018,526</i>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	34,793	34,793	34,793	0
Transfers Out	(4,895,020)	(4,895,020)	(4,895,020)	0
<b>Total Other Financing Sources (Uses)</b>	<b>(4,860,227)</b>	<b>(4,860,227)</b>	<b>(4,860,227)</b>	<b>0</b>
<b>Net Change in Fund Balance</b>	<b>(767,210)</b>	<b>(2,990,967)</b>	<b>27,559</b>	<b>3,018,526</b>
<b>Fund Balance Beginning of Year</b>	<b>25,983,305</b>	<b>25,983,305</b>	<b>25,983,305</b>	<b>0</b>
Prior Year Encumbrances Appropriated	1,103,994	1,103,994	1,103,994	0
<b>Fund Balance End of Year</b>	<b>\$26,320,089</b>	<b>\$24,096,332</b>	<b>\$27,114,858</b>	<b>\$3,018,526</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, 2018*

	<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	\$333,898	\$311,750	\$312,986	\$1,236
Special Assessments	338,300	338,300	329,369	(8,931)
Intergovernmental	33,000	33,000	33,468	468
Fees, Licenses and Permits	6,300	6,300	6,596	296
<i>Total Revenues</i>	<u>711,498</u>	<u>689,350</u>	<u>682,419</u>	<u>(6,931)</u>
<b>Expenditures</b>				
Current:				
General Government				
Legislative and Executive				
Contractual Services	12,000	12,000	3,270	8,730
Debt Service:				
Principal Retirement	636,048	636,048	636,048	0
Interest and Fiscal Charges	127,901	127,901	127,900	1
<i>Total Expenditures</i>	<u>775,949</u>	<u>775,949</u>	<u>767,218</u>	<u>8,731</u>
<i>Net Change in Fund Balance</i>	(64,451)	(86,599)	(84,799)	1,800
<i>Fund Balance Beginning of Year</i>	<u>1,070,056</u>	<u>1,070,056</u>	<u>1,070,056</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$1,005,605</u>	<u>\$983,457</u>	<u>\$985,257</u>	<u>\$1,800</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, 2018*

	<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	\$12,473,475	\$11,158,853	\$11,411,421	\$252,568
Special Assessments	24,102	20,000	22,096	2,096
Intergovernmental	143,189	134,661	131,270	(3,391)
Miscellaneous	156,475	135,000	143,450	8,450
<i>Total Revenues</i>	<u>12,797,241</u>	<u>11,448,514</u>	<u>11,708,237</u>	<u>259,723</u>
<b>Expenditures</b>				
Current:				
Transportation				
Engineering Department				
Personal Services	345,000	345,000	329,365	15,635
Capital Outlay	<u>21,247,101</u>	<u>22,039,769</u>	<u>15,273,489</u>	<u>6,766,280</u>
<i>Total Expenditures</i>	<u>21,592,101</u>	<u>22,384,769</u>	<u>15,602,854</u>	<u>6,781,915</u>
<i>Net Change in Fund Balance</i>	(8,794,860)	(10,936,255)	(3,894,617)	7,041,638
<i>Fund Balance Beginning of Year</i>	12,154,531	12,154,531	12,154,531	0
Prior Year Encumbrances Appropriated	<u>5,056,548</u>	<u>5,056,548</u>	<u>5,056,548</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$8,416,219</u>	<u>\$6,274,824</u>	<u>\$13,316,462</u>	<u>\$7,041,638</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, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Charges for Services	\$4,956,600	\$7,202,738	\$5,478,579	(\$1,724,159)
Tap-In Fees	275,000	275,000	296,393	21,393
Investment Income	120,000	120,000	128,497	8,497
Miscellaneous	26,100	26,100	27,939	1,839
<i>Total Revenues</i>	5,377,700	7,623,838	5,931,408	(1,692,430)
<b>Expenses</b>				
Personal Services	1,474,401	1,637,494	1,600,277	37,217
Materials and Supplies	425,802	537,338	443,270	94,068
Contractual Services	1,052,902	1,624,927	1,209,072	415,855
Other	39,877	44,004	43,299	705
Capital Outlay	8,808,180	9,596,428	7,379,135	2,217,293
Debt Service:				
Principal Retirement	412,410	412,410	412,408	2
Interest and Fiscal Charges	177,020	177,020	177,019	1
<i>Total Expenses</i>	12,390,592	14,029,621	11,264,480	2,765,141
<i>Net Change in Fund Equity</i>	(7,012,892)	(6,405,783)	(5,333,072)	1,072,711
<i>Fund Equity Beginning of Year</i>	6,820,036	6,820,036	6,820,036	0
Prior Year Encumbrances Appropriated	3,641,377	3,641,377	3,641,377	0
<i>Fund Equity End of Year</i>	\$3,448,521	\$4,055,630	\$5,128,341	\$1,072,711

**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, 2018*

	<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	\$785,735	\$764,285	\$749,887	(\$14,398)
Investment Income	3,000	3,000	3,019	19
Rentals	176,000	176,000	174,843	(1,157)
Sale of Capital Assets	2,500	2,500	2,500	0
Miscellaneous	2,350	2,350	2,588	238
<i>Total Revenues</i>	<u>969,585</u>	<u>948,135</u>	<u>932,837</u>	<u>(15,298)</u>
<b>Expenses</b>				
Personal Services	603,522	603,522	593,068	10,454
Materials and Supplies	188,590	188,590	155,972	32,618
Contractual Services	94,733	94,733	84,819	9,914
Other	105,450	105,450	85,423	20,027
Capital Outlay	3,600	3,600	0	3,600
<i>Total Expenses</i>	<u>995,895</u>	<u>995,895</u>	<u>919,282</u>	<u>76,613</u>
<i>Net Change in Fund Equity</i>	(26,310)	(47,760)	13,555	61,315
<i>Fund Equity Beginning of Year</i>	198,965	198,965	198,965	0
Prior Year Encumbrances Appropriated	<u>1,923</u>	<u>1,923</u>	<u>1,923</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u>\$174,578</u>	<u>\$153,128</u>	<u>\$214,443</u>	<u>\$61,315</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, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$994,350	\$993,300	\$1,004,939	\$11,639
Investment Income	450	450	455	5
<i>Total Revenues</i>	994,800	993,750	1,005,394	11,644
<b>Expenditures</b>				
Current:				
Transportation				
Street Maintenance and Repair				
Personal Services	734,600	734,600	734,600	0
Materials and Supplies	258,000	258,000	258,000	0
<i>Total Expenditures</i>	992,600	992,600	992,600	0
<i>Net Change in Fund Balance</i>	2,200	1,150	12,794	11,644
<i>Fund Balance Beginning of Year</i>	31,337	31,337	31,337	0
<i>Fund Balance End of Year</i>	\$33,537	\$32,487	\$44,131	\$11,644

**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, 2018*

	<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	\$95,700	\$80,700	\$81,482	\$782
Investment Income	100	100	90	(10)
<i>Total Revenues</i>	95,800	80,800	81,572	772
<b>Expenditures</b>				
Current:				
Transportation				
State Highway				
Materials and Supplies	80,000	80,000	80,000	0
<i>Net Change in Fund Balance</i>	15,800	800	1,572	772
<i>Fund Balance Beginning of Year</i>	7,097	7,097	7,097	0
<i>Fund Balance End of Year</i>	<u>\$22,897</u>	<u>\$7,897</u>	<u>\$8,669</u>	<u>\$772</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, 2018*

	<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	\$808,263	\$831,280	\$834,605	\$3,325
Intergovernmental	88,000	88,000	89,245	1,245
<i>Total Revenues</i>	896,263	919,280	923,850	4,570
<b>Expenditures</b>				
Current:				
Security of Persons and Property				
Police				
Personal Services	918,900	918,900	871,579	47,321
<i>Net Change in Fund Balance</i>	(22,637)	380	52,271	51,891
<i>Fund Balance Beginning of Year</i>	657,712	657,712	657,712	0
<i>Fund Balance End of Year</i>	<u>\$635,075</u>	<u>\$658,092</u>	<u>\$709,983</u>	<u>\$51,891</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, 2018*

	<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	\$1,212,395	\$1,246,895	\$1,251,871	\$4,976
Intergovernmental	132,000	132,000	133,865	1,865
<i>Total Revenues</i>	1,344,395	1,378,895	1,385,736	6,841
<b>Expenditures</b>				
Current:				
Security of Persons and Property				
Fire				
Personal Services	1,403,200	1,403,200	1,339,105	64,095
<i>Net Change in Fund Balance</i>	(58,805)	(24,305)	46,631	70,936
<i>Fund Balance Beginning of Year</i>	580,799	580,799	580,799	0
<i>Fund Balance End of Year</i>	<u>\$521,994</u>	<u>\$556,494</u>	<u>\$627,430</u>	<u>\$70,936</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, 2018*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Investment Income	\$3,000	\$3,000	\$3,069	\$69
Fees, Licenses and Permits	177,150	178,900	188,986	10,086
<i>Total Revenues</i>	<u>180,150</u>	<u>181,900</u>	<u>192,055</u>	<u>10,155</u>
<b>Expenditures</b>				
Current:				
Leisure Time Activities				
Cable TV				
Materials and Supplies	8,200	8,200	191	8,009
Contractual Services	155,415	155,415	137,177	18,238
Capital Outlay	900	900	0	900
<i>Total Expenditures</i>	<u>164,515</u>	<u>164,515</u>	<u>137,368</u>	<u>27,147</u>
<i>Net Change in Fund Balance</i>	15,635	17,385	54,687	37,302
<i>Fund Balance Beginning of Year</i>	150,675	150,675	150,675	0
Prior Year Encumbrances Appropriated	7,015	7,015	7,015	0
<i>Fund Balance End of Year</i>	<u>\$173,325</u>	<u>\$175,075</u>	<u>\$212,377</u>	<u>\$37,302</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, 2018*

	<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	\$3,700	\$2,200	\$2,070	(\$130)
<b>Expenditures</b>				
Current:				
General Government				
Tree Planting				
Contractual Services	50,100	50,100	33,777	16,323
Other	25,960	25,960	7,723	18,237
<i>Total Expenditures</i>	<u>76,060</u>	<u>76,060</u>	<u>41,500</u>	<u>34,560</u>
<i>Net Change in Fund Balance</i>	(72,360)	(73,860)	(39,430)	34,430
<i>Fund Balance Beginning of Year</i>	101,444	101,444	101,444	0
Prior Year Encumbrances Appropriated	<u>1,060</u>	<u>1,060</u>	<u>1,060</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$30,144</u>	<u>\$28,644</u>	<u>\$63,074</u>	<u>\$34,430</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, 2018*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Rentals	\$16,300	\$16,300	\$15,524	(\$776)
Contributions and Donations	5,800	5,800	5,420	(380)
Miscellaneous	72,200	60,000	59,825	(175)
<i>Total Revenues</i>	<u>94,300</u>	<u>82,100</u>	<u>80,769</u>	<u>(1,331)</u>
<b>Expenditures</b>				
Current:				
Leisure Time Activities				
Recreation Programs				
Materials and Supplies	21,108	21,108	18,299	2,809
Contractual Services	102,500	102,500	102,499	1
<i>Total Expenditures</i>	<u>123,608</u>	<u>123,608</u>	<u>120,798</u>	<u>2,810</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(29,308)	(41,508)	(40,029)	1,479
<b>Other Financing Sources (Uses)</b>				
Transfers In	30,000	30,000	30,000	0
<i>Net Change in Fund Balance</i>	692	(11,508)	(10,029)	1,479
<i>Fund Balance Beginning of Year</i>	30,295	30,295	30,295	0
Prior Year Encumbrances Appropriated	2,808	2,808	2,808	0
<i>Fund Balance End of Year</i>	<u>\$33,795</u>	<u>\$21,595</u>	<u>\$23,074</u>	<u>\$1,479</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, 2018*

	<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	\$35,000	\$31,500	\$30,964	(\$536)
<b>Expenditures</b>				
Current:				
Security of Persons and Property				
Police				
DARE program				
Personal Services	31,500	31,500	30,964	536
Materials and Supplies	7,700	7,700	7,524	176
Contractual Services	1,300	1,300	1,299	1
<i>Total Expenditures</i>	<u>40,500</u>	<u>40,500</u>	<u>39,787</u>	<u>713</u>
<i>Net Change in Fund Balance</i>	(5,500)	(9,000)	(8,823)	177
<i>Fund Balance Beginning of Year</i>	<u>26,447</u>	<u>26,447</u>	<u>26,447</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$20,947</u>	<u>\$17,447</u>	<u>\$17,624</u>	<u>\$177</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, 2018*

	<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	\$19,000	\$19,000	\$19,271	\$271
<b>Expenditures</b>				
Current:				
Security of Persons and Property				
Police				
OMVI				
Personal Services	20,000	20,000	13,984	6,016
Materials and Supplies	500	500	0	500
Total OMVI	20,500	20,500	13,984	6,516
Miscellaneous				
Materials and Supplies	30,500	30,500	0	30,500
<i>Total Expenditures</i>	51,000	51,000	13,984	37,016
<i>Net Change in Fund Balance</i>	(32,000)	(32,000)	5,287	37,287
<i>Fund Balance Beginning of Year</i>	167,855	167,855	167,855	0
<i>Fund Balance End of Year</i>	\$135,855	\$135,855	\$173,142	\$37,287

**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, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Contributions and Donations	\$10,500	\$10,500	\$11,284	\$784
<b>Expenditures</b>				
Current:				
Security of Persons and Property				
Police				
Materials and Supplies	8,550	8,550	3,577	4,973
Fire				
Materials and Supplies	1,800	1,800	0	1,800
Leisure Time Activities				
Senior Services Donations				
Other	16,000	16,000	11,350	4,650
<i>Total Expenditures</i>	26,350	26,350	14,927	11,423
<i>Net Change in Fund Balance</i>	(15,850)	(15,850)	(3,643)	12,207
<i>Fund Balance Beginning of Year</i>	52,243	52,243	52,243	0
<i>Fund Balance End of Year</i>	\$36,393	\$36,393	\$48,600	\$12,207

**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, 2018*

	<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	\$5,500	\$8,000	\$8,000	\$0
<b>Expenditures</b>				
Current:				
Community Environment				
Enterprise Zone Monitoring				
Other	<u>1,701,250</u>	<u>1,701,250</u>	<u>1,403,931</u>	<u>297,319</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(1,695,750)	(1,693,250)	(1,395,931)	297,319
<b>Other Financing Sources (Uses)</b>				
Transfers In	<u>1,213,000</u>	<u>2,297,020</u>	<u>2,297,020</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(482,750)	603,770	901,089	297,319
<i>Fund Balance Beginning of Year</i>	<u>1,011,415</u>	<u>1,011,415</u>	<u>1,011,415</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$528,665</u></u>	<u><u>\$1,615,185</u></u>	<u><u>\$1,912,504</u></u>	<u><u>\$297,319</u></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, 2018*

	<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	\$6,100	\$1,100	\$1,100	\$0
<b>Expenditures</b>				
Current:				
Security of Persons and Property				
Police				
Police Training	1,250	1,250	67	1,183
Materials and Supplies	15,550	15,550	1,050	14,500
Contractual Services				
<i>Total Expenditures</i>	<u>16,800</u>	<u>16,800</u>	<u>1,117</u>	<u>15,683</u>
<i>Net Change in Fund Balance</i>	(10,700)	(15,700)	(17)	15,683
<i>Fund Balance Beginning of Year</i>	<u>42,955</u>	<u>42,955</u>	<u>42,955</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$32,255</u></u>	<u><u>\$27,255</u></u>	<u><u>\$42,938</u></u>	<u><u>\$15,683</u></u>

**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, 2018*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>	0	0	0	0
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	4,000	4,000	4,000	0
<i>Fund Balance End of Year</i>	<u>\$4,000</u>	<u>\$4,000</u>	<u>\$4,000</u>	<u>\$0</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, 2018*

	<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	\$385,439	\$405,439	\$410,031	\$4,592
Intergovernmental	38,500	38,500	39,176	676
Miscellaneous	20,000	20,000	21,151	1,151
<i>Total Revenues</i>	<u>443,939</u>	<u>463,939</u>	<u>470,358</u>	<u>6,419</u>
<b>Expenditures</b>				
Capital Outlay	917,033	998,318	985,047	13,271
Debt Service:				
Principal Retirement	163,791	163,791	163,791	0
Interest and Fiscal Charges	24,773	24,773	24,773	0
<i>Total Expenditures</i>	<u>1,105,597</u>	<u>1,186,882</u>	<u>1,173,611</u>	<u>13,271</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(661,658)	(722,943)	(703,253)	19,690
<b>Other Financing Sources (Uses)</b>				
Transfers In	582,000	832,000	832,000	0
<i>Net Change in Fund Balance</i>	(79,658)	109,057	128,747	19,690
<i>Fund Balance Beginning of Year</i>	66,071	66,071	66,071	0
Prior Year Encumbrances Appropriated	80,731	80,731	80,731	0
<i>Fund Balance End of Year</i>	<u>\$67,144</u>	<u>\$255,859</u>	<u>\$275,549</u>	<u>\$19,690</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, 2018*

	<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	\$115,000	\$0	\$0	\$0
<b>Expenditures</b>				
Capital Outlay	<u>1,587,154</u>	<u>1,241,154</u>	<u>920,845</u>	<u>320,309</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(1,472,154)	(1,241,154)	(920,845)	320,309
<b>Other Financing Sources (Uses)</b>				
Transfers In	<u>855,000</u>	<u>855,000</u>	<u>855,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(617,154)	(386,154)	(65,845)	320,309
<i>Fund Balance Beginning of Year</i>	1,211,042	1,211,042	1,211,042	0
Prior Year Encumbrances Appropriated	<u>381,994</u>	<u>381,994</u>	<u>381,994</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$975,882</u></u>	<u><u>\$1,206,882</u></u>	<u><u>\$1,527,191</u></u>	<u><u>\$320,309</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, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>	0	0	0	0
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	17,744	17,744	17,744	0
<i>Fund Balance End of Year</i>	<u>\$17,744</u>	<u>\$17,744</u>	<u>\$17,744</u>	<u>\$0</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, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Municipal Income Taxes	\$110,000	\$80,000	\$76,257	(\$3,743)
<b>Expenditures</b>				
Capital Outlay	1,825,219	1,365,469	1,199,161	166,308
<i>Excess of Revenues Over (Under) Expenditures</i>	(1,715,219)	(1,285,469)	(1,122,904)	162,565
<b>Other Financing Sources (Uses)</b>				
Transfers In	631,000	881,000	881,000	0
<i>Net Change in Fund Balance</i>	(1,084,219)	(404,469)	(241,904)	162,565
<i>Fund Balance Beginning of Year</i>	718,406	718,406	718,406	0
Prior Year Encumbrances Appropriated	484,519	484,519	484,519	0
<i>Fund Balance End of Year</i>	<u>\$118,706</u>	<u>\$798,456</u>	<u>\$961,021</u>	<u>\$162,565</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, 2018*

	<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	\$2,000	\$0	\$0	\$0
<b>Expenses</b>				
Contractual Services	85,482	145,038	137,951	7,087
Claims	105,856	183,300	183,203	97
<i>Total Expenses</i>	<u>191,338</u>	<u>328,338</u>	<u>321,154</u>	<u>7,184</u>
<i>Net Change in Fund Equity</i>	(189,338)	(328,338)	(321,154)	7,184
<i>Fund Equity Beginning of Year</i>	587,900	587,900	587,900	0
Prior Year Encumbrances Appropriated	<u>6,838</u>	<u>6,838</u>	<u>6,838</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u>\$405,400</u>	<u>\$266,400</u>	<u>\$273,584</u>	<u>\$7,184</u>

**City of Solon, Ohio**  
*Schedule of Revenues, Expenses and Changes  
 In Fund Equity - Budget (Non-GAAP Basis) and Actual  
 Medical Self Insurance Fund  
 For the Year Ended December 31, 2018*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Charges for Services	\$5,149,238	\$5,156,738	\$5,277,258	\$120,520
Miscellaneous	10,000	10,000	10,974	974
<i>Total Revenues</i>	<u>5,159,238</u>	<u>5,166,738</u>	<u>5,288,232</u>	<u>121,494</u>
<b>Expenses</b>				
Personal Services	15,798	15,798	15,798	0
Contractual Services	733,686	733,686	733,686	0
Claims	5,460,897	4,960,897	3,815,214	1,145,683
<i>Total Expenses</i>	<u>6,210,381</u>	<u>5,710,381</u>	<u>4,564,698</u>	<u>1,145,683</u>
<i>Net Change in Fund Equity</i>	(1,051,143)	(543,643)	723,534	1,267,177
<i>Fund Equity Beginning of Year</i>	<u>1,067,700</u>	<u>1,067,700</u>	<u>1,067,700</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u>\$16,557</u>	<u>\$524,057</u>	<u>\$1,791,234</u>	<u>\$1,267,177</u>



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# Statistical Section

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## 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)*

	2018 (1)	2017	2016	2015 (2)
<b>Governmental Activities</b>				
Net Investment in Capital Assets	\$136,926,999	\$136,564,165	\$136,356,122	\$134,680,020
Restricted:				
Capital Projects	26,125,940	22,116,192	19,842,142	15,834,281
Debt Service	3,432,786	3,833,030	4,238,412	4,730,040
Street Construction, Maintenance and Repair	517,141	515,734	558,702	576,184
Landfill Improvement	0	0	0	0
Other Purposes	1,552,333	1,449,675	1,298,179	1,241,761
Unrestricted (Deficit)	<u>(40,545,969)</u>	<u>(38,369,322)</u>	<u>(10,244,131)</u>	<u>(9,313,888)</u>
<i>Total Governmental Activities</i>				
<i>Net Position</i>	<u>\$128,009,230</u>	<u>\$126,109,474</u>	<u>\$152,049,426</u>	<u>\$147,748,398</u>
<b>Business Type - Activities</b>				
Net Investment in Capital Assets	\$59,272,280	\$54,926,993	\$53,270,749	\$54,911,896
Unrestricted	<u>5,755,527</u>	<u>9,355,376</u>	<u>10,349,489</u>	<u>9,243,031</u>
<i>Total Business-Type Activities</i>				
<i>Net Position</i>	<u>\$65,027,807</u>	<u>\$64,282,369</u>	<u>\$63,620,238</u>	<u>\$64,154,927</u>
<b>Primary Government</b>				
Net Investment in Capital Assets	\$196,199,279	\$191,491,158	\$189,626,871	\$189,591,916
Restricted	31,628,200	27,914,631	25,937,435	22,382,266
Unrestricted	<u>(34,790,442)</u>	<u>(29,013,946)</u>	<u>105,358</u>	<u>(70,857)</u>
<i>Total Primary Government</i>				
<i>Net Position</i>	<u>\$193,037,037</u>	<u>\$190,391,843</u>	<u>\$215,669,664</u>	<u>\$211,903,325</u>

(1) In 2018, The City implemented GASB 75 which affected net position for 2017.

(2) In 2015, The City implemented GASB 68 which affected net position for 2014.

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

2014 (3)	2013 (3)	2012 (3)	2011 (3)	2010 (3)	2009 (3)
\$132,982,006	\$129,835,381	\$131,699,509	\$116,112,789	\$117,330,135	\$104,060,699
15,842,874	14,110,621	9,310,451	6,925,143	5,006,205	9,236,362
5,218,753	5,029,412	5,437,648	7,219,254	7,642,496	7,866,320
758,805	932,586	1,012,409	1,070,267	1,108,641	1,081,065
0	126,143	405,313	641,520	922,799	1,178,514
4,489,465	2,440,106	924,004	1,102,110	988,518	981,745
(10,005,809)	17,480,395	15,590,196	13,281,133	10,607,262	12,398,272
<u>\$149,286,094</u>	<u>\$169,954,644</u>	<u>\$164,379,530</u>	<u>\$146,352,216</u>	<u>\$143,606,056</u>	<u>\$136,802,977</u>
\$53,710,234	\$53,266,832	\$53,582,076	\$52,758,649	\$52,548,182	\$52,711,512
9,232,600	9,479,041	7,845,110	6,906,080	4,735,569	4,519,543
<u>\$62,942,834</u>	<u>\$62,745,873</u>	<u>\$61,427,186</u>	<u>\$59,664,729</u>	<u>\$57,283,751</u>	<u>\$57,231,055</u>
\$186,692,240	\$183,102,213	\$185,281,585	\$168,871,438	\$169,878,317	\$156,772,211
26,309,897	22,638,868	17,089,825	16,958,294	15,668,659	20,344,006
(773,209)	26,959,436	23,435,306	20,187,213	15,342,831	16,917,815
<u>\$212,228,928</u>	<u>\$232,700,517</u>	<u>\$225,806,716</u>	<u>\$206,016,945</u>	<u>\$200,889,807</u>	<u>\$194,034,032</u>

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

	2018 (2)	2017	2016	2015 (3)
<b>Program Revenues</b>				
Governmental Activities:				
Charges for Services:				
Security of Persons and Property				
Police	\$1,096,397	\$998,579	\$971,822	\$506,861
Fire	1,474,418	1,351,809	1,356,148	977,231
Prosecutor (1)	0	0	0	0
Public Health and Welfare	13,356	12,279	12,448	6,492
Leisure Time Activities	847,509	814,787	802,420	2,413,658
Community Environment	232,863	203,710	204,366	108,610
Basic Utility Services	253,210	251,580	221,201	131,537
Transportation	568,334	414,007	403,944	219,444
General Government	790,794	1,181,022	1,308,267	797,517
Operating Grants and Contributions	1,350,466	1,370,182	1,391,073	1,384,483
Capital Grants, Contributions and Assessments	422,830	1,082,903	1,292,479	765,240
<i>Total Governmental Activities</i>				
<i>Program Revenues</i>	<u>7,050,177</u>	<u>7,680,858</u>	<u>7,964,168</u>	<u>7,311,073</u>
Business-Type Activities:				
Charges for Services:				
Water Reclamation	5,874,922	5,412,445	5,470,471	5,432,617
Grantwood Recreation	924,502	931,038	952,342	993,270
Operating Grants and Contributions	0	0	0	0
Capital Grants	0	0	0	0
<i>Total Business-Type Activities</i>				
<i>Program Revenues</i>	<u>6,799,424</u>	<u>6,343,483</u>	<u>6,422,813</u>	<u>6,425,887</u>
<i>Total Primary Government</i>				
<i>Program Revenues</i>	<u>13,849,601</u>	<u>14,024,341</u>	<u>14,386,981</u>	<u>13,736,960</u>
<b>Expenses</b>				
Governmental Activities:				
Security of Persons and Property				
Police	11,933,398	9,696,575	9,698,435	8,559,644
Fire	11,648,401	9,202,443	9,044,688	7,819,699
Prosecutor (1)	0	0	0	0
Public Health and Welfare	108,236	93,367	95,638	92,425
Leisure Time Activities	6,476,806	6,073,088	5,635,865	5,584,774
Community Environment	3,471,353	2,927,294	2,945,530	2,529,159
Basic Utility Services	3,182,746	3,136,684	2,700,942	2,750,465
Transportation	13,021,105	11,525,898	12,913,892	11,007,744
General Government	7,654,588	10,345,336	11,267,584	11,358,095
Interest and Fiscal Charges	144,951	156,092	157,870	181,061
<i>Total Governmental Activities Expenses</i>	<u>57,641,584</u>	<u>53,156,777</u>	<u>54,460,444</u>	<u>49,883,066</u>
Business-Type Activities				
Water Reclamation	5,187,947	4,870,073	5,946,619	5,428,605
Grantwood Recreation	1,051,938	1,093,075	1,108,103	1,044,679
<i>Total Business-Type Activities Expenses</i>	<u>6,239,885</u>	<u>5,963,148</u>	<u>7,054,722</u>	<u>6,473,284</u>
<i>Total Primary Government</i>				
<i>Program Expenses</i>	<u>63,881,469</u>	<u>59,119,925</u>	<u>61,515,166</u>	<u>56,356,350</u>
<b>Net (Expense)/Revenue</b>				
Governmental Activities	(50,591,407)	(45,475,919)	(46,496,276)	(42,571,993)
Business-Type Activities	<u>559,539</u>	<u>380,335</u>	<u>(631,909)</u>	<u>(47,397)</u>
<i>Total Primary Government</i>				
<i>Net Expense</i>	<u>(\$50,031,868)</u>	<u>(\$45,095,584)</u>	<u>(\$47,128,185)</u>	<u>(\$42,619,390)</u>

2014	2013	2012	2011	2010	2009
\$378,418	\$332,192	\$457,894	\$354,441	\$398,302	\$421,753
792,556	778,753	811,123	711,236	338,162	367,317
0	11,105	13,582	10,242	13,810	16,910
4,795	4,259	5,209	3,391	4,434	4,901
3,095,565	3,155,533	3,195,633	3,165,390	3,131,685	3,075,799
74,866	64,887	171,619	124,986	159,952	113,636
107,745	89,937	117,275	73,489	96,456	52,604
179,665	164,649	265,769	201,984	289,778	358,670
479,069	435,208	287,796	237,449	257,817	257,235
1,397,904	1,342,871	1,396,049	1,407,239	1,512,849	1,620,631
4,424,025	612,187	1,587,921	149,004	241,789	3,022,448
10,934,608	6,991,581	8,309,870	6,438,851	6,445,034	9,311,904
6,128,207	6,676,379	6,419,239	7,797,724	5,659,317	5,421,385
1,005,682	1,041,292	1,093,922	951,371	978,466	1,079,991
0	0	0	158,528	0	0
0	52,843	0	0	0	0
7,133,889	7,770,514	7,513,161	8,907,623	6,637,783	6,501,376
18,068,497	14,762,095	15,823,031	15,346,474	13,082,817	15,813,280
8,237,667	8,007,356	9,007,166	8,501,513	8,673,149	8,534,822
7,615,180	7,334,283	8,248,104	8,137,648	8,075,434	8,054,144
0	251,821	246,888	258,477	255,132	293,094
93,873	96,589	94,691	85,571	81,915	84,955
5,301,362	5,676,149	6,588,533	6,594,011	6,347,442	6,463,393
2,508,436	2,349,548	3,087,942	2,793,632	2,994,824	2,831,678
2,998,985	2,963,992	2,921,098	2,668,113	2,758,637	2,331,673
11,674,750	10,795,448	13,093,694	14,847,835	10,227,176	16,375,233
9,881,256	9,642,905	5,857,841	5,426,644	4,592,923	5,364,048
198,713	217,759	440,111	533,090	641,829	857,669
48,510,222	47,335,850	49,586,068	49,846,534	44,648,461	51,190,709
5,502,840	5,439,254	5,302,029	5,265,324	5,910,432	6,472,968
1,054,277	1,074,235	1,191,495	1,048,003	927,306	1,142,923
6,557,117	6,513,489	6,493,524	6,313,327	6,837,738	7,615,891
55,067,339	53,849,339	56,079,592	56,159,861	51,486,199	58,806,600
(37,575,614)	(40,344,269)	(41,276,198)	(43,407,683)	(38,203,427)	(41,878,805)
576,772	1,257,025	1,019,637	2,594,296	(199,955)	(1,114,515)
(\$36,998,842)	(\$39,087,244)	(\$40,256,561)	(\$40,813,387)	(\$38,403,382)	(\$42,993,320)

(continued)

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

	2018 (2)	2017	2016	2015 (3)
<b>General Revenues and Other Changes in Net Position</b>				
<b>Governmental Activities</b>				
Property Taxes Levied For:				
General Purposes	\$1,395,261	\$1,397,663	\$1,412,703	\$1,367,077
Debt Service	314,629	312,624	309,818	295,964
Police Pension	838,985	833,618	826,217	789,297
Fire Pension	1,258,440	1,250,403	1,239,300	1,183,923
Service and Safety Equipment	410,978	407,020	402,273	396,031
Municipal Income Taxes levied for:				
General Purposes	34,660,499	33,154,459	33,557,318	26,802,677
Infrastructure	11,604,180	11,051,486	11,332,440	9,080,861
General Capital Improvements	73,864	110,080	106,435	91,791
Grants and Entitlements not Restricted to Specific Programs	532,235	466,778	559,695	588,171
Unrestricted Contributions	5,342	18,508	37	0
Investment Income	956,232	522,685	232,429	312,338
Gain on Sale of Capital Assets	23,284	45,460	33,087	82,178
Miscellaneous	483,933	363,966	803,141	1,213,331
<b>Total Governmental Activities General Revenues</b>	<b>52,557,862</b>	<b>49,934,750</b>	<b>50,814,893</b>	<b>42,203,639</b>
Special Item - Bainbridge Road Improvements Transfers	0 (66,699)	0 (1,135,226)	0 (17,589)	0 (1,169,342)
<b>Total Governmental Activities</b>	<b>52,491,163</b>	<b>48,799,524</b>	<b>50,797,304</b>	<b>41,034,297</b>
<b>Business-Type Activities</b>				
Investment Income	97,748	111,384	38,721	56,418
Gain on Sale of Capital Assets	0	0	0	4,500
Miscellaneous	21,452	21,134	40,910	29,230
<b>Total Business-Type Activities General Revenues</b>	<b>119,200</b>	<b>132,518</b>	<b>79,631</b>	<b>90,148</b>
Transfers	66,699	1,135,226	17,589	1,169,342
<b>Total Business-Type Activities</b>	<b>185,899</b>	<b>1,267,744</b>	<b>97,220</b>	<b>1,259,490</b>
<b>Total Primary Government General Revenues and Other Changes in Net Position</b>	<b>52,677,062</b>	<b>50,067,268</b>	<b>50,894,524</b>	<b>42,293,787</b>
<b>Change in Net Position</b>				
Governmental Activities	1,899,756	3,323,605	4,301,028	(1,537,696)
Business-Type Activities	745,438	1,648,079	(534,689)	1,212,093
<b>Total Primary Government Change in Net Position</b>	<b>\$2,645,194</b>	<b>\$4,971,684</b>	<b>\$3,766,339</b>	<b>(\$325,603)</b>

(1) In 2014, the Prosecutor Department was combined with the Legal Department and reported as a General Government expenditure.

(2) Expenses are first impacted by the implementation of GASB Statement No.75 beginning in 2018.

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



2014	2013	2012	2011	2010	2009
\$1,800,977	\$2,027,253	\$1,358,974	\$1,338,758	\$847,731	\$830,331
386,528	576,082	1,282,647	1,419,400	1,928,116	2,227,871
779,430	403,397	403,221	407,280	411,492	425,385
603,692	583,335	604,834	610,920	616,532	637,371
389,085	387,456	388,325	389,788	393,218	392,947
30,826,373	29,856,263	30,796,894	29,071,231	28,336,758	25,569,132
10,262,562	9,999,877	9,791,741	9,524,829	9,120,696	8,360,524
83,629	85,948	76,524	78,167	69,329	76,178
797,599	1,452,480	1,896,700	1,846,601	1,772,443	1,813,161
0	0	0	0	0	0
366,629	(55,709)	171,550	607,074	895,577	998,629
66,285	32,754	65,299	47,632	13,894	27,013
1,064,259	570,247	834,994	522,228	814,795	650,783
47,427,048	45,919,383	47,671,703	45,863,908	45,220,581	42,009,325
0	0	12,223,401	0	0	0
(637,298)	0	(591,592)	289,935	(214,075)	(1,317,560)
46,789,750	45,919,383	59,303,512	46,153,843	45,006,506	40,691,765
59,949	(3,627)	52,757	0	0	0
1,270	0	55,950	0	0	0
38,532	65,289	42,521	76,617	38,576	60,313
99,751	61,662	151,228	76,617	38,576	60,313
637,298	0	591,592	(289,935)	214,075	1,317,560
737,049	61,662	742,820	(213,318)	252,651	1,377,873
47,526,799	45,981,045	60,046,332	45,940,525	45,259,157	42,069,638
9,214,136	5,575,114	18,027,314	2,746,160	6,803,079	(1,187,040)
1,313,821	1,318,687	1,762,457	2,380,978	52,696	263,358
<u>\$10,527,957</u>	<u>\$6,893,801</u>	<u>\$19,789,771</u>	<u>\$5,127,138</u>	<u>\$6,855,775</u>	<u>(\$923,682)</u>

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>General Fund</b>				
Nonspendable	\$1,084,738	\$861,423	\$881,664	\$973,400
Restricted	0	0	0	0
Committed	652,201	512,701	516,465	259,789
Assigned	3,543,075	2,777,126	3,940,992	6,860,864
Unassigned	26,944,145	25,996,199	22,452,316	19,853,352
Total General Fund	<u>32,224,159</u>	<u>30,147,449</u>	<u>27,791,437</u>	<u>27,947,405</u>
<b>All Other Governmental Funds</b>				
Restricted	24,934,602	22,028,619	18,854,940	15,874,447
Committed	378,455	337,159	380,959	652,048
Unassigned (Deficit)	0	0	0	0
Total All Other Governmental Funds	<u>25,313,057</u>	<u>22,365,778</u>	<u>19,235,899</u>	<u>16,526,495</u>
<b>Total Governmental Funds</b>	<u>\$57,537,216</u>	<u>\$52,513,227</u>	<u>\$47,027,336</u>	<u>\$44,473,900</u>

Note: The City implemented GASB 54 in 2010.

2014	2013	2012	2011	2010	2009
\$1,045,014	\$892,677	\$912,423	\$732,687	\$555,472	\$623,912
0	0	0	377	96,972	83,358
208,801	188,187	557,390	1,003,676	1,182,073	1,101,884
1,477,408	1,971,534	911,372	909,960	359,302	459,812
27,905,155	23,790,512	22,232,615	20,646,611	19,479,061	22,636,438
<u>30,636,378</u>	<u>26,842,910</u>	<u>24,613,800</u>	<u>23,293,311</u>	<u>21,672,880</u>	<u>24,905,404</u>
16,355,734	15,447,234	11,107,256	9,577,187	8,408,663	11,473,009
1,101,454	1,281,567	925,688	1,012,836	1,188,298	1,234,298
0	0	0	0	(2,125)	(3,790,560)
<u>17,457,188</u>	<u>16,728,801</u>	<u>12,032,944</u>	<u>10,590,023</u>	<u>9,594,836</u>	<u>8,916,747</u>
<u>\$48,093,566</u>	<u>\$43,571,711</u>	<u>\$36,646,744</u>	<u>\$33,883,334</u>	<u>\$31,267,716</u>	<u>\$33,822,151</u>

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

	2018	2017	2016	2015
<b>Revenues</b>				
Property Taxes	\$4,201,895	\$4,189,477	\$4,175,821	\$4,022,407
Municipal Income Taxes	45,618,936	43,223,204	42,913,756	36,289,382
Special Assessments	351,465	361,666	379,417	359,689
Intergovernmental	2,148,331	3,552,717	2,470,259	2,764,421
Investment Income	956,232	522,685	232,429	312,338
Fees, Licenses and Permits	884,906	882,786	965,827	1,034,147
Fines and Forfeitures	325,438	308,255	339,901	305,412
Rentals	21,168	23,976	25,522	24,796
Charges for Services	4,007,464	3,986,920	3,977,983	3,711,139
Contributions and Donations	52,810	91,313	62,456	77,262
Miscellaneous	527,193	347,190	995,495	1,008,383
<i>Total Revenues</i>	<u>59,095,838</u>	<u>57,490,189</u>	<u>56,538,866</u>	<u>49,909,376</u>
<b>Expenditures</b>				
Current:				
Security of Persons and Property				
Police	9,457,806	8,214,938	8,239,576	7,873,259
Fire	8,824,637	7,805,118	7,279,576	7,111,110
Prosecutor (1)	0	0	0	0
Public Health and Welfare	108,236	93,367	95,638	92,425
Leisure Time Activities	5,373,466	4,953,838	4,815,387	4,822,756
Community Environment	3,291,668	2,628,519	2,829,943	2,506,900
Basic Utility Services	2,026,723	1,895,966	1,701,869	1,917,474
Transportation	5,604,925	4,289,130	4,282,843	4,410,331
General Government	6,570,720	9,284,825	10,319,191	10,747,164
Capital Outlay	12,077,651	11,596,976	14,090,264	13,260,578
Debt Service:				
Principal Retirement	799,839	684,821	765,143	701,923
Interest and Fiscal Charges	152,673	155,260	165,696	189,953
<i>Total Expenditures</i>	<u>54,288,344</u>	<u>51,602,758</u>	<u>54,585,126</u>	<u>53,633,873</u>
<i>Excess of Revenues Over</i> <i>(Under) Expenditures</i>	<u>4,807,494</u>	<u>5,887,431</u>	<u>1,953,740</u>	<u>(3,724,497)</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	34,793	45,460	45,650	104,831
Inception of Capital Lease	181,702	620,700	554,046	0
Transfers In	2,598,000	1,084,000	4,767,512	3,072,067
Transfers Out	(2,598,000)	(2,151,700)	(4,767,512)	(3,072,067)
<i>Total Other Financing Sources (Uses)</i>	<u>216,495</u>	<u>(401,540)</u>	<u>599,696</u>	<u>104,831</u>
<i>Net Change in Fund Balances</i>	<u>\$5,023,989</u>	<u>\$5,485,891</u>	<u>\$2,553,436</u>	<u>(\$3,619,666)</u>
Debt Service as a Percentage of Noncapital Expenditures	2.1%	1.9%	2.0%	2.0%

(1) In 2014, the Prosecutor Department was combined with the Legal Department and reported as a General Government expenditure.

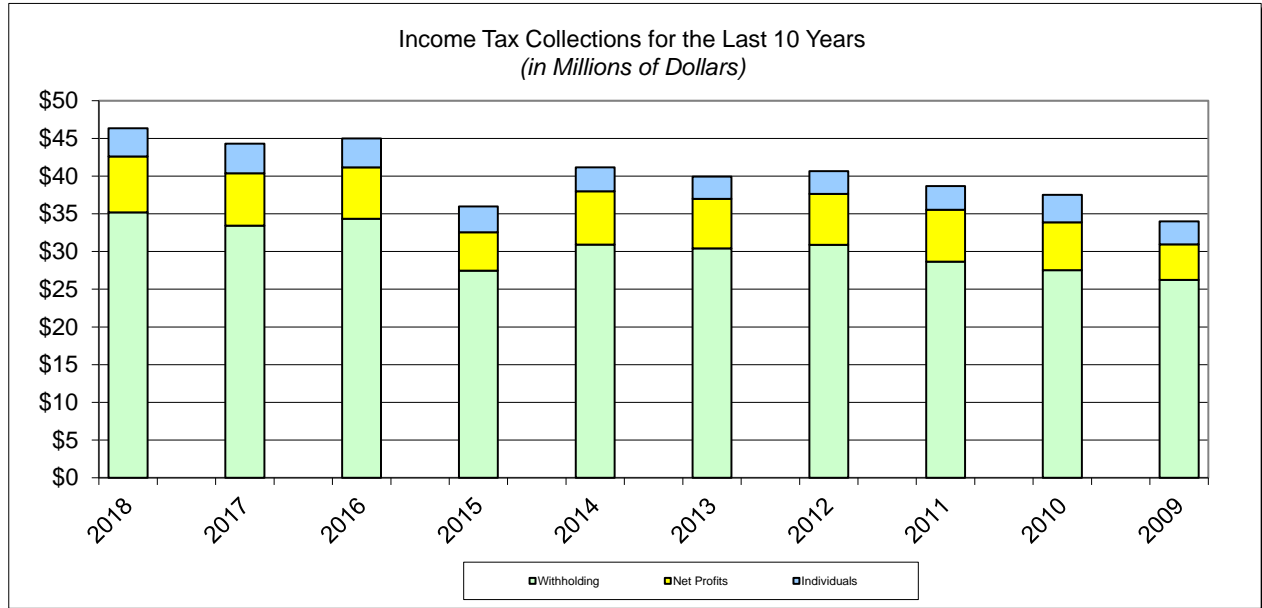
2014	2013	2012	2011	2010	2009
\$3,975,911	\$3,990,357	\$4,084,821	\$4,175,477	\$4,200,659	\$4,439,830
41,225,082	39,837,052	40,209,345	38,635,456	37,011,203	33,433,337
607,313	601,538	708,400	722,102	812,268	788,768
5,075,368	3,267,683	4,734,703	3,369,326	3,418,929	6,379,986
366,629	(55,709)	171,550	607,074	895,577	998,629
995,024	712,763	1,079,485	722,408	772,364	670,840
341,694	364,383	372,559	397,909	342,265	337,471
29,605	31,187	25,319	31,134	23,083	24,097
3,746,356	3,928,190	3,848,537	3,741,157	3,562,684	3,646,417
91,552	137,481	156,356	98,588	99,555	75,173
1,061,743	574,959	844,994	522,228	814,795	650,587
<u>57,516,277</u>	<u>53,389,884</u>	<u>56,236,069</u>	<u>53,022,859</u>	<u>51,953,382</u>	<u>51,445,135</u>
7,738,602	7,563,495	8,538,190	8,077,151	8,264,487	8,078,371
7,036,681	6,960,704	7,877,662	7,444,523	7,429,107	7,574,187
0	251,157	246,909	257,217	252,624	297,440
93,873	96,589	94,691	85,571	81,915	84,955
4,784,990	5,009,856	5,952,381	6,023,319	5,669,661	5,793,337
2,503,875	2,313,356	3,075,063	2,838,647	3,001,106	2,801,923
2,123,557	2,064,763	2,002,298	1,894,005	1,890,447	1,641,022
4,886,506	4,875,931	5,983,241	6,181,872	6,429,141	6,491,425
8,926,410	9,116,673	4,649,342	4,966,488	4,327,183	4,061,450
14,044,012	7,134,614	9,245,520	10,388,586	14,549,895	22,775,769
714,860	884,521	5,415,516	2,070,153	1,995,556	3,271,373
207,341	230,001	469,946	546,106	657,129	879,836
<u>53,060,707</u>	<u>46,501,660</u>	<u>53,550,759</u>	<u>50,773,638</u>	<u>54,548,251</u>	<u>63,751,088</u>
4,455,570	6,888,224	2,685,310	2,249,221	(2,594,869)	(12,305,953)
66,285	36,743	78,100	66,462	112,607	83,882
0	0	0	0	0	0
2,105,000	3,002,761	5,300,000	4,363,775	7,529,125	5,553,280
(2,105,000)	(3,002,761)	(5,300,000)	(4,063,840)	(7,601,298)	(5,647,424)
<u>66,285</u>	<u>36,743</u>	<u>78,100</u>	<u>366,397</u>	<u>40,434</u>	<u>(10,262)</u>
<u>\$4,521,855</u>	<u>\$6,924,967</u>	<u>\$2,763,410</u>	<u>\$2,615,618</u>	<u>(\$2,554,435)</u>	<u>(\$12,316,215)</u>
2.1%	2.7%	12.4%	5.7%	6.4%	8.2%

**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
2018	2.00 %	\$46,338,543	\$35,206,650	75.98%	\$7,391,788	15.95%	\$3,740,105	8.07%
2017	2.00	44,316,025	33,422,279	75.42	6,963,256	15.17	\$3,930,490	8.87
2016	2.00	44,996,193	34,349,591	76.34	6,826,711	15.17	3,819,891	8.49
2015	2.00	35,975,329	27,463,566	76.34	5,104,899	14.19	3,406,864	9.47
2014	2.00	41,172,564	30,915,983	75.09	7,065,014	17.16	3,191,567	7.75
2013	2.00	39,942,088	30,410,326	76.13	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

(1) 2009 through 2018 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.

2018 Taxpayers	Ranking
Swagelok Manufacturing Company	1
Nestle Food Company	2
Solon Board of Education	3
Erico Products Inc.	4
The Cleveland Clinic Foundation	5
MRI Software LLC	6
Caremark LLC	7
City of Solon	8
Tarkett USA Inc.	9
Interdesign Inc.	10

2009 Taxpayers	Ranking
Nestle Food Company	1
Swagelok Manufacturing Company	2
Solon Board of Education	3
Erico Products Inc.	4
Keithley Instruments Inc.	5
City of Solon	6
National Enterprise Systems Inc.	7
LPS Management LLC	8
Datavantage	9
L'Oreal USA Productions Inc.	10

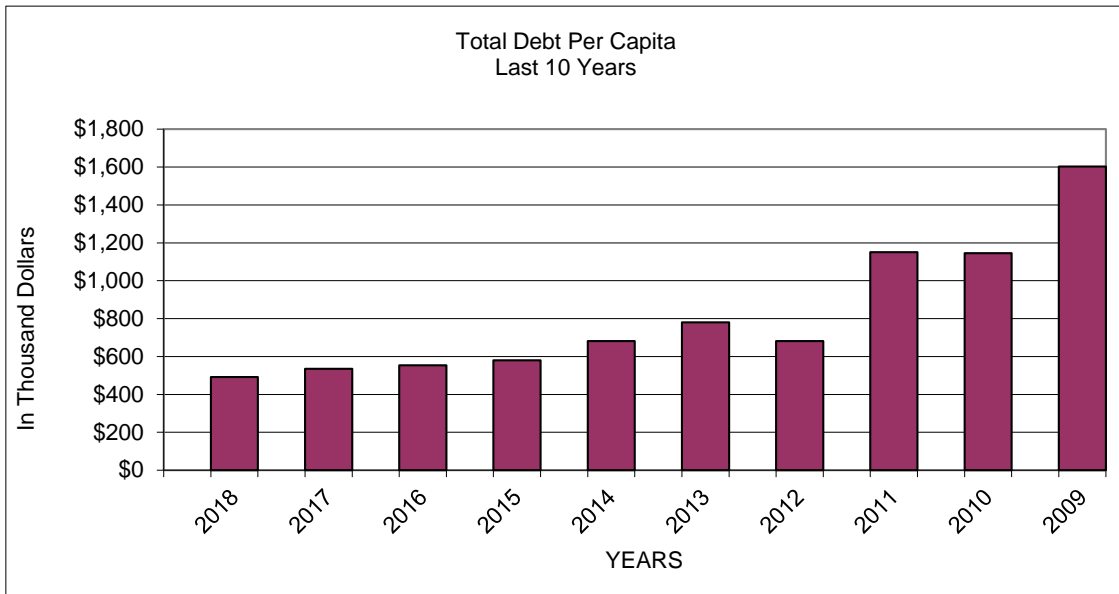
Due to legal restrictions and confidentiality requirements, the City cannot disclose the amount of withholding.

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	Capital Leases	General Obligation Bond Anticipation Notes
2018	\$0	\$0	\$4,827,211	\$0	\$1,059,667	\$0
2017	0	0	5,463,259	0	1,041,756	0
2016	0	0	6,084,196	0	484,940	0
2015	0	0	6,780,233	0	0	0
2014	0	0	7,458,349	23,807	0	0
2013	0	0	8,119,077	77,939	0	0
2012	0	0	8,942,950	138,587	0	0
2011	4,470,000	84,895	9,742,923	199,235	0	0
2010	5,620,000	167,497	10,519,826	259,883	0	0
2009	6,720,000	247,805	11,274,426	320,531	0	4,707,351





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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>
\$5,590,509	\$11,477,387	1.05%	\$492
6,002,917	12,507,932	1.14	536
6,362,737	12,931,873	1.18	554
6,758,641	13,538,874	1.24	580
8,416,870	15,899,026	1.45	681
10,025,013	18,222,029	1.67	780
11,541,487	20,623,024	1.89	681
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

**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*

<u>Year</u>	<u>Population (1)</u>	<u>Estimated True Values of Taxable Property (2)</u>	<u>Bonded Debt (3)</u>	<u>Ratio of Bonded Debt to Estimated True Values of Taxable Property</u>	<u>Bonded Debt Per Capital</u>
2018	23,348	\$3,267,531,014	\$0	0.00 %	\$0.00
2017	23,348	3,269,408,477	0	0.00	0.00
2016	23,348	3,256,873,494	0	0.00	0.00
2015	23,348	3,117,668,606	0	0.00	0.00
2014	23,348	3,125,680,192	0	0.00	0.00
2013	23,348	3,112,770,336	0	0.00	0.00
2012	23,348	3,223,292,544	4,470,000	0.14	191.45
2011	23,348	3,232,882,651	5,620,000	0.17	240.71
2010	21,802	3,235,164,518	6,720,000	0.21	308.23
2009	21,802	3,629,826,351	9,150,000	0.25	419.69

Sources:

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

(2) Cuyahoga County Fiscal Officer

(3) Includes all general obligation bonded debt.

Note: 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, 2018*

Jurisdiction	Governmental Activities Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to City of Solon
<b>Direct - City of Solon</b>			
OWDA Loans	\$4,827,211	100.00%	\$4,827,211
Capital Leases	<u>1,059,667</u>	100.00%	<u>1,059,667</u>
<i>Total Direct</i>	<u>5,886,878</u>		<u>5,886,878</u>
<b>Overlapping</b>			
Solon City School District			
General Obligation Bonds	4,175,000	97.86%	4,085,655
General Obligation Notes	1,423,000	97.86%	1,392,548
Orange School District			
General Obligation Bonds	14,780,737	2.14%	316,308
Capital Lease Obligations	196,853	2.14%	4,213
Cuyahoga County (2)			
General Obligation Bonds	200,766,146	3.87%	7,769,650
Revenue Bonds	681,206,878	3.87%	26,362,706
Certificates of Participation	235,169,929	3.87%	9,101,076
Loans Payable	1,416,331	3.87%	54,812
Capital Lease Obligations	335,053,352	3.87%	12,966,565
Greater Cleveland Regional Transit Authority			
	<u>114,931,963</u>	3.87%	<u>4,447,867</u>
<i>Total Overlapping Debt</i>	<u>1,589,120,189</u>		<u>66,501,399</u>
<b>Total</b>	<u><u>\$1,595,007,067</u></u>		<u><u>\$72,388,277</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*

	2018	2017	2016	2015
Population	23,348	23,348	23,348	23,348
Total Assessed Property Value	<u>\$1,159,280,190</u>	<u>\$1,158,870,930</u>	<u>\$1,153,594,870</u>	<u>\$1,104,634,310</u>
General Bonded Debt Outstanding:				
General Obligation Bonds	\$0	\$0	\$0	\$0
Special Assessment Bonds	0	0	0	0
Bond Anticipation Notes	0	0	0	0
OPWC Loans	0	0	0	0
OWDA Loans	<u>10,417,720</u>	<u>11,466,176</u>	<u>12,446,933</u>	<u>13,538,874</u>
Total Gross Indebtedness	10,417,720	11,466,176	12,446,933	13,538,874
Less:				
Special Assessment Bonds	0	0	0	0
OWDA Loans	(10,417,720)	(11,466,176)	(12,446,933)	(13,538,874)
General Obligation				
Bond Retirement Fund Balance (1)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Net Debt Applicable to Debt Limit	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	<u>121,724,420</u>	<u>121,681,448</u>	<u>121,127,461</u>	<u>115,986,603</u>
Legal Debt Margin Within 10 ½ % Limitations	<u>\$121,724,420</u>	<u>\$121,681,448</u>	<u>\$121,127,461</u>	<u>\$115,986,603</u>
Legal Debt Margin as a Percentage of the Debt Limit	100.00%	100.00%	100.00%	100.00%
Unvoted Debt Limitation 5 ½ % of Assessed Valuation	<u>\$63,760,410</u>	<u>\$63,737,901</u>	<u>\$63,447,718</u>	<u>\$60,754,887</u>
Total Gross Indebtedness	10,417,720	11,466,176	12,446,933	13,538,874
Less:				
Voted General Obligation Bonds	0	0	0	0
Special Assessment Bonds	0	0	0	0
OWDA Loans	(10,417,720)	(11,466,176)	(12,446,933)	(13,538,874)
General Obligation				
Bond Retirement Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Debt Within 5 ½ % Limitations	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Unvoted Legal Debt Margin Within 5 ½ % Limitations	<u>\$63,760,410</u>	<u>\$63,737,901</u>	<u>\$63,447,718</u>	<u>\$60,754,887</u>
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	100.00%	100.00%	100.00%	100.00%

Source: City Financial Records

(1) 2012 through 2018, the Bond Retirement Fund Balance was limited to the outstanding balance of OPWC debt.

2014	2013	2012	2011	2010	2009
23,348	23,348	23,348	23,348	23,348	21,802
<u>\$1,106,828,600</u>	<u>\$1,101,210,810</u>	<u>\$1,138,853,530</u>	<u>\$1,141,833,370</u>	<u>\$1,138,422,059</u>	<u>\$1,179,483,022</u>
\$0	\$0	\$0	\$4,470,000	\$5,620,000	\$6,720,000
0	0	0	84,895	167,497	247,805
0	0	0	0	0	4,700,000
23,807	77,939	138,587	199,235	259,883	320,531
<u>15,875,219</u>	<u>18,144,090</u>	<u>20,484,437</u>	<u>22,124,447</u>	<u>20,691,412</u>	<u>22,963,373</u>
15,899,026	18,222,029	20,623,024	26,878,577	26,738,792	34,951,709
0	0	0	(84,895)	(167,497)	(247,805)
(15,875,219)	(18,144,090)	(20,484,437)	(22,124,447)	(20,691,412)	(22,963,373)
<u>(23,807)</u>	<u>(77,939)</u>	<u>(138,587)</u>	<u>(2,114,990)</u>	<u>(1,800,852)</u>	<u>(1,186,990)</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>2,554,245</u>	<u>4,079,031</u>	<u>10,553,541</u>
<u>116,217,003</u>	<u>115,627,135</u>	<u>119,579,621</u>	<u>119,892,504</u>	<u>119,534,316</u>	<u>123,845,717</u>
<u>\$116,217,003</u>	<u>\$115,627,135</u>	<u>\$119,579,621</u>	<u>\$117,338,259</u>	<u>\$115,455,285</u>	<u>\$113,292,176</u>
100.00%	100.00%	100.00%	97.87%	96.59%	91.48%
<u>\$60,875,573</u>	<u>\$60,566,595</u>	<u>\$62,636,944</u>	<u>\$62,800,835</u>	<u>\$62,613,213</u>	<u>\$64,871,566</u>
15,899,026	18,222,029	20,623,024	26,878,577	26,738,792	34,951,709
0	0	0	(240,000)	(465,000)	(2,060,000)
0	0	0	(84,895)	(167,497)	(247,805)
(15,875,219)	(18,144,090)	(20,484,437)	(22,124,447)	(20,691,412)	(22,963,373)
<u>(23,807)</u>	<u>(77,939)</u>	<u>(138,587)</u>	<u>(2,114,990)</u>	<u>(1,800,852)</u>	<u>(1,186,990)</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>2,314,245</u>	<u>3,614,031</u>	<u>8,493,541</u>
<u>\$60,875,573</u>	<u>\$60,566,595</u>	<u>\$62,636,944</u>	<u>\$60,486,590</u>	<u>\$58,999,182</u>	<u>\$56,378,025</u>
100.00%	100.00%	100.00%	96.31%	94.23%	86.91%

**City of Solon, Ohio**  
Principal Employers  
2017 and 2009

2017		
Employer	W-2's	Percentage of Total City W-2's
Swagelok Company	3,427	11.12 %
Nestle Food Company	1,946	6.32
The Cleveland Clinic Foundation	976	3.17
City of Solon	867	2.81
National Enterprise Systems Inc.	833	2.70
Caremark LLC	697	2.25
Solon Board of Education	675	2.19
Erico Products Inc.	627	2.04
MRI Software LLC	499	1.62
Interdesign Inc.	346	1.12
<b>Total</b>	<b>10,893</b>	<b>35.36 %</b>
<b>Total W-2's Received</b>	<b>30,807</b>	

2009		
Employer	W-2's	Percentage of Total City W-2's
Swagelok Company	2,863	6.43 %
Nestle Food Company	1,836	4.12
Solon Board of Education	1,099	2.47
National Enterprise Systems	1,089	2.45
City of Solon	901	2.01
Erico Products Inc.	571	1.28
LPS Management LLC	470	1.06
Keithley Instruments Inc.	449	1.01
Kennametal Inc.	354	0.80
Arrow Electronics	352	0.80
<b>Total</b>	<b>9,984</b>	<b>22.43 %</b>
<b>Total W-2's Received</b>	<b>44,520</b>	

Note: 2018 information was unavailable at the time of publication.

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)
2018	23,348	\$1,093,853,800	\$46,850	\$95,881	43
2017	23,348	1,093,853,800	46,850	95,881	43
2016	23,348	1,093,853,800	46,850	95,881	43
2015	23,348	1,093,853,800	46,850	95,881	43
2014	23,348	1,093,853,800	46,850	95,881	43
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

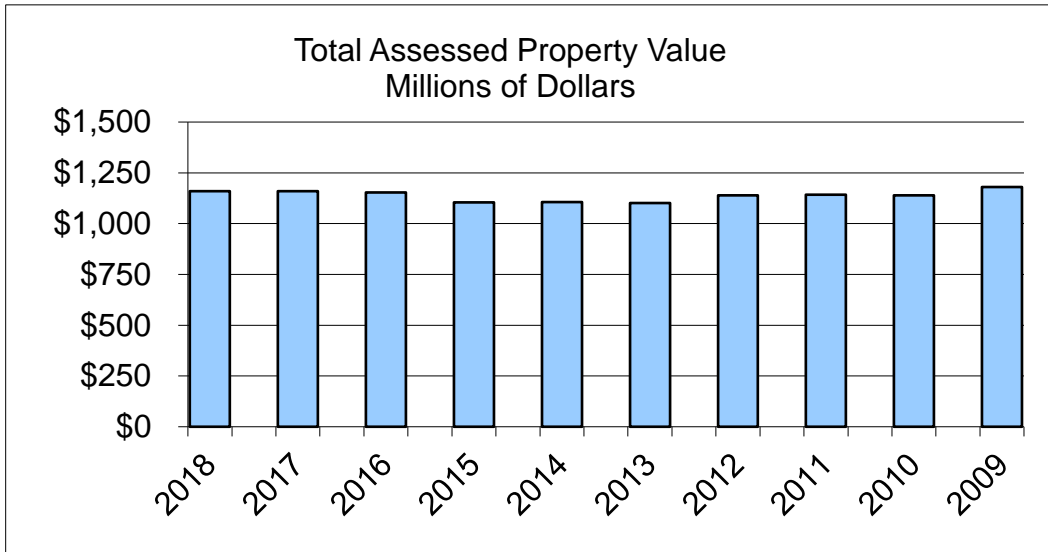
(1) Source: U. S. Census

(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 Fiscal Officer

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





Educational Attainment: Bachelor's Degree or Higher (1)	School Enrollment (2)	Cuyahoga County Unemployment Rate (3)	Total Assessed Property Value (4)
57.0%	4,527	5.0%	\$1,159,280,190
57.0	4,585	4.8	1,158,870,930
57.0	4,600	5.3	1,153,594,870
57.0	4,722	4.0	1,104,634,310
57.0	4,764	6.4	1,106,828,600
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

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

Function/Program	2018	2017	2016	2015
Security of Persons and Property				
Police	46.00	46.00	46.00	47.00
Dispatch and Clerks	8.00	7.00	8.00	17.00
Corrections	10.00	10.00	11.00	10.00
Fire	59.00	59.00	59.00	59.00
Leisure Time Activities				
Recreation	13.00	13.00	13.00	11.00
Senior Services	7.00	6.00	5.00	4.00
Arts Center	4.00	4.00	4.00	4.00
Grantwood Golf Course	6.00	6.00	6.00	4.00
Community Environment				
Planning	7.00	7.00	7.00	6.00
Building	2.00	2.00	2.00	3.00
Engineering	10.00	11.00	10.00	11.00
Public Works	0.00	0.00	0.00	0.00
Basic Utility Services				
Water Reclamation	17.00	17.00	17.00	17.00
Transportation				
Service	66.00	68.00	68.00	65.00
General Government				
City Council	2.00	2.00	2.00	2.00
Mayors Office	2.00	2.00	2.00	2.00
Finance	6.00	6.00	7.00	10.00
Income Tax	0.00	0.00	0.00	0.00
Prosecutor Clerk	0.00	0.00	0.00	0.00
Human Resources	1.00	1.00	2.00	2.00
Network Administrator	3.00	2.00	3.00	3.00
City Hall Custodial	2.00	1.00	1.00	2.00
Receptionist	1.00	1.00	1.00	1.00
Totals:	<u>272.00</u>	<u>271.00</u>	<u>274.00</u>	<u>280.00</u>

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

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

2014	2013	2012	2011	2010	2009
46.00	46.00	46.00	44.00	46.00	47.00
18.00	17.00	17.00	18.00	17.00	19.00
10.00	10.00	10.00	7.00	8.00	10.00
59.00	57.00	57.00	58.00	60.00	61.00
11.00	12.00	12.00	12.00	13.00	14.00
4.00	4.00	4.00	4.00	5.00	5.00
4.00	3.00	2.00	4.00	4.00	4.00
5.00	5.00	5.00	5.00	5.00	5.00
6.00	6.00	6.00	6.00	6.00	6.00
3.00	3.00	3.00	3.00	4.00	4.00
9.00	8.00	9.00	10.00	11.00	11.00
0.00	0.00	0.00	0.00	1.00	2.00
17.00	17.00	18.00	17.00	23.00	23.00
65.00	68.00	69.00	68.00	66.00	70.00
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	9.00	10.00	11.00	11.00
2.00	4.00	4.00	4.00	4.00	4.00
0.00	1.00	1.00	1.00	1.00	1.00
2.00	1.00	2.00	2.00	2.00	2.00
3.00	3.00	3.00	3.00	3.00	3.00
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>282.00</u>	<u>282.00</u>	<u>284.00</u>	<u>283.00</u>	<u>297.00</u>	<u>309.00</u>

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

Function/Program	2018	2017	2016	2015
<b>Security of Persons &amp; Property</b>				
<i><b>Police</b></i>				
Number of traffic citations issued	3,892	3,526	3,660	3,376
DUI Arrests	131	133	115	131
Prisoners Processed	2,451	2,248	2,275	1,900
<i><b>Fire</b></i>				
Fire Responses	753	771	629	742
EMS Calls	2,368	2,338	2,268	2,191
Safety Inspections	2,183	2,169	2,582	2,646
Plan Reviews	156	132	118	171
<b>Leisure Time Activities</b>				
<i><b>Parks and Recreation</b></i>				
Community Center Memberships (3)	6,758	7,228	7,314	6,681
Summer Camp Participants	1,272	1,187	1,195	1,223
Baseball/Softball Teams	35	35	48	45
<i><b>Senior Services</b></i>				
Program Attendance (2)	68,922	69,666	63,812	60,191
<i><b>Arts Center</b></i>				
Class Registrations	4,795	3,813	3,650	3,512
Percentage of Solon Residents	83%	81%	80%	80%
<i><b>Grantwood Golf Course</b></i>				
Rounds Played (18 holes)	14,104	13,670	14,008	11,978
Rounds Played (9 holes)	13,102	12,878	13,997	15,689
Range Balls	14,852	15,330	52,213	43,864
<b>Community Environment</b>				
<i><b>Building</b></i>				
Building Permits Issued	1,506	1,527	2,136	2,104
<b>Basic Utility Services</b>				
<i><b>Waste Water Treatment</b></i>				
Average Daily Flow (millions of gallons)	3,926	3,062	3,318	3,470
<b>Transportation</b>				
<i><b>Service</b></i>				
Tons of Salt Purchased	10,529	9,108	10,229	11,372
Tons of Rubbish Collected	7,441	6,082	6,911	7,062
Yards of Leaves Collected (1)	15,520	14,188	16,125	13,153
Tons of Recycling Materials Collected	1,979	1,747	2,065	2,058
<b>General Government</b>				
<i><b>City Council</b></i>				
Ordinances or Resolutions Introduced	304	227	231	262
<i><b>Finance</b></i>				
Accounts Payable Checks Processed	7,486	7,661	7,718	8,176
Purchase Orders Issued	3,102	3,519	2,958	3,333
<i><b>Network Administration</b></i>				
Computer Workstations	260	260	255	265

- (1) Indicator changed from prior year reports and new indicator data not available prior to 2012.  
(2) Indicator does not include Silver Sneakers members. Silver Sneakers has increased each year and is pay as you go for seniors.

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

2014	2013	2012	2011	2010	2009
3,927	3,768	3,893	3,744	4,673	4,266
132	131	151	132	118	126
1,905	1,927	1,819	1,732	1,521	1,376
772	715	671	746	737	785
2,067	2,104	1,737	1,726	1,789	1,725
2,095	1,794	2,480	1,529	1,589	1,703
324	617	393	247	150	231
6,876	7,417	7,811	8,341	8,495	9,550
1,138	1,186	1,129	1,201	1,248	1,295
55	56	64	81	99	108
47,664	40,292	37,912	36,817	31,678	25,545
3,056	2,906	3,204	3,160	3,274	3,508
82%	81%	77%	79%	81%	83%
12,497	9,918	10,256	14,025	12,021	12,649
15,957	17,152	16,768	10,967	17,148	19,289
45,340	45,704	44,795	34,082	35,292	36,825
1,241	988	927	793	819	706
3.567	3.526	3.452	4.131	3.733	3.291
12,785	9,996	9,318	10,119	16,000	12,700
7,607	7,654	7,473	7,835	7,868	8,147
14,625	12,293	13,653	n/a	n/a	n/a
1,664	1,453	1,394	1,422	1,334	1,199
281	273	302	255	286	311
8,545	9,216	10,052	9,333	9,547	10,838
3,250	3,986	4,425	4,829	4,355	4,880
260	257	256	237	235	235

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

Function/Program	2018	2017	2016	2015
<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	35	29	30	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	20	20	18	18
<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	6	6	5	4
<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	1	1	2	2
<i><b>Building Department</b></i>				
Vehicles	2	2	3	3
<i><b>Engineering Department</b></i>				
Vehicles	6	6	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	9	7	7
<b>Transportation</b>				
<i><b>Service</b></i>				
Square Footage of Building	70,461	70,461	70,461	70,461
Vehicles	70	71	70	72
<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	0	0	0	1
Network Administration's Vehicle	0	0	1	0
City Hall Vehicle	1	1	2	2

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

2014	2013	2012	2011	2010	2009
37,168 29	37,168 26	37,168 29	37,168 28	37,168 27	37,168 25
37,168 16,200 9,610 19	37,168 16,200 9,610 19	37,168 16,200 9,610 20	37,168 16,200 9,610 19	37,168 16,200 9,610 21	37,168 16,200 9,610 21
92,500 7	92,500 7	92,500 8	92,500 7	92,500 7	92,500 7
5	4	4	4	4	6
15,000	15,000	15,000	15,000	15,000	15,000
7,200 5,000 1	7,200 5,000 1	7,200 5,000 1	7,200 5,000 1	7,200 5,000 1	7,200 5,000 1
2	2	2	2	2	2
3	4	3	4	4	5
8	7	8	9	8	8
56,000 6	56,000 9	56,000 10	56,000 12	56,000 12	56,000 12
70,461 73	70,461 73	70,461 73	70,461 71	70,461 70	70,461 73
55,950 1 1 0 2	55,950 1 1 1 2	55,950 1 1 1 2	55,950 1 1 1 1	55,950 1 1 1 1	55,950 1 1 1 1

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OHIO AUDITOR OF STATE  
**KEITH FABER**



**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 23, 2019**