

Mary Taylor, CPA
Auditor of State

CITY OF SOLON
CUYAHOGA COUNTY

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**CITY OF SOLON
CUYAHOGA COUNTY**

**SCHEDULE OF FEDERAL AWARD EXPENDITURES
FOR YEAR ENDED DECEMBER 31, 2006**

Federal Grantor	ID	Federal	
Program Title	Number	CFDA	Disbursements
		Number	
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
<i>Direct Program</i>			
Assistance to Firefighters	EHW-2005-FG-11968	97.044	\$559,552
Urban Areas Security Initiative	DR-1604-MS	97.008	37,102
Total U.S. Department of Homeland Security			<u>596,654</u>
Total Federal Financial Assistance			<u><u>\$596,654</u></u>

The accompanying notes are an integral part of this schedule.

**CITY OF SOLON
CUYAHOGA COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARD EXPENDITURES
FISCAL YEAR ENDED DECEMBER 31, 2006**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Award Expenditures (the Schedule) summarizes activity of the City's federal award programs. The schedule has been prepared on the cash basis of accounting.

N/A – Not Applicable

CFDA – Catalog of Federal Domestic Assistance



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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

To the City Council:

We have audited 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, 2006, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 12, 2007, wherein we noted the City restated December 31, 2005 governmental activities net assets for their inclusion of previously omitted capital assets. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the City's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the City's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the City's internal control will not prevent or detect a more than inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the City's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted certain matters that we reported to the City's management in a separate letter dated June 12, 2007.

Compliance and Other Matters

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

We did note certain noncompliance or other matters that we reported to the City's management in a separate letter dated June 12, 2007.

We intend this report solely for the information and use of the audit committee, management, City Council, and federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

June 12, 2007



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO ITS MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

To the City Council:

Compliance

We have audited the compliance of the City of Solon, Cuyahoga County, Ohio, (the City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement that apply to its major federal program for the year ended December 31, 2006. The summary of auditor's results section of the accompanying schedule of findings identifies the City's major federal program(s). The City's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City of Solon, Cuyahoga County, Ohio, complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended December 31, 2006.

Internal Control Over Compliance

The City's management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could directly and materially affect a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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www.auditor.state.oh.us

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Federal Awards Expenditures Schedule

We have audited 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, as of and for the year ended December 31, 2006, and have issued our report thereon dated June 12, 2007, wherein we noted the City restated December 31, 2005 governmental activities net assets for the inclusion of previously omitted capital assets. Our audit was performed to form opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying federal awards expenditures schedule provides additional information as required by OMB Circular A-133 and is not a required part of the basic financial statements. We subjected this information to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

We intend this report solely for the information and use of the audit committee, management, City Council, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Mary Taylor, CPA
Auditor of State

June 12, 2007

CITY OF SOLON
CUYAHOGA COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
FISCAL YEAR END DECEMBER 31, 2006

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	97.044 Assistance to Firefighters
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

City of Solon, Ohio

Comprehensive Annual Financial Report

For the Year Ended December 31, 2006

*Prepared by the Department of
Finance*

*D. William Weber, CPA
Director of Finance*

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City of Solon, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2006
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The City of Solon

CITY HALL

34200 Bainbridge Road
Solon, OH 44139-2955
Phone: (440) 248-1155
Fax: (440) 349-6322

June 12, 2007

Residents of the City of Solon
Honorable Mayor Kevin C. Patton and
Members of Solon City Council:

It is our 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 GAAP (Generally Accepted Accounting Principles) basis, and Ohio Revised Code Section 117.38 which requires the cities reporting on a GAAP basis to file an annual report with the Auditor of State within 150 days of fiscal year end.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed 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 firm. For the year 2006, the City of Solon was audited by the Auditor of State's Office. Their unqualified 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. 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. Then, in 1960, Solon became a city.

The form of government established by the Charter is the Mayor/Council type. There are seven City Council members; each is elected from a ward, for a term of four years. The Mayor's term is also four years. The Mayor appoints all department directors, some with the required confirmation of City Council.

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

CITY SERVICES

The City of Solon provides a full range of services to its citizens. The police protection services include patrol, investigations, jail facilities, drug resistance programs and safety schools. The fire protection service includes regular safety inspections, emergency medical (paramedic) services and fire safety education. In addition, the City has a very active service department that provides free refuse, leaf and brush pickup, recycling, road maintenance and repair, storm sewer maintenance and repair, two cemeteries and various other service department activities. The Recreation Department sponsors a full range of activities from its headquarters in the City's new Community Center, as does the Senior Services Department from the Senior Center wing of the new Community Center.

Solon has two enterprise operations. They are the Grantwood Recreation and Golf Course and the Water Reclamation (formerly wastewater) funds. The operating expenses of Grantwood Recreation have been, and continue to be, covered by user fees.

The administrative functions include planning and zoning, economic development, building permits and inspection, engineering, human resources, financial administration and City income tax administration.

The Council is required to adopt a final budget by no later than the close of the fiscal year. This annual budget serves as the foundation for the City of Solon's financial planning and control. The budget is prepared by fund, function and department (personal services and other). Department heads may transfer resources with a department as they see fit. Transfers between departments, however, need special approval from the governing council.

ECONOMIC CONDITION AND OUTLOOK

The City of Solon continues to have a vibrant industrial and commercial establishment. Evidence of this can be found in some key areas such as:

- a. The number of w-2's (employee withholding tax data) for employees working in the City of Solon and filed with the Division of Taxation in 2006 was 48,541. We estimate that over 23,000 of these w-2's were for full time employees.
- b. In 2006, there were 230 industrial and commercial building permits granted for new buildings, additions to existing buildings or remodeling, totaling over \$17.1 million in market value.

Most of Solon's industrial complex is in the western part of the City and separated from the residential areas. Part of this complex includes an Enterprise Zone where a new company, or an existing company building an addition, is able to obtain property tax abatement on their new

construction and investment in exchange for creating jobs. This program has been successful in attracting new businesses and retaining existing businesses. As of the end of 2006, Solon had 20 active Enterprise Zone agreements, 14 Job Creation Grant Agreements and 1 Community Reinvestment Area Agreement.

Although the City has been growing rapidly since the 1960's, there is still some land available for new industry and business. The Planning Department estimates over 200 acres are presently available for industrial development.

The City of Solon and Bainbridge Township formed a Joint Economic Development District (JEDD) under Chapter 715 of the Ohio Revised Code in 2006. The district consists of 85 acres in Bainbridge Township along Aurora Road and adjacent to the eastern border of Solon. A board of five members, appointed by Solon and Bainbridge, oversees the duties and responsibilities of the JEDD. In December 2006, the JEDD Board levied a municipal income tax at a rate of 2.0 percent to be effective January 1, 2007. Then the board contracted with the City of Solon to administer this income tax. After administrative expenses and deposits to a maintenance and improvement fund, the income tax is to be shared 50/50 between Bainbridge Township and the City of Solon.

LONG-TERM FINANCIAL PLANNING

The City's Administration and Council have a long established policy of maintaining a five year plan for personnel and capital expenditures. It is updated by the administration and reviewed every year by the Finance Committee. Usually every year, the Finance Committee will send it to the full City Council for a work session.

Included in the five year plan is a schedule of infrastructure projects to be paid from the Infrastructure capital projects fund. This fund receives a one half of one percent income tax levy approved by the voters for infrastructure projects.

The budgeting policy for operating expenditures and infrastructure projects is to balance appropriations with estimated revenue. The initial annual general fund budget is always balanced. Towards the end of the fiscal year, amendments are usually made to the general fund appropriations, mostly for cash transfers to other funds. A clause is added to the final amendment stating that cash transfers from the general fund will be limited amounts that will not cause the general fund's actual expenditures to exceed the actual revenue regardless of the transfer appropriation.

The only exception to this policy is for capital building projects where debt would be issued to pay the costs of construction.

RELEVANT FINANCIAL POLICIES

The balanced budget policy combined with the better than expected City income tax receipts has resulted in a steady growth of cash reserves. Since 1997, the general fund's cash balance has grown from \$4,545,687 to \$24,127,243, even though \$6 million in cash was used to pay for a Service Garage expansion and another \$6 million in cash was used to pay for one third of the new Community Center. In addition, the Infrastructure capital projects fund's cash reserves have increased from \$8,884,814 at year end 1997 to \$13,026,897 at year end 2006.

MAJOR INITIATIVES

The \$6 million Water Reclamation Plant Trickling Filter/Aeration Tank project was nearing completion and the plans for the \$9 million Pettibone Road reconstruction project were finalized, both as of year end 2006.

City Council has approved the replacement of Fire Station No. 2 for a current estimate of about \$5 million. The demolition of the old station and construction of the new station should begin in the spring of 2007.

AWARDS AND ACKNOWLEDGEMENTS

Awards

The Government Finance Officers Association of the United States and Canada awards a Certificate of Achievement for Excellence in Financial Reporting to a governmental unit that publishes an informative and efficiently organized Comprehensive Annual Financial Report (CAFR) whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. The City of Solon received the Certificate of Achievement for its 2005 Comprehensive Annual Financial Report.

A Certificate of Achievement is valid for a period of one year only. We believe that this CAFR for 2006 continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the Government Finance Officers Association to determine its eligibility for another certificate.

Acknowledgements

The preparation of this report would not be possible without the diligent and extra work by our Assistant Finance Director Fred Wendel, Accounting Supervisor Sue Stabilla and the Finance Department staff. I appreciate their efforts. In addition, my gratitude and compliments extend to the Auditor of State's Section of Local Government Services who helped us with this report. Finally, a thank you to Mayor Kevin Patton and the members of City Council is in order for their continued support of preparing a Comprehensive Annual Financial Report.

Respectfully submitted,

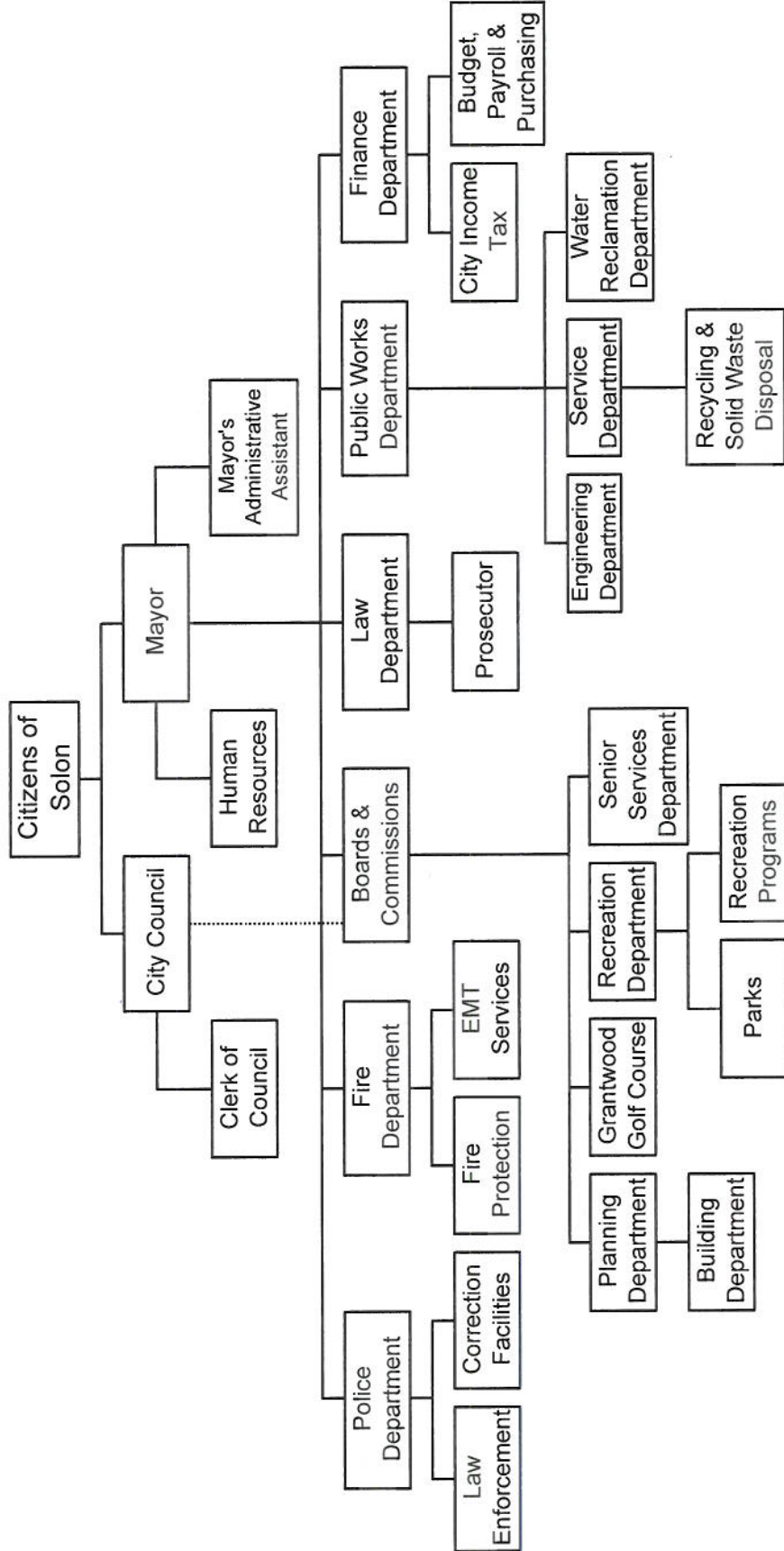


D. William Weber, CPA
Director of Finance

CITY OF SOLON

Organizational Chart

December 31, 2006



City of Solon, Ohio

Principal Officials

December 31, 2006

Elected Officials

Kevin C. Patton Mayor

City Council

Roger J. Goudy Ward 7 (Vice Mayor)

Susan A. Drucker Ward 1

Robert N. Pelunis Ward 2

John T. Scott Ward 3

Edward K. Suit..... Ward 4

Lon D. Stolarsky Ward 5

Edward H. Kraus Ward 6

Dianne R. Garrett Clerk of Council (appointed)

Appointed Officials

David J. Matty..... Director of Law

D. William Weber..... Director of Finance

Wayne E. Godzich..... Chief of Police

William J. Shaw Chief of Fire and Rescue

Robert S. Frankland Director of Planning

Donald W. Holub Director of Recreation

Eileen M. Regan..... Director of Senior Services

Gary N. Mazzeo Grantwood Recreational Park Manager

William D. Mooney Director of Public Works

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

James S. Stanek Director of Service

Jack J. Clifford..... Acting Building Commissioner

Paul J. Solanics..... Superintendent of Water Reclamation

Thomas M. Cornhoff..... Director of Human Resources

Jeffrey E. Pokorny..... Director of Information Technology

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, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A handwritten signature in cursive script, appearing to read "Thomas J. Blain".

President

A handwritten signature in cursive script, appearing to read "Jeffrey R. Emer".

Executive Director

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the City Council:

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, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our 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, Cuyahoga County, Ohio, as of December 31, 2006, 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 conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, the City restated December 31, 2005 governmental activities net assets for the inclusion of previously omitted capital assets.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2007, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund statements and schedules and statistical tables provide additional information and are not a required part of the basic financial statements. We subjected the combining and individual nonmajor fund statements and schedules to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical tables to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

June 12, 2007

City of Solon, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

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, 2006. 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 transmittal letter and basic financial statements.

Financial Highlights

Key Financial Highlights for 2006 are as follows:

- Total assets of the City of Solon exceeded its liabilities at the close of 2006 by \$176,277,764. Of this amount, \$16,399,762 is unrestricted net assets that may be used to meet the City's ongoing obligations to its citizens and creditors.
- Total net assets increased by \$7,739,898 or 4.59 percent from 2005.
- Total assets increased by \$9,932,946 or 4.36 percent from 2005.
- Total depreciable capital assets increased by \$7,107,927 or 4.94 percent, while non depreciable capital assets decreased by \$1,304,553 or 7.08 percent.
- As of the close of 2006, the City of Solon's governmental funds reported combined ending fund balances of \$46,187,190, an increase of \$4,003,694 from 2005.
- Total outstanding governmental obligations increased \$589,617 or 1.54 percent.
- On a modified accrual basis, City income tax collections increased from \$29,535,375 in 2005 to \$36,029,136 in 2006, or 21.99 percent.

Overview of the Financial Statements

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

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

In addition, this report also contains other supplementary information:

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

City of Solon, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

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 Assets 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 Assets presents information on all of the City of Solon's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 government's net assets changed during the recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenue and expenses are reported in this statement for some items that will effect cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

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

The government-wide financial statements can be found starting on page 13.

Fund Financial Statements

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

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

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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 provides a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Solon maintains 23 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, infrastructure fund and community center 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 under the proprietary fund classification. They are the water reclamation (sanitary sewer) operation and Grantwood (golf course) recreation.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 21 to 24.

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 Financial Statements provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. They can be found on pages 26 to 55.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain other information that the City believes readers will find useful. After the notes to the basic financial statements, the combining statements referred to earlier in connection with non-major funds are presented, as well as individual detailed budgetary comparisons for all non-major funds. This information can be found starting on page 56.

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Government-Wide Financial Analysis

The Statement of Net Assets and the Statement of Activities provide an overall view of the City of Solon. These statements include all assets and liabilities 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 assets and the changes in those assets. The change in assets 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 Assets and the Statement of Activities are divided into the following categories:

- Assets
- Liabilities
- Net Assets
- Program Expenses and Revenues
- General Revenues
- Net Assets Beginning and End of Year

The City of Solon as a Whole

The following provides a summary of the City's net assets for the City as a whole for 2006 compared to 2005:

	<i>Net Assets</i>					
	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Assets						
Current and Other Assets	\$65,233,152	\$60,766,537	\$4,300,293	\$4,637,336	\$69,533,445	\$65,403,873
Capital Assets, Net	104,812,749	102,463,035	63,243,120	59,789,460	168,055,869	162,252,495
<i>Total Assets</i>	<u>170,045,901</u>	<u>163,229,572</u>	<u>67,543,413</u>	<u>64,426,796</u>	<u>237,589,314</u>	<u>227,656,368</u>
Liabilities						
Current Liabilities	14,578,493	12,830,518	518,571	417,799	15,097,064	13,248,317
Long-term Liabilities						
Due within one Year	3,628,828	3,074,937	1,457,056	1,355,732	5,085,884	4,430,669
Due in More than one Year	28,127,269	29,192,176	13,001,333	12,247,340	41,128,602	41,439,516
<i>Total Liabilities</i>	<u>\$46,334,590</u>	<u>\$45,097,631</u>	<u>\$14,976,960</u>	<u>\$14,020,871</u>	<u>\$61,311,550</u>	<u>\$59,118,502</u>

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(Table 1)
Net Assets
Continued

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Net Assets						
Invested in Capital Assets, Net of Related Debt	\$82,030,598	\$78,760,236	\$49,301,117	\$44,682,581	\$131,331,715	\$123,442,817
Restricted for:						
Capital Projects	19,874,834	17,130,291	0	0	19,874,834	17,130,291
Debt Service	5,043,568	5,832,940	0	0	5,043,568	5,832,940
Other Purposes	3,627,885	3,060,334	0	0	3,627,885	3,060,334
Unrestricted	13,134,426	13,348,140	3,265,336	5,723,344	16,399,762	19,071,484
Total Net Assets	\$123,711,311	\$118,131,941	\$52,566,453	\$50,405,925	\$176,277,764	\$168,537,866

Total assets increased from \$227,656,368 to \$237,589,314 or by \$9,932,946 in 2006. The main reason for the increase was an increase in cash and additions to infrastructure in 2006.

Total liabilities increased from \$59,118,502 to \$61,311,550 or by \$2,193,048. The most notable decrease in liabilities was for the reduction of bonded debt offset by increases in Bond Anticipation Note Debt and deferred revenue.

Total net assets increased by \$7,739,898 in 2006 for a total of \$176,277,764 at year end. This increase was primarily due to an increase in cash and additions to infrastructure in 2006 as mentioned above.

The current asset with the most notable increase was cash and cash equivalents. It increased by \$2,769,272 from \$50,904,168 to \$53,673,440. This was mainly due to the surge in City income receipts in 2006.

The liability with the most noticeable increase was Bond Anticipation Notes Payable. The increase was \$1,100,633, which was a combination of repaying \$500,000 of old note debt and adding \$1,600,000 of new note debt. The new debt was for the purchase of land next to the new Joint Economic Development District, and it will be repaid from the new source of City income tax that was levied on January 1, 2007 in this district.

Further details of the changes in net assets can be observed in Table 2 that presents changes in net assets by way of the results of activities in 2006 compared to 2005.

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(Table 2)
Changes in Net Assets

	Governmental Activities		Business Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Program Revenues						
Charges for Services and Sales	\$4,998,426	\$4,948,451	\$6,603,858	\$6,492,990	\$11,602,284	\$11,441,441
Operating Grants and Contributions	1,186,197	1,008,611	0	0	1,186,197	1,008,611
Capital Grants and Contributions	1,597,434	2,028,529	0	0	1,597,434	2,028,529
<i>Total Program Revenues</i>	<u>7,782,057</u>	<u>7,985,591</u>	<u>6,603,858</u>	<u>6,492,990</u>	<u>14,385,915</u>	<u>14,478,581</u>
General Revenues						
Property Taxes	5,467,414	5,123,391	0	0	5,467,414	5,123,391
Municipal Income Taxes	35,179,096	29,967,703	0	0	35,179,096	29,967,703
Grants and Entitlements	1,613,620	1,878,815	0	0	1,613,620	1,878,815
Investment Income	2,426,337	893,329	0	0	2,426,337	893,329
Gain on Sale of Capital Assets	31,726	0	2,518	0	34,244	0
Miscellaneous	260,020	87,494	41,620	52,534	301,640	140,028
<i>Total General Revenues</i>	<u>44,978,213</u>	<u>37,950,732</u>	<u>44,138</u>	<u>52,534</u>	<u>45,022,351</u>	<u>38,003,266</u>
<i>Total Revenues</i>	<u>52,760,270</u>	<u>45,936,323</u>	<u>6,647,996</u>	<u>6,545,524</u>	<u>59,408,266</u>	<u>52,481,847</u>
Program Expenses						
Security of Persons and Property						
Police	7,454,568	7,085,001	0	0	7,454,568	7,085,001
Fire	7,187,188	6,945,834	0	0	7,187,188	6,945,834
Prosecutor	296,403	449,351	0	0	296,403	449,351
Public Health and Welfare	114,569	123,533	0	0	114,569	123,533
Leisure Time Activities	6,099,822	5,786,057	0	0	6,099,822	5,786,057
Community Environment	2,767,138	2,659,078	0	0	2,767,138	2,659,078
Basic Utility Services	1,840,017	1,543,094	0	0	1,840,017	1,543,094
Transportation	10,519,856	11,193,451	0	0	10,519,856	11,193,451
General Government	7,003,004	6,700,104	0	0	7,003,004	6,700,104
Interest and Fiscal Charges	1,354,604	1,285,874	0	0	1,354,604	1,285,874
Water Reclamation	0	0	5,768,265	4,948,864	5,768,265	4,948,864
Grantwood Recreation	0	0	1,262,934	1,405,262	1,262,934	1,405,262
<i>Total Program Expenses</i>	<u>44,637,169</u>	<u>43,771,377</u>	<u>7,031,199</u>	<u>6,354,126</u>	<u>51,668,368</u>	<u>50,125,503</u>
<i>Excess (Deficiency) before Transfers</i>	8,123,101	2,164,946	(383,203)	191,398	7,739,898	2,356,344
Transfers	<u>(2,543,731)</u>	<u>(4,410,636)</u>	<u>2,543,731</u>	<u>4,410,636</u>	<u>0</u>	<u>0</u>
<i>Change in Net Assets</i>	<u>5,579,370</u>	<u>(2,245,690)</u>	<u>2,160,528</u>	<u>4,602,034</u>	<u>7,739,898</u>	<u>2,356,344</u>
<i>Net Assets Beginning of Year</i>	<u>118,131,941</u>	<u>120,377,631</u>	<u>50,405,925</u>	<u>45,803,891</u>	<u>168,537,866</u>	<u>166,181,522</u>
<i>Net Assets End of Year</i>	<u>\$123,711,311</u>	<u>\$118,131,941</u>	<u>\$52,566,453</u>	<u>\$50,405,925</u>	<u>\$176,277,764</u>	<u>\$168,537,866</u>

Governmental Activities

The funding for governmental activities comes from several different sources, the most significant being municipal income tax. Other sources include property tax and charges for services. Governmental revenues exceeded governmental expenses and transfers by \$5,579,370 in 2006.

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The municipal income tax revenue for 2006 was \$35,179,096. It was 66.68 percent of the total governmental revenues and 17.39 percent increase from 2005. This increase can be attributed to the creation of additional jobs due to economic incentives, employee pay raises, additional prepayments by businesses in expectation of higher net profits over the next few years and an increase in the number of residents filing income tax returns.

The next largest source of governmental revenue is property tax. It was 10.36 percent of the total governmental revenues in 2006. The property tax is derived from 3.3 mills of inside (unvoted) millage and .8 mills for two voter approved levies. About one half of the property tax revenue is used to pay principal and interest on bonds.

On the expense side, the largest program or function is Security of Persons and Property. The total for 2006 was \$14,938,159 or 33.47 percent of the governmental expenses. It is divided into three parts; \$7,454,568 for the Police Department, \$7,187,188 for the Fire Department and \$296,403 for the Prosecutor. All three had increases over 2005 primarily because of employee pay raises and benefits.

The next largest program or function is Transportation. It totaled \$10,519,856 in 2006 and represented 23.57 percent of the total governmental expenses. It includes the maintenance of streets, storm sewers and other related infrastructure. The decrease of \$465,441 in 2006 over 2005 was mainly due to a reduction in expensed asset additions.

The third largest program was General Government at \$7,003,004 and it was 15.69 percent of the total governmental expenses. It accounts for the City hall administrative departments and showed an increase of \$90,698 in 2006 from 2005. The main reason for the increase was an increase of workers' compensation premiums paid to the State of Ohio.

Business-type Activities

The City has two business-type operations. They are the Water Reclamation Plant (wastewater) and Grantwood (golf course) Recreation. The largest source of revenue for both Water Reclamation and Grantwood Recreation in 2006 were charges for services in the respective amounts of \$5,245,086 and \$1,358,772. On the expense side, the largest expenses are for payroll and employee benefits for both operations.

Financial Analysis of the City's Funds

Governmental Funds – provide near term inflows, outflows and balances of spendable resources. This information is useful in evaluating the City's financing requirements. In particular, unreserved fund balances may serve as a useful measure of a government's net resources available for spending at the end of the year. Information about the City's governmental funds begins on page 16. These funds are accounted for by using the modified accrual basis of accounting.

As of the end of 2006, the City of Solon's governmental funds reported combined ending fund balances of \$46,187,190. Of that amount, \$41,538,253 is unreserved. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchases of the prior period.

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All governmental funds had total revenues of \$53,893,497 and expenditures of \$51,594,166 under the modified accrual basis. The General Fund is the main governmental and operating fund of the City. The increase in the General Fund's fund balance was \$8,825,815 before transfers to other funds. After other financing sources and transfers-out of \$6,779,694, the overall fund balance increased by \$2,046,121. The infrastructure capital projects fund receipts income tax revenues for the purpose of paying costs to construct and maintain infrastructure of the City. The decrease in the infrastructure fund's fund balance was \$1,232,680 before proceeds of an Ohio Water Development Authority loan and transfer to another fund. The resulting net increase in overall fund balance was an increase of \$256,556.

Business-type Funds – report the City's water reclamation (wastewater) operation and Grantwood (golf course) recreation on a full accrual basis. In 2006, the net assets for the water reclamation facility increased by \$2,027,030 and the net assets for Grantwood recreation increased by \$133,498.

General Fund Budgeting Highlights

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

In 2006, the General Fund's actual revenue plus other financing sources exceeded the estimate by \$518,262. In addition, the General Fund's actual expenditures plus other financing uses were \$2,073,949 under budget producing an overall positive variance of \$2,592,211.

Capital Assets

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

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Land	\$10,163,133	\$8,612,765	\$3,150,174	\$3,150,174	\$13,313,307	\$11,762,939
Construction in Progress	740,612	2,118,302	3,064,013	4,541,244	3,804,625	6,659,546
Land Improvements	811,949	705,860	16,983	21,430	828,932	727,290
Buildings	41,095,234	42,270,564	19,174,912	19,874,271	60,270,146	62,144,835
Furniture and Equipment	2,098,729	2,142,332	1,549,025	1,773,094	3,647,754	3,915,426
Vehicles	4,325,190	4,619,737	341,240	366,389	4,666,430	4,986,126
Infrastructure	45,577,902	41,993,475	35,946,773	30,062,858	81,524,675	72,056,333
Total Capital Assets	\$104,812,749	\$102,463,035	\$63,243,120	\$59,789,460	\$168,055,869	\$162,252,495

The total capital assets, net of depreciation, for the City's governmental activities as of year end 2006 were \$104,812,749. This is an increase of \$2,349,714 from 2005 and was mainly due to the purchase of land and infrastructure offset by reductions in construction in progress. The total capital assets, net of depreciation, for the City's business-type activities increased from \$59,789,460 in 2005 to \$63,243,120 in 2006. This was an increase of \$3,453,660 and was mainly

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due to the addition of the sanitary sewer lines to the infrastructure inventory and the trickling filter rehabilitation project to construction in progress. For additional information, please see note 9 to the basic financial statements.

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

Outstanding Obligations

(Table 4)
 Outstanding Obligations at Year End

	Governmental Activities		Business Type Activities		Total	
	2006	2005	2006	2005	2006	2005
General Obligation Bonds	\$15,210,000	\$17,170,000	\$0	\$0	\$15,210,000	\$17,170,000
Special Assessment Bonds	474,961	548,385	0	0	474,961	548,385
Notes	7,112,751	6,012,118	0	0	7,112,751	6,012,118
OPWC Loans	472,151	532,799	0	0	472,151	532,799
OWDA Loans	12,683,360	11,347,421	13,942,003	13,041,769	26,625,363	24,389,190
Compensated Absences	2,915,625	2,668,508	516,386	561,303	3,432,011	3,229,811
Total	\$38,868,848	\$38,279,231	\$14,458,389	\$13,603,072	\$53,327,237	\$51,882,303

At year-end 2006, the City of Solon had a total of \$53,327,237 in outstanding obligations. This was an increase of \$1,444,934 from year end 2005. General Obligation Bonds and Ohio Water Development Authority Loans comprise most of the outstanding obligations. In addition, outstanding obligations include compensated absences (sick leave, vacation, etc.) for 2006 in the amount of \$3,432,011.

Governmental activities have 72.89 percent of the obligations. This debt is serviced by inside (unvoted) property tax millage that is credited to the bond retirement fund. Most of this debt was issued for the construction of new buildings such as the new City Hall (1993), the new Community Center (2002) and the new Fire Station (2002). Most of the business-type debt is for the water reclamation utility and improvements made to the wastewater plant. User fees are used to service that debt.

The compensated absence category is 6.44 percent in total outstanding obligations and it represents the dollar value of accumulated but unused sick leave and vacation time at year-end 2006. The liability represents amounts that will either be taken as leave or paid out upon termination or retirement. For additional information, please see notes 14 and 15 to the basic financial statements.

Economic Factors and Current Financial Issues

The City of Solon continues to have a strong tax base that grows each year. The best indicator of this was the increase in City income tax receipts by \$6,493,761 (from \$29,535,375 to \$36,029,136).

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All three components of City income tax receipts, withholding, net profits and resident returns, were more in 2006 than in 2005.

The number of employees (full time plus part time) that have earned income in Solon, as reported to our City Income Tax Division, continues to grow each year. There were 48,541 w-2's submitted to our income tax division in 2006 compared to 47,919 received in 2005.

The City's property values continue to grow. In 2001, Solon surpassed the \$1 billion mark in assessed property value which is about 35 percent of market value in Ohio. In 2006, the City issued 49 building permits for new homes that had an aggregate market value of \$23 million and 492 permits for residential addition and alteration with an aggregate value of \$3.8 million. In addition, there were 6 new industrial and commercial permits and 224 industrial and commercial addition and alteration permits issued in 2006 with a total market value of \$17.1 million.

The City continues to have an aggressive economic development program. As of year end 2006, Solon had the following economic incentive agreements:

1. Twenty (20) Enterprise Zone Agreements that created 492 jobs and retained 2,923 jobs.
2. One (1) Community Reinvestment Area that created 1,024 jobs and retained 698 jobs.
3. Fourteen (14) Job Creation Grant Agreements that created 958 jobs and retained 1,002 jobs.

The financial statements of the City of Solon show that the City is still in a very strong cash position. The year end 2006 General Fund cash and cash equivalent balance was \$24,127,243. This was 72.84 percent in relation to the 2006 expenditures and other financing uses of \$33,124,581.

Debt management has always been a priority of the City of Solon's Mayors and City Councils. The City's current bond rating is Aa1 with Moody's and AA+ with Standard & Poors.

Requests for Information and Data

This financial report is designed to provide a general overview of the City of Solon's finances for all those 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 D. William Weber, Director of Finance, City of Solon, 34200 Bainbridge Road, Solon, Ohio 44139.

City of Solon, Ohio
Statement of Net Assets
December 31, 2006

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$47,923,571	\$5,749,869	\$53,673,440
Materials and Supplies Inventory	318,806	158,345	477,151
Accounts Receivable	119,772	306,951	426,723
Internal Balances	1,914,872	(1,914,872)	0
Intergovernmental Receivable	1,670,156	0	1,670,156
Prepaid Items	120,384	0	120,384
Municipal Income Taxes Receivable	4,894,415	0	4,894,415
Property Taxes Receivable	4,688,874	0	4,688,874
Special Assessments Receivable	3,582,302	0	3,582,302
Nondepreciable Capital Assets	10,903,745	6,214,187	17,117,932
Depreciable Capital Assets, Net	93,909,004	57,028,933	150,937,937
<i>Total Assets</i>	<u>170,045,901</u>	<u>67,543,413</u>	<u>237,589,314</u>
Liabilities			
Accounts Payable	313,015	159,299	472,314
Accrued Wages	565,899	60,749	626,648
Contracts Payable	147,073	0	147,073
Intergovernmental Payable	904,820	37,459	942,279
Matured Compensated Absences Payable	80,158	0	80,158
Notes Payable	7,112,751	0	7,112,751
Accrued Interest Payable	306,646	187,879	494,525
Claims Payable	254,260	0	254,260
Deferred Revenue	4,527,407	0	4,527,407
Vacation Benefits Payable	366,464	73,185	439,649
Long-Term Liabilities:			
Due Within One Year	3,628,828	1,457,056	5,085,884
Due In More Than One Year	28,127,269	13,001,333	41,128,602
<i>Total Liabilities</i>	<u>46,334,590</u>	<u>14,976,960</u>	<u>61,311,550</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	82,030,598	49,301,117	131,331,715
Restricted for:			
Capital Projects	19,874,834	0	19,874,834
Debt Service	5,043,568	0	5,043,568
Street, Construction, Maintenance and Repair	933,208	0	933,208
Cable TV	505,445	0	505,445
Tree Planting Deposits	240,376	0	240,376
Landfill Improvement	1,399,637	0	1,399,637
Other Purposes	549,219	0	549,219
Unrestricted	13,134,426	3,265,336	16,399,762
<i>Total Net Assets</i>	<u>\$123,711,311</u>	<u>\$52,566,453</u>	<u>\$176,277,764</u>

See accompanying notes to the basic financial statements

City of Solon, Ohio
Statement of Activities
For the Year Ended December 31, 2006

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Security of Persons and Property				
Police	\$7,454,568	\$467,125	\$91,747	\$0
Fire	7,187,188	410,437	0	0
Prosecutor	296,403	21,545	0	0
Public Health and Welfare	114,569	8,328	0	0
Leisure Time Activities	6,099,822	2,901,646	54,925	0
Community Environment	2,767,138	151,067	137	0
Basic Utility Services	1,840,017	223,131	0	0
Transportation	10,519,856	293,743	1,039,388	638,201
General Government	7,003,004	521,404	0	959,233
Interest and Fiscal Charges	1,354,604	0	0	0
<i>Total Governmental Activities</i>	<u>44,637,169</u>	<u>4,998,426</u>	<u>1,186,197</u>	<u>1,597,434</u>
Business-Type Activities:				
Water Reclamation	5,768,265	5,245,086	0	0
Grantwood Recreation	1,262,934	1,358,772	0	0
<i>Total Business-Type Activities</i>	<u>7,031,199</u>	<u>6,603,858</u>	<u>0</u>	<u>0</u>
<i>Total</i>	<u>\$51,668,368</u>	<u>\$11,602,284</u>	<u>\$1,186,197</u>	<u>\$1,597,434</u>

General Revenues

Property and Other Local Taxes Levied for:

- General Purposes
- Debt Service
- Police Pension
- Fire Pension
- Service and Safety Equipment

Municipal Income Taxes Levied for:

- General Purposes
- Infrastructure

Grants and Entitlements not Restricted to Specific Programs

Investment Income

Gain on Sale of Capital Assets

Miscellaneous

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets Beginning of Year - Restated (See Note 3)

Net Assets End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
(\$6,895,696)	\$0	(\$6,895,696)
(6,776,751)	0	(6,776,751)
(274,858)	0	(274,858)
(106,241)	0	(106,241)
(3,143,251)	0	(3,143,251)
(2,615,934)	0	(2,615,934)
(1,616,886)	0	(1,616,886)
(8,548,524)	0	(8,548,524)
(5,522,367)	0	(5,522,367)
(1,354,604)	0	(1,354,604)
<u>(36,855,112)</u>	<u>0</u>	<u>(36,855,112)</u>
0	(523,179)	(523,179)
0	95,838	95,838
<u>0</u>	<u>(427,341)</u>	<u>(427,341)</u>
<u>(36,855,112)</u>	<u>(427,341)</u>	<u>(37,282,453)</u>
1,628,376	0	1,628,376
2,291,480	0	2,291,480
440,914	0	440,914
654,279	0	654,279
452,365	0	452,365
27,042,160	0	27,042,160
8,136,936	0	8,136,936
1,613,620	0	1,613,620
2,426,337	0	2,426,337
31,726	2,518	34,244
260,020	41,620	301,640
44,978,213	44,138	45,022,351
<u>(2,543,731)</u>	<u>2,543,731</u>	<u>0</u>
<u>42,434,482</u>	<u>2,587,869</u>	<u>45,022,351</u>
5,579,370	2,160,528	7,739,898
<u>118,131,941</u>	<u>50,405,925</u>	<u>168,537,866</u>
<u>\$123,711,311</u>	<u>\$52,566,453</u>	<u>\$176,277,764</u>

City of Solon, Ohio

Balance Sheet

Governmental Funds

December 31, 2006

	General	General Obligation Bond Retirement	Infrastructure	Community Center
Assets				
Equity in Pooled Cash and Cash Equivalents	\$24,127,243	\$1,529,697	\$13,026,897	\$421,353
Materials and Supplies Inventory	318,806	0	0	0
Accounts Receivable	65,347	0	0	0
Interfund Receivable	1,914,872	0	0	0
Intergovernmental Receivable	577,288	90,439	0	0
Prepaid Items	120,384	0	0	0
Special Assessments Receivable	0	3,582,302	0	0
Municipal Income Taxes Receivable	3,670,811	0	1,223,604	0
Property Taxes Receivable	589,708	2,476,363	0	0
<i>Total Assets</i>	<u>\$31,384,459</u>	<u>\$7,678,801</u>	<u>\$14,250,501</u>	<u>\$421,353</u>
Liabilities				
Accounts Payable	\$270,504	\$0	\$0	\$0
Accrued Wages	526,761	0	0	0
Contracts Payable	1,553	0	144,592	0
Intergovernmental Payable	371,225	0	0	0
Accrued Interest Payable	0	0	0	18,541
Matured Compensated Absences Payable	32,374	0	0	0
Claims Payable	254,260	0	0	0
Deferred Revenue	1,283,009	6,149,104	95,749	0
Notes Payable	0	0	0	4,079,618
<i>Total Liabilities</i>	<u>2,739,686</u>	<u>6,149,104</u>	<u>240,341</u>	<u>4,098,159</u>
Fund Balances				
Reserved for Encumbrances	915,920	0	1,040,953	0
Reserved for Interfund Loan	1,758,138	0	0	0
Reserved for Unclaimed Monies	72,713	0	0	0
Undesignated, Reported in:				
General Fund	25,898,002	0	0	0
Special Revenue Funds	0	0	0	0
Debt Service Fund	0	1,529,697	0	0
Capital Projects Funds (Deficit)	0	0	12,969,207	(3,676,806)
<i>Total Fund Balances</i>	<u>28,644,773</u>	<u>1,529,697</u>	<u>14,010,160</u>	<u>(3,676,806)</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$31,384,459</u>	<u>\$7,678,801</u>	<u>\$14,250,501</u>	<u>\$421,353</u>

See accompanying notes to the basic financial statements

City of Solon, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 December 31, 2006*

Other Governmental Funds	Total Governmental Funds		
		Total Governmental Funds Balances	\$46,187,190
		Amounts reported for governmental activities in the statement of net assets are different because	
\$8,818,381	\$47,923,571	Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	104,812,749
0	318,806		
54,425	119,772		
0	1,914,872	Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
1,002,429	1,670,156	Property Taxes	161,467
0	120,384	Municipal Income Taxes	382,995
0	3,582,302	Intergovernmental	951,359
0	4,894,415	Special Assessments	3,582,302
1,622,803	4,688,874		
<u>\$11,498,038</u>	<u>\$65,233,152</u>	Total	5,078,123
		In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(244,190)
\$42,511	\$313,015	Vacation benefits payable is not expected to be paid with expendable available financial resources and therefore not reported in the funds.	(366,464)
39,138	565,899		
928	147,073	Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds:	
533,595	904,820	Compensated Absences	(2,915,625)
43,915	62,456	General Obligation Bonds	(15,210,000)
47,784	80,158	Special Assessment Bonds	(474,961)
0	254,260	OWDA Loan Payable	(12,683,360)
2,077,668	9,605,530	OPWC Loan Payable	(472,151)
3,033,133	7,112,751		
<u>5,818,672</u>	<u>19,045,962</u>	Total	(31,756,097)
		Net Assets of Governmental Activities	\$123,711,311
861,213	2,818,086		
0	1,758,138		
0	72,713		
0	25,898,002		
3,185,684	3,185,684		
0	1,529,697		
1,632,469	10,924,870		
<u>5,679,366</u>	<u>46,187,190</u>		
<u>\$11,498,038</u>	<u>\$65,233,152</u>		

City of Solon, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2006

	General	General Obligation Bond Retirement	Infrastructure	Community Center
Revenues				
Property Taxes	\$965,518	\$2,164,820	\$0	\$128,848
Municipal Income Taxes	27,679,690	0	8,349,446	0
Other Local Taxes	663,375	0	0	0
Special Assessments	0	850,556	0	0
Intergovernmental	1,341,790	28,819	20,000	185,317
Investment Income	2,346,713	0	0	0
Fees, Licenses and Permits	623,164	13,329	0	0
Fines and Forfeitures	373,655	0	0	0
Rentals	0	0	0	0
Charges for Services	935,546	0	0	0
Contributions and Donations	0	0	0	0
Miscellaneous	169,015	769	0	0
<i>Total Revenues</i>	<u>35,098,466</u>	<u>3,058,293</u>	<u>8,369,446</u>	<u>314,165</u>
Expenditures				
Current:				
Security of Persons and Property				
Police	6,331,180	0	0	0
Fire	5,552,579	0	0	0
Prosecutor	300,436	0	0	0
Public Health and Welfare	114,569	0	0	0
Leisure Time Activities	0	0	0	0
Community Environment	2,079,046	0	0	0
Basic Utility Services	1,761,407	0	0	0
Transportation	4,041,127	0	0	0
General Government	6,092,307	25,299	0	0
Capital Outlay	0	0	9,541,478	124,985
Debt Service:				
Principal Retirement	0	2,486,721	60,648	0
Interest and Fiscal Charges	0	1,012,863	0	156,443
<i>Total Expenditures</i>	<u>26,272,651</u>	<u>3,524,883</u>	<u>9,602,126</u>	<u>281,428</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>8,825,815</u>	<u>(466,590)</u>	<u>(1,232,680)</u>	<u>32,737</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	72,236	0	0	0
OWDA Loans Issued	0	0	1,789,236	0
Transfers In	0	0	0	211,500
Transfers Out	(6,851,930)	0	(300,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(6,779,694)</u>	<u>0</u>	<u>1,489,236</u>	<u>211,500</u>
<i>Net Change in Fund Balances</i>	2,046,121	(466,590)	256,556	244,237
<i>Fund Balances (Deficit) Beginning of Year - Restated (See Note 3)</i>	<u>26,598,652</u>	<u>1,996,287</u>	<u>13,753,604</u>	<u>(3,921,043)</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$28,644,773</u>	<u>\$1,529,697</u>	<u>\$14,010,160</u>	<u>(\$3,676,806)</u>

See accompanying notes to the basic financial statements

City of Solon, Ohio

*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2006*

Other Governmental Funds	Total Governmental Funds		
		Net Change in Fund Balances - Total Governmental Funds	\$4,003,694
		Amounts reported for governmental activities in the statement of activities are different because	
\$1,550,480	\$4,809,666	Governmental funds report capital outlays as expenditures.	
0	36,029,136	However, in the statement of activities, the cost of those	
0	663,375	assets is allocated over their estimated useful lives as	
0	850,556	depreciation expense. This is the amount by which depreciation	
2,168,903	3,744,829	exceeded capital outlays in the current period.	
79,624	2,426,337	Capital Outlay	7,128,717
342,397	978,890	Depreciation	<u>(4,738,493)</u>
5,700	379,355		
18,343	18,343	Total	2,390,224
2,686,292	3,621,838	Governmental funds only report the disposal of fixed assets to	
111,152	111,152	the extent proceeds are received from the sale. In the	
90,236	260,020	statement of activities, a gain or loss is reported for each	
		disposal.	(40,510)
7,053,127	53,893,497	Revenues in the statement of activities that do not provide	
		current financial resources are not reported as revenues	
		in the funds.	
688,864	7,020,044	Property and Other Local Taxes	(5,627)
1,053,199	6,605,778	Municipal Income Taxes	(850,040)
0	300,436	Intergovernmental	(96,931)
0	114,569	Special Assessments	<u>(212,355)</u>
5,389,301	5,389,301		
65	2,079,111	Total	(1,164,953)
85,489	1,846,896	Repayment of long-term debt is an expenditure in the	
869,000	4,910,127	governmental funds, but the repayment reduces long-term	
0	6,117,606	liabilities in the statement of net assets.	2,547,369
3,733,400	13,399,863	Some expenses reported in the statement of activities, such as	
0	2,547,369	accrued interest do not require the use of current financial	
93,760	1,263,066	resources and therefore are not reported as expenditures	
		in governmental funds.	(91,538)
11,913,078	51,594,166	Some expenses reported in the statement of activities, such as	
		compensated absences and intergovernmental payable	
		(which represents contractually required pension contributions)	
		do not require the use of current financial resources and therefore	
		are not reported as expenditures in governmental funds.	
		Compensated Absences	(247,117)
		Vacation Benefits Payable	<u>(28,563)</u>
		Total	(275,680)
6,783,321	1,704,363	Other financing sources in the governmental funds, such as	
1,923,370	4,003,694	proceeds of an OWDA Loan, increase the long-term	
		liabilities in the statement of net assets.	<u>(1,789,236)</u>
3,755,996	42,183,496		
\$5,679,366	\$46,187,190	Change in Net Assets of Governmental Activities	<u>\$5,579,370</u>

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, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Property Taxes	\$806,107	\$902,939	\$965,518	\$62,579
Municipal Income Taxes	23,410,608	26,065,410	26,661,354	595,944
Other Local Taxes	619,792	690,380	616,023	(74,357)
Intergovernmental	1,335,225	1,482,267	1,417,136	(65,131)
Investment Income	1,784,738	1,988,000	2,171,399	183,399
Fees, Licenses and Permits	669,815	746,100	618,828	(127,272)
Fines and Forfeitures	335,908	372,500	370,133	(2,367)
Charges for Services	838,447	942,164	928,116	(14,048)
Miscellaneous	188,080	209,500	169,015	(40,485)
<i>Total Revenues</i>	<u>29,988,720</u>	<u>33,399,260</u>	<u>33,917,522</u>	<u>518,262</u>
Expenditures				
Current:				
Security of Persons and Property				
Police	6,630,599	6,653,639	6,442,555	211,084
Fire	6,109,232	6,128,232	5,864,273	263,959
Prosecutor	378,183	428,783	300,105	128,678
Public Health and Welfare	123,861	127,278	114,569	12,709
Community Environment	2,305,427	2,305,427	2,129,413	176,014
Basic Utility Services	1,729,567	1,889,067	1,842,103	46,964
Transportation	4,410,035	4,255,035	4,166,781	88,254
General Government	7,034,533	7,214,416	6,210,199	1,004,217
<i>Total Expenditures</i>	<u>28,721,437</u>	<u>29,001,877</u>	<u>27,069,998</u>	<u>1,931,879</u>
<i>Excess of Revenues Over Expenditures</i>	<u>1,267,283</u>	<u>4,397,383</u>	<u>6,847,524</u>	<u>2,450,141</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	72,236	72,236	72,236	0
Transfers Out	(3,554,012)	(6,994,000)	(6,851,930)	142,070
<i>Total Other Financing Sources (Uses)</i>	<u>(3,481,776)</u>	<u>(6,921,764)</u>	<u>(6,779,694)</u>	<u>142,070</u>
<i>Net Change in Fund Balance</i>	(2,214,493)	(2,524,381)	67,830	2,592,211
<i>Fund Balance Beginning of Year</i>	23,395,962	23,395,962	23,395,962	0
Prior Year Encumbrances Appropriated	761,199	761,199	761,199	0
<i>Fund Balance End of Year</i>	<u>\$21,942,668</u>	<u>\$21,632,780</u>	<u>\$24,224,991</u>	<u>\$2,592,211</u>

See accompanying notes to the basic financial statements

City of Solon, Ohio
Statement of Fund Net Assets
Enterprise Funds
December 31, 2006

	Business-type Activities		
	Water Reclamation	Grantwood Recreation	Total
Assets			
<i>Current Assets:</i>			
Equity in Pooled Cash and Cash Equivalents	\$5,505,962	\$243,907	\$5,749,869
Materials and Supplies Inventory	149,118	9,227	158,345
Accounts Receivable	303,878	3,073	306,951
<i>Total Current Assets</i>	<u>5,958,958</u>	<u>256,207</u>	<u>6,215,165</u>
<i>Noncurrent Assets:</i>			
Nondepreciable Capital Assets	3,832,023	2,382,164	6,214,187
Depreciable Capital Assets, Net	56,334,803	694,130	57,028,933
<i>Total Noncurrent Assets</i>	<u>60,166,826</u>	<u>3,076,294</u>	<u>63,243,120</u>
<i>Total Assets</i>	<u>66,125,784</u>	<u>3,332,501</u>	<u>69,458,285</u>
Liabilities			
<i>Current Liabilities:</i>			
Accounts Payable	156,103	3,196	159,299
Accrued Wages	47,170	13,579	60,749
Intergovernmental Payable	29,070	8,389	37,459
Interfund Payable	0	1,914,872	1,914,872
Accrued Interest Payable	187,879	0	187,879
Compensated Absences Payable	122,327	115,481	237,808
Vacation Benefits Payable	51,273	21,912	73,185
OWDA Loans Payable	1,219,248	0	1,219,248
<i>Total Current Liabilities</i>	<u>1,813,070</u>	<u>2,077,429</u>	<u>3,890,499</u>
<i>Long-Term Liabilities:</i>			
Compensated Absences Payable	216,088	62,490	278,578
OWDA Loans Payable	12,722,755	0	12,722,755
<i>Total Long-Term Liabilities</i>	<u>12,938,843</u>	<u>62,490</u>	<u>13,001,333</u>
<i>Total Liabilities</i>	<u>14,751,913</u>	<u>2,139,919</u>	<u>16,891,832</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	46,224,823	3,076,294	49,301,117
Unrestricted (Deficit)	5,149,048	(1,883,712)	3,265,336
<i>Total Net Assets</i>	<u>\$51,373,871</u>	<u>\$1,192,582</u>	<u>\$52,566,453</u>

See accompanying notes to the basic financial statements

City of Solon, Ohio
*Statement of Revenues,
Expenses and Changes in Fund Net Assets
Enterprise Funds
For the Year Ended December 31, 2006*

	Business-type Activities		
	Water Reclamation	Grantwood Recreation	Total
Operating Revenues			
Charges for Services	\$5,069,237	\$1,140,154	\$6,209,391
Tap-In Fees	175,849	0	175,849
Rentals	0	218,618	218,618
Miscellaneous	12,630	28,990	41,620
<i>Total Operating Revenues</i>	<u>5,257,716</u>	<u>1,387,762</u>	<u>6,645,478</u>
Operating Expenses			
Personal Services	1,809,103	635,742	2,444,845
Materials and Supplies	404,534	424,801	829,335
Contractual Services	1,426,316	153,292	1,579,608
Depreciation	1,713,857	49,099	1,762,956
Other	18,992	0	18,992
<i>Total Operating Expenses</i>	<u>5,372,802</u>	<u>1,262,934</u>	<u>6,635,736</u>
<i>Operating Income (Loss)</i>	<u>(115,086)</u>	<u>124,828</u>	<u>9,742</u>
Non-Operating Revenues (Expenses)			
Gain on Sale of Capital Assets	2,518	0	2,518
Interest and Fiscal Charges	(395,463)	0	(395,463)
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(392,945)</u>	<u>0</u>	<u>(392,945)</u>
<i>Income (Loss) before Transfers and Capital Contributions</i>	(508,031)	124,828	(383,203)
Capital Contributions	2,386,622	0	2,386,622
Transfers In	148,439	8,670	157,109
<i>Change in Net Assets</i>	2,027,030	133,498	2,160,528
<i>Net Assets Beginning of Year</i>	<u>49,346,841</u>	<u>1,059,084</u>	<u>50,405,925</u>
<i>Net Assets End of Year</i>	<u><u>\$51,373,871</u></u>	<u><u>\$1,192,582</u></u>	<u><u>\$52,566,453</u></u>

See accompanying notes to the basic financial statements

City of Solon, Ohio
Statement of Cash Flows
Enterprise Funds
For the Year Ended December 31, 2006

	Business-type Activities		
	Water Reclamation	Grantwood Recreation	Total
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities			
Cash Received from Customers	\$4,771,297	\$1,138,553	\$5,909,850
Cash Received from Tap-In Fees	175,849	0	175,849
Cash Received from Rentals	0	218,618	218,618
Cash Received from Other Sources	12,630	28,990	41,620
Cash Payments to Employees for Services and Benefits	(1,840,104)	(653,310)	(2,493,414)
Cash Payments for Goods and Services	(1,729,476)	(581,810)	(2,311,286)
Cash Payments for Other Operating Expenses	(18,992)	0	(18,992)
<i>Net Cash Provided by Operating Activities</i>	<u>1,371,204</u>	<u>151,041</u>	<u>1,522,245</u>
Cash Flows from Noncapital Financing Activities			
Transfers In	148,439	8,670	157,109
Cash Flows from Capital and Related Financing Activities			
Proceeds from Sale of Capital Assets	5,501	0	5,501
Proceeds from OWDA Loans	2,080,072	0	2,080,072
Acquisition of Capital Assets	(2,832,977)	0	(2,832,977)
Principal Paid on Interfund Loan	0	(150,238)	(150,238)
Principal Paid on OWDA Loans	(1,179,838)	0	(1,179,838)
Interest Paid on OWDA Loans	(415,168)	0	(415,168)
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(2,342,410)</u>	<u>(150,238)</u>	<u>(2,492,648)</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(822,767)	9,473	(813,294)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>6,328,729</u>	<u>234,434</u>	<u>6,563,163</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$5,505,962</u>	<u>\$243,907</u>	<u>\$5,749,869</u>

(continued)

City of Solon, Ohio
Statement of Cash Flows
Enterprise Funds (continued)
For the Year Ended December 31, 2006

	Business-type Activities		
	Water Reclamation	Grantwood Recreation	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities			
Operating Income (Loss)	(\$115,086)	\$124,828	\$9,742
Adjustments:			
Depreciation	1,713,857	49,099	1,762,956
(Increase) Decrease in Assets:			
Accounts Receivable	(297,940)	(1,601)	(299,541)
Materials and Supplies Inventory	(28,153)	1,681	(26,472)
Increase (Decrease) in Liabilities:			
Accounts Payable	127,996	(5,398)	122,598
Accrued Wages and Benefits	5,649	8,027	13,676
Compensated Absences Payable	(43,979)	(938)	(44,917)
Vacation Benefits Payable	6,203	(27,723)	(21,520)
Intergovernmental Payable	2,657	3,066	5,723
<i>Net Cash Provided by Operating Activities</i>	<u>\$1,371,204</u>	<u>\$151,041</u>	<u>\$1,522,245</u>

Noncash Capital Financing Activities

During 2006, the infrastructure capital projects fund paid \$2,386,622 directly to contractors on behalf of the water reclamation enterprise fund. This amount is 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, 2006

Assets

Equity in Pooled Cash and Cash Equivalents	<u><u>\$957,315</u></u>
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Liabilities

Deposits Held and Due to Others	<u><u>\$957,315</u></u>
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See accompanying notes to the basic financial statements

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

Note 1 - Reporting Entity

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

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

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance deficits of or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations for which the City approves the budget, the issuance of debt, or the levying of taxes. 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 16 and 17 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 City also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its proprietary funds unless those pronouncements conflict with or contradict GASB pronouncements. The City has elected not to apply FASB Statements and Interpretations issued after November 30, 1989 to its business-type activities and to its enterprise funds. The more significant of the City's accounting policies are described below.

A. Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a statement of net assets 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, 2006

Government-wide Financial Statements The statement of net assets 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 statements distinguish between those activities of the City that are governmental and those that are considered business-type.

The statement of net assets 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. Fiduciary funds are reported by type.

B. 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 liabilities is reported as fund balance. The following are the City's major governmental funds:

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

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

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

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

Community Center Fund The community center fund accounts for transfers from other funds and the sale of general obligation notes for the purpose of paying the cost of the new Community Center.

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

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

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.

Fiduciary Funds Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. 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 and to provide scholarships for students in the DARE program.

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the Statement of Net Assets. The Statement of Activities presents increases (e.g. revenues) and decreases (e.g. expenses) in total net assets.

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

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 current liabilities 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 assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

D. 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, the recording of deferred revenue and in the presentation of expenses versus expenditures.

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

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

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, interest and grants and entitlements.

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

Deferred Revenue Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of December 31, 2006, but which were levied to finance year 2007 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

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.

E. 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".

During 2006, investments were limited to repurchase agreements, federal home loan bank bonds, federal home loan bank notes, federal home loan mortgage corporation notes, federal national mortgage association notes and STAROhio.

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

STAROhio is an investment pool managed by the State Treasurers Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on December 31, 2006.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2006 amounted to \$2,346,713, which includes \$1,256,028 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.

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2006, 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.

G. 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.

H. 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 assets 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 assets and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The City was able to estimate the historical cost for the initial reporting of infrastructure by backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of \$5,000 with the exception of land as land was included regardless of cost. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of proprietary fund capital assets is also capitalized.

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

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

For 2006, the City reported 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
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

I. Interfund Balances

On fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as "interfund receivables/payables". Interfund loans which do not represent available expendable resources are offset by a fund balance reserve account. Interfund balance amounts are eliminated in the statement of net assets, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

J. Compensated Absences

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

Sick leave benefits are accrued as a liability using the vesting method. The liability 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 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.

K. Accrued Liabilities and Long-Term Obligations

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

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

L. Fund Balance Reserves

The City reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent expendable resources and therefore are not available for appropriation or expenditure. Fund balance reserves have been established for encumbrances, interfund loans and unclaimed monies. Under Ohio law, unclaimed monies are not available for appropriation until they have remained unclaimed for five years.

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

M. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The government-wide statement of net assets reports \$28,546,287 of restricted net assets, none of which is restricted by enabling legislation. Net assets restricted for other purposes include resources restricted for state highway maintenance, recreation, senior services and law enforcement.

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

N. 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 and the Grantwood golf course. 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.

O. Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from contributions of capital assets from the infrastructure capital projects governmental fund.

P. Interfund Activity

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

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.

Q. Note Premium

On the government-wide financial statements, note premiums are deferred and amortized over the term of the notes using the straight line method. Note premiums are presented as an increase of the face amount of the notes payable. On governmental fund statements, note premiums are received in the year the notes are issued.

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence.

S. 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.

T. 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 fund. 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 – Changes in Accounting Principle and Restatement of Net Assets

A. Change in Accounting Principles

For 2006, the City has implemented GASB Statement No.44, "Economic Condition Reporting: The Statistical Section" and GASB Statement No. 47, "Accounting for Termination Benefits".

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

The purpose of GASB Statement No. 44 is to improve the understandability and usefulness of the information that State and local governments present as supplementary information in the statistical section.

GASB Statement No. 47 establishes standards of accounting and financial reporting for termination benefits.

The implementation of GASB Statement No. 47 did not materially affect the presentation of the financial statements of the City.

B. Restatement of Prior Year Balances

During 2006, it was determined that notes payable were understated. These restatements had the following effect on fund balance as they were previously reported.

	General	General Obligation Bond Retirement	Infrastructure
Fund Balance, December 31, 2005	\$26,598,652	\$1,996,287	\$13,753,604
Notes Payable	0	0	0
Adjusted Fund Balance, December 31, 2005	\$26,598,652	\$1,996,287	\$13,753,604
	Community Center	Other Governmental Funds	Total Governmental Funds
Fund Balance, December 31, 2005	(\$3,908,925)	\$3,755,996	\$42,195,614
Notes Payable	(12,118)	0	(12,118)
Adjusted Fund Balance, December 31, 2005	(\$3,921,043)	\$3,755,996	\$42,183,496

The City of Solon has restated capital assets for the inclusion of omitted waterlines, traffic signals and sidewalks in the amount of \$12,280,002. This restatement changed ending governmental net assets at December 31, 2005 from \$105,851,939 to \$118,131,941.

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:

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

- 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 as a reservation of fund balance (GAAP).
- d) Unrecorded cash represents amounts received but not reported by the City on the operating statements (budget), but which is reported on the GAAP basis operating statements.
- e) Investments are reported at cost (budget) rather than at fair value (GAAP).

The following tables summarize 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	\$2,046,121
Net Adjustment for Revenue Accruals	(855,392)
Beginning Fair Value Adjustment for Investments	(1,421,742)
Ending Fair Value Adjustment for Investments	1,107,273
Net Adjustment for Expenditure Accruals	212,178
Ending Unrecorded Cash	(11,083)
Encumbrances	<u>(1,009,525)</u>
Budget Basis	<u><u>\$67,830</u></u>

Note 5 – Accountability and Compliance

A. Accountability

The police and fire pension special revenue funds have deficit fund balances as of December 31, 2006 in the amounts of \$35,892 and \$118,758 respectively. The special revenue funds' deficits are caused by the recognition of expenditures on the modified accrual basis of accounting. The general fund is liable for any deficits in these funds and provides operating transfers when cash is required, not when accruals occur.

The community center and the building construction capital projects funds have deficit fund balances as of December 31, 2006 in the amounts of \$3,676,806 and \$776,302 respectively. The capital projects funds' deficits are the result of the issuance of short-term bond anticipation notes which are used to finance the project until bonds are issued. Once the notes are retired or bonds are issued, these deficits will be eliminated.

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

B. Compliance

The following accounts had expenditures plus encumbrances in excess of final appropriations contrary to section 5705.41, Ohio Revised Code:

	Appropriations	Expenditures	Excess
<i>Special Revenue funds:</i>			
Recreation:			
Leisure Time Activities			
Community Center			
Personal Services	\$777,750	\$1,029,735	\$251,985
Police Department Programs:			
Security of Persons and Property			
Police Training			
Personal Services	0	132	132

Although these violations were not corrected by fiscal year end, management has indicated that appropriations will be closely monitored to ensure no future violations.

Note 6 - Deposits and Investments

Monies held by the City are classified by State statute into three categories.

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to payment of 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

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

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

3. Written repurchase agreements in securities listed above;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations;
7. The State Treasurer's investment pool (STAROhio);
8. Commercial paper and bankers' acceptances if training requirements have been met.

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.

Deposits

Custodial Credit Risk Custodial credit risk for deposits is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$4,579,103 of the City's bank balance of \$4,693,216 was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

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

Investments

Investments are reported at fair value. As of December 31, 2006, the City had the following investments:

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

	Maturity			Total
	Less Than One Year	More Than One Year But Less Than Three Years	More Than Three Years But Less Than Five Years	
Repurchase Agreements:				
Federal Home Loan Bank Bonds	\$1,005,000	\$0	\$0	\$1,005,000
Federal Home Loan Bank Bonds	0	14,508,136	0	14,508,136
Federal Home Loan Bank Notes	1,986,260	0	0	1,986,260
Federal Home Loan Mortgage Corporation Notes	0	11,646,980	0	11,646,980
Federal National Mortgage Association Notes	4,885,010	8,765,330	3,851,352	17,501,692
STAROhio	4,175,101	0	0	4,175,101
Total Portfolio	<u>\$12,051,371</u>	<u>\$34,920,446</u>	<u>\$3,851,352</u>	<u>\$50,823,169</u>

Interest Rate Risk As a means of limiting its exposure to fair value losses caused by rising interest rates, the City's investment policy requires that operating funds be invested primarily in short-term investments maturing within five years from the date of purchase and that the City's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity. Repurchase agreements are limited to 30 days and the market value of the underlying securities must exceed the principal value of the agreement by at least 2 percent and be marked to market daily.

Credit Risk The underlying securities of the Repurchase Agreements, Federal Home Loan Bank Bonds, Federal Home Loan Bank Notes, Federal Home Loan Mortgage Corporation Notes and Federal National Mortgage Association Notes carry a rating of AAA by Standard & Poor's and STAROhio also carries a rating of AAAM by Standard & Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The City has no investment policy that addresses credit risk.

Concentration of Credit Risk. The City places no limit on the amount it may invest in any one issuer. The following is the City's allocation as of December 31, 2006:

Investment	Percentage of Investments
Repurchase Agreements:	
Federal Home Loan Bank Bonds	1.98 %
Federal Home Loan Bank Bonds	28.54
Federal Home Loan Bank Notes	3.91
Federal Home Loan Mortgage Corporation Notes	22.92
Federal National Mortgage Association Notes	34.44
STAROhio	8.21

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

Note 7 – Receivables

Receivables at December 31, 2006, consisted of taxes, accounts (billings for user charged services), special assessments, interest and intergovernmental receivables arising from grants, entitlements and shared revenues.

No allowance for doubtful accounts has been recorded because uncollectible amounts are expected to be insignificant. All except special assessments are expected to be collected within one year.

Special assessments expected to be collected in more than one year amount to \$3,181,947 in the general obligation bond retirement fund. At December 31, 2006, the amount of delinquent special assessments was \$20,650.

A. Property Taxes

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2006 for real and public utility property taxes represents collections of the 2005 taxes. Property tax payments received during 2006 for tangible personal property (other than public utility property) are for 2006 taxes.

2006 real property taxes are levied after October 1, 2006 on the assessed value as of January 1, 2006, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2006 real property taxes are collected in and intended to finance 2007.

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. 2006 public utility property taxes became a lien December 31, 2005, are levied after October 1, 2006, and are collected in 2007 with real property taxes.

2006 tangible personal property taxes are levied after October 1, 2005, on the value as of December 31, 2005. Collections are made in 2006. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2006 is 18.75 percent. This will be reduced to 12.5 percent for 2007, 6.25 percent for 2008 and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable at September 20.

The full tax rate for all City operations for the year ended December 31, 2006 was \$4.10 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2006 property tax receipts were based are as follows:

Real Property	\$1,010,517,190
Public Utility Personal Property	18,694,930
Tangible Personal Property	<u>156,131,557</u>
Total	<u><u>\$1,185,343,677</u></u>

Real property taxes are payable annually or semi-annually. If paid annually, the 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.

City of Solon, Ohio
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Tangible personal property taxes paid by multi-city taxpayers are due September 20. Single city taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30; with the remainder payable by September 20.

The County Treasurer collects property tax on behalf of all taxing districts within the County, including the City of Solon. The County Auditor periodically remits to the City its portions of the taxes collected. Property taxes receivable represents real and tangible personal property taxes and public utility taxes which are measurable as of December 31, 2006 and for which there is an enforceable legal claim. In the general fund, the general obligation bond retirement fund, the police pension and fire pension special revenue funds and the safety and service equipment capital projects fund, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2006 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while the remainder of the receivable is deferred.

B. 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 2006, the proceeds were allocated seventy-five percent to the general fund and twenty-five percent to the infrastructure capital projects fund.

C. Intergovernmental Receivable

A summary of the principal items of intergovernmental receivables follows:

Governmental Activities	Amount
Firefighters Assistance Grant	\$459,632
Local Government	430,141
Gasoline Tax	236,754
Homestead and Rollback	171,228
Cents per Gallon	141,104
Auto Regulation	102,678
Estate Tax	41,898
Prisoner Housing	38,390
Violations Bureau	29,294
State of Ohio	11,567
Village of Glenwillow	5,250
City of Parma Heights	900
Job Creation Grant	500
U.S. Immigration	420
Independence Local Schools	200
Village of Sheffield	200
Total Intergovernmental Receivables	\$1,670,156

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

Note 8 - Contingencies

A. 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, 2006.

B. Litigation

The City of Solon is a party to legal proceedings. The City management is of the opinion that ultimate disposition of these claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

Note 9 - Capital Assets

Capital asset activity for the year ended December 31, 2006, was as follows:

	Balance 12/31/05	Additions	Reductions	Balance 12/31/06
Governmental Activities:				
Capital Assets Not Being Depreciated				
Land	\$8,612,765	\$1,550,368	\$0	\$10,163,133
Construction in progress	2,118,302	3,423,026	(4,800,716)	740,612
Total Capital Assets Not Being Depreciated	<u>10,731,067</u>	<u>4,973,394</u>	<u>(4,800,716)</u>	<u>10,903,745</u>
Capital Assets Being Depreciated				
Land improvements	1,060,544	167,534	0	1,228,078
Buildings	51,032,887	91,195	0	51,124,082
Equipment and Furniture	4,242,244	251,791	(84,682)	4,409,353
Vehicles	9,307,425	487,123	(556,075)	9,238,473
Infrastructure	90,682,637	5,958,396	(1,108,677)	95,532,356
Total Capital Assets Being Depreciated	<u>156,325,737</u>	<u>6,956,039</u>	<u>(1,749,434)</u>	<u>161,532,342</u>
Less Accumulated Depreciation				
Land improvements	(354,684)	(61,445)	0	(416,129)
Buildings	(8,762,323)	(1,266,525)	0	(10,028,848)
Equipment and Furniture	(2,099,912)	(295,394)	84,682	(2,310,624)
Vehicles	(4,687,688)	(741,160)	515,565	(4,913,283)
Infrastructure	(48,689,162)	(2,373,969)	1,108,677	(49,954,454)
Total Accumulated Depreciation	<u>(64,593,769)</u>	<u>(4,738,493) *</u>	<u>1,708,924</u>	<u>(67,623,338)</u>
Capital Assets Being Depreciated, net	<u>91,731,968</u>	<u>2,217,546</u>	<u>(40,510)</u>	<u>93,909,004</u>
Governmental Activities Capital Assets, net	<u>\$102,463,035</u>	<u>\$7,190,940</u>	<u>(\$4,841,226)</u>	<u>\$104,812,749</u>

City of Solon, Ohio
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For the Year Ended December 31, 2006

	Balance 12/31/05	Additions	Reductions	Balance 12/31/06
Business Type Activities:				
Capital Assets Not Being Depreciated				
Land	\$3,150,174	\$0	\$0	\$3,150,174
Construction in progress	4,541,244	5,133,310	(6,610,541)	3,064,013
Total Capital Assets Not Being Depreciated	7,691,418	5,133,310	(6,610,541)	6,214,187
Capital Assets Being Depreciated				
Land Improvements	248,407	0	0	248,407
Buildings	28,010,140	0	0	28,010,140
Equipment and Furniture	5,860,226	10,550	0	5,870,776
Vehicles	787,475	29,416	(91,162)	725,729
Infrastructure	42,963,317	6,656,864	0	49,620,181
Total Capital Assets Being Depreciated	77,869,565	6,696,830	(91,162)	84,475,233
Less Accumulated Depreciation				
Land Improvements	(226,977)	(4,447)	0	(231,424)
Buildings	(8,135,869)	(699,359)	0	(8,835,228)
Equipment and Furniture	(4,087,132)	(234,619)	0	(4,321,751)
Vehicles	(421,086)	(51,582)	88,179	(384,489)
Infrastructure	(12,900,459)	(772,949)	0	(13,673,408)
Total Accumulated Depreciation	(25,771,523)	(1,762,956)	88,179	(27,446,300)
Capital Assets Being Depreciated, net	52,098,042	4,933,874	(2,983)	57,028,933
Business Type Activities Capital Assets, net	\$59,789,460	\$10,067,184	(\$6,613,524)	\$63,243,120

* Depreciation expense was charged to governmental activities as follows:

Security of Persons and Property	
Police	\$339,293
Fire	363,864
Leisure Time Activities	630,551
Community Environment	688,783
Transportation	2,373,969
General Government	342,033
Total Depreciation Expense	\$4,738,493

The water reclamation and Grantwood recreation enterprise funds were charged \$1,713,857 and \$49,099, respectively, for depreciation.

Note 10 - Risk Management

A. 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 of Solon, Ohio
Notes to the Basic Financial Statements
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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.

B. Workers' Compensation

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

C. Employee Health Benefits

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

Medical claims within the network are subject to \$100 single and \$200 family deductible, and then are covered 100 percent. Medical claims out of network are subject to \$200 single and \$400 family deductible followed by 90/10 percent coinsurance for the next \$1,000 single and \$2,000 family, then 100 percent. Prescriptions are subject to a co-pay of \$10 generic, \$20 formulary, and \$30 non-formulary. The City has stop loss coverage at \$75,000 per family per year and a calculated aggregate maximum for the 2006 plan year of \$2,660,043.

The claims liability of \$254,260 reported in the general fund at December 31, 2006 was estimated by the third party administrator and is based on the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in the fund's claims liability amount for 2005 and 2006 were:

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2005	\$130,271	\$875,364	\$883,033	\$122,602
2006	122,602	912,435	780,777	254,260

City of Solon, Ohio
Notes to the Basic Financial Statements
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Note 11 - Defined Benefit Pension Plans

A. OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM

The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

For the year ended December 31, 2006, the members of all three plans, except those in law enforcement participating in the traditional plan, were required to contribute 9 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary. The City's contribution rate for pension benefits for 2006 was 13.7 percent, except for those plan members in law enforcement or public safety. For those classifications, the City's pension contributions were 16.93 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The City's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2006, 2005, and 2004 were \$1,113,082, \$1,113,990, and \$1,098,450 respectively; 86.03 percent has been contributed for 2006 and 100 percent for 2005 and 2004. Contributions to the member-directed plan for 2006 were \$30,946 made by the City and \$20,330 made by the plan members.

B. OHIO POLICE AND FIRE PENSION FUND

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

City of Solon, Ohio
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For the Year Ended December 31, 2006

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the City is required to contribute 19.5 percent for police officers and 24 percent for firefighters. Contributions are authorized by State statute. The City's contributions to the fund for police and firefighters were \$497,017 and \$507,150 for the year ended December 31, 2006, \$356,303 and \$691,418 for the year ended December 31, 2005 and \$337,717 and \$648,755 for the year ended December 31, 2004. The full amount has been contributed for 2005 and 2004. 76.94 percent and 59.55 percent has been contributed for 2006.

NOTE 12 – Postemployment Benefits

A. OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and qualified survivor benefit recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 local government employer contribution rate was 13.7 percent of covered payroll (16.93 percent for public safety and law enforcement); 4.50 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the individual entry age actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between 0.50 percent and 6.3 percent based on additional annual pay increases. Health care costs were assumed to increase between 0.50 to 6.00 percent annually for the next nine years and 4.00 percent annually after nine years.

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 369,214. The number of active contributing participants for both plans used in December 31, 2005, actuarial valuation was 358,804. Actual employer contributions for 2006 which were used to fund postemployment benefits were \$544,442. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2005, (the latest information available) were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

City of Solon, Ohio
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For the Year Ended December 31, 2006

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. To improve the solvency of the Health Care Fund, OPERS created a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006, and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

B. OHIO POLICE AND FIRE PENSION FUND

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school full-time or on a 2/3 basis.

The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution rate is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the postemployment health care program during 2006 and 2005. In addition, since July 1, 1992, most retirees and survivors have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The City's actual contributions for 2006 that were used to fund postemployment benefits were \$327,819 for police and \$241,872 for firefighters. The OP&F's total health care expense for the year ended December 31, 2005, (the latest information available) was \$108,039,449, which was net of member contributions of \$55,271,881. The number of OP&F participants eligible to receive health care benefits as of December 31, 2005, was 13,922 for police and 10,537 for firefighters.

Note 13 – Compensated Absences

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

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

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

City of Solon, Ohio
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Note 14 - Note Debt

The City's note activity, including amounts outstanding and interest rates, is as follows:

	Balance 12/31/05	Additions	Reductions	Balance 12/31/06
4.00% Matures November 21, 2007				
Community Center Fund	\$4,440,000	\$4,070,000	\$4,440,000	\$4,070,000
Unamortized Premium	12,118	10,835	13,335	9,618
4.00% Matures November 21, 2007				
Building Construction Fund	1,560,000	1,430,000	1,560,000	1,430,000
4.50% Matures June 28, 2007				
General Capital Improvements Fund	0	1,600,000	0	1,600,000
Unamortized Premium	0	6,425	3,292	3,133
Total	<u>\$6,012,118</u>	<u>\$7,117,260</u>	<u>\$6,016,627</u>	<u>\$7,112,751</u>

In 2006, the City issued \$4,070,000 in Various Improvement bond anticipation notes for the construction of the community center which was completed during 2003. The community center note was issued at a premium of \$10,835. These notes mature on November 21, 2007.

In 2006, the City issued \$1,430,000 in Various Improvement bond anticipation notes for various construction projects throughout the City. These notes mature on November 21, 2007.

In 2006, the City issued \$1,600,000 in Real Estate Acquisition bond anticipation notes for acquiring real estate interests for recreational and various other municipal purposes. The general capital improvements note was issued at a premium of \$6,425. These notes mature on June 28, 2007.

The notes are backed by the full faith and credit of the City of Solon and mature within one year. The note liability is reflected in the fund which received the proceeds.

City of Solon, Ohio
Notes to the Basic Financial Statements
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Note 15 - Long-Term Obligations

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

	Balance 12/31/05	Additions	Reductions	Balance 12/31/06	Amounts Due in One Year
Governmental Activities					
General Obligation Bonds					
1993 \$7,350,000 - 5.19%					
New City Hall Construction	\$3,820,000	\$0	(\$390,000)	\$3,430,000	\$415,000
1995 \$6,695,000 - 4.88%					
Various Purpose Refunding	1,310,000	0	(640,000)	670,000	670,000
1997 \$3,700,000 - 5.70%					
Library Building	2,605,000	0	(175,000)	2,430,000	180,000
2002 \$12,235,000 - 3.00% to 4.60%					
Community Center	9,435,000	0	(755,000)	8,680,000	780,000
<i>Total General Obligation Bonds</i>	<u>17,170,000</u>	<u>0</u>	<u>(1,960,000)</u>	<u>15,210,000</u>	<u>2,045,000</u>
Special Assessment Bonds with Governmental Commitment					
1992 \$1,500,000 - 6.31%					
County Issued Miles Sewer	548,385	0	(73,424)	474,961	73,424
OWDA Loans					
1993 \$5,894,814 - 4.30%					
Northeast Pump	1,246,570	0	(133,624)	1,112,946	139,432
1997 \$1,249,104 - 4.16%					
Aurora/Liberty Sanitary Sewer	810,832	0	(59,492)	751,340	61,992
2004 \$5,861,485 - 1.87%					
Aurora Road West Draw	5,478,194	0	(260,181)	5,218,013	263,967
2006 \$6,264,787 - 3.35%					
Aurora East Sewer Project	3,811,825	1,789,236	0	5,601,061	226,632
<i>Total OWDA Loans</i>	<u>11,347,421</u>	<u>1,789,236</u>	<u>(453,297)</u>	<u>12,683,360</u>	<u>692,023</u>
OPWC Loans					
1996 \$952,295 - 0%					
Solon Allotment	428,532	0	(47,615)	380,917	47,615
1999 \$195,500 - 0%					
Cochran Project	104,267	0	(13,033)	91,234	13,033
<i>Total OPWC Loans</i>	<u>532,799</u>	<u>0</u>	<u>(60,648)</u>	<u>472,151</u>	<u>60,648</u>
Other Long-term Obligations					
Compensated Absences	2,668,508	306,018	(58,901)	2,915,625	757,733
<i>Total General Long-term Obligations</i>	<u>\$32,267,113</u>	<u>\$2,095,254</u>	<u>(\$2,606,270)</u>	<u>\$31,756,097</u>	<u>\$3,628,828</u>

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

	Balance 12/31/05	Additions	Reductions	Balance 12/31/06	Amounts Due in One Year
Business-type Activities					
OWDA Loans					
1971 \$509,646 - 6.25%					
Treatment Plant Expansion	\$158,740	\$0	(\$25,020)	\$133,720	\$26,584
1993 \$5,894,814 - 4.30%					
Northeast Pump	1,721,453	0	(184,529)	1,536,924	192,549
1996 \$18,763,183 - 3.04%					
Treatment Plant Upgrade and Expansion	10,917,587	0	(949,559)	9,968,028	978,645
1997 \$401,178 - 3.54%					
Treatment Plant Upgrade and Expansion	243,989	0	(20,730)	223,259	21,470
2006 \$4,369,131 - 3.15%					
Trickling Filter Rehabilitation	0	2,080,072	0	2,080,072	0
<i>Total OWDA Loans</i>	13,041,769	2,080,072	(1,179,838)	13,942,003	1,219,248
Other Long-term Liabilities					
Compensated Absences	561,303	84,935	(129,852)	516,386	237,808
<i>Total Business-type Activities</i>	<u>\$13,603,072</u>	<u>\$2,165,007</u>	<u>(\$1,309,690)</u>	<u>\$14,458,389</u>	<u>\$1,457,056</u>

In 1993, the City issued \$7,350,000 in voted general obligation bonds for construction of a new City Hall. The bonds were issued for a twenty year period with a final maturity in 2013.

In 1995, the City issued \$6,695,000 in voted various improvement general obligation bonds for refunding of 1989 and 1990 general obligation bond issues. The bonds were issued for a thirteen year period with a final maturity in 2007.

In 1997, the City issued \$3,700,000 in voted general obligation bonds for construction of the Solon Branch Public Library. The bonds were issued for a twenty year period with a final maturity in 2016.

In 2002, the City issued \$12,235,000 in voted general obligation bonds for construction of the Community Center, Kruse Drive improvements and refunding of a 1992 general obligation bond issue. The bonds were issued for a twenty year period with a final maturity in 2021.

In 1992, the City issued \$1,500,000 in special assessment bonds for the installation of the Miles Road Sanitary Sewer Project. The bonds were issued for a twenty year period with a final maturity in 2012.

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

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

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

In 2004, the City received a \$5,861,485 Ohio Water Development Authority loans 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.

A line of credit has been established with the Ohio Water Development Authority in the amount of \$6,264,787 for the improvements to the Aurora East Sewer system; however, since this loan is not finalized, the repayment schedule is not included in the schedule of debt service payments.

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

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

In 1971, the City received a \$509,646 Ohio Water Development Authority loan for the installation of the Northeast Wastewater Treatment Plant. The loan was issued for a forty year period with a final maturity in 2011.

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

In 1996, the City received a \$18,763,183 Ohio Water Development Authority loan for the expansion of the Central Wastewater Treatment Plant. The loan was issued for a twenty year period with a final maturity in 2015.

In 1997, the City received a \$401,178 Ohio Water Development Authority loan for the expansion of the Central Wastewater Treatment Plant. The loan was issued for a nineteen year period with a final maturity in 2015.

A line of credit has been established with the Ohio Water Development Authority in the amount of \$4,369,131 for the Trickle Filter Rehabilitation system; however, since this loan is not finalized, the repayment schedule is not included in the schedule of debt service payments.

General obligation bonds will be paid from the general bond retirement debt service fund with property taxes. Special assessment bonds will be paid from the proceeds of special assessments levied against benefited property owners. In the event that a property owner would fail to pay the assessment, payment would be made by the City. The OWDA loans will be paid from the general bond retirement debt service fund with property taxes and special assessments. The OPWC loans will be paid from the infrastructure capital projects fund with income taxes.

The OWDA enterprise fund loans are being paid from the water reclamation enterprise fund user fees.

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

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

The City's overall legal debt margin was \$103,208,632 with an unvoted debt margin of \$43,941,448 at December 31, 2006. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2006 are as follows:

Governmental Activities

	General Obligation Bonds		Special Assessment Bonds		OWDA Loans		OPWC Loans
	Principal	Interest	Principal	Interest	Principal	Interest	Principal
2007	\$2,045,000	\$745,553	\$73,424	\$13,617	\$465,391	\$151,700	\$60,648
2008	1,435,000	650,231	75,719	12,148	477,898	139,192	60,648
2009	1,500,000	585,768	78,013	10,255	490,834	126,256	60,648
2010	1,585,000	516,536	80,308	8,149	504,216	112,874	60,648
2011	1,665,000	442,853	82,602	5,740	518,081	99,009	60,649
2012 - 2016	4,675,000	1,226,272	84,895	3,014	2,227,281	300,755	168,910
2017 - 2021	2,305,000	357,000	0	0	1,570,019	123,355	0
2022 - 2024	0	0	0	0	828,579	18,108	0
Total	\$15,210,000	\$4,524,213	\$474,961	\$52,923	\$7,082,299	\$1,071,249	\$472,151

Business Type Activities

	OWDA Loans	
	Principal	Interest
2007	\$1,219,248	\$375,758
2008	1,260,021	334,985
2009	1,302,209	292,798
2010	1,345,858	249,147
2011	1,374,172	203,365
2012 - 2015	5,360,423	366,654
Total	\$11,861,931	\$1,822,707

In 2002, the City defeased a 1992 Various Purpose Improvement bond issue in order to take advantage of lower interest rates. The proceeds of the new bonds were placed in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statements. On December 31, 2006, \$1,815,000 of these bonds outstanding were considered defeased.

Note 16 – Shared Risk Pool

The Northern Ohio Risk Management Association (NORMA) is a shared risk pool comprised of the Cities of Bedford Heights, Eastlake, Highland Heights, Hudson, Maple Heights, Mayfield Heights, Richmond Heights, Solon and South Euclid 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.

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

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, and the City of Maple Heights, whose commencement date is October 1, 1993. After the initial three years, each City may extend its term in three-year increments.

Each member provides operating resources to NORMA based on actuarially determined rates. In the event of losses, the first \$2,500 of any valid claim will be paid by the member. The next payment, generally a maximum of \$100,000 per occurrence, will come from the self-insurance pool with any excess paid from the stop-loss coverage carried by the pool. Any loss over these amounts would be the obligation of the individual member. 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 2006, the City of Solon paid \$283,618 in premiums from the general fund, which represents 18.49 percent of total premiums. Financial information can be obtained by contacting the fiscal agent, Mark Cegelka, Finance Director at the City of Bedford Heights, 5661 Perkins Road, Bedford Heights, Ohio, 44146.

Note 17 – Jointly Governed Organization

The City is a member of The Northeast Ohio Public Energy Council (NOPEC). NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity. NOPEC is currently comprised of over 112 communities who have been authorized by ballot to purchase electricity on behalf of their citizens. The intent of NOPEC is to provide electricity at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide electricity to the citizens of its member communities.

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives on the governing board from each county then elect one person to serve on the eight-member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. The City of Solon did not contribute to NOPEC during 2006. Financial information can be obtained by contacting the Joseph Migliorini, Board Chairman, 175 South Main Street, Akron, Ohio 44308.

Note 18 – 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
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

Note 19 – Interfund Transactions

A. Interfund Balances

At December 31, 2006, the Grantwood recreation enterprise fund has an interfund payable of \$1,914,872 from the general fund. The interfund loan is to be used for improvements to the Grantwood golf course. The interfund loan fully matures in 2024. Principal requirements to retire the interfund loan outstanding at December 31, 2006 are as follows:

	Principal
2007	\$156,734
2008	163,512
2009	117,661
2010	72,889
2011	75,921
2012 - 2015	429,689
2016 - 2020	526,816
2021 - 2024	371,650
Total	\$1,914,872

B. Interfund Transfers

Interfund transfers for the year ended December 31, 2006, consisted of the following:

	Transfer From		
Transfers To	General	Infrastructure	Total
<i>Major Funds:</i>			
Community Center	\$211,500	\$0	\$211,500
Water Reclamation	148,439	0	148,439
Grantwood Recreation	8,670	0	8,670
Total Major Funds	368,609	0	368,609
<i>Nonmajor Funds:</i>			
Police Pension	185,000	0	185,000
Fire Pension	400,000	0	400,000
Cable TV	29,974	0	29,974
Recreation	1,499,000	0	1,499,000
Senior Services	1,037,000	0	1,037,000
Landfill Improvement	43,847	0	43,847
Safety and Service Equipment	100,000	0	100,000
Building Construction	188,500	300,000	488,500
General Capital Improvements	3,000,000	0	3,000,000
Total Nonmajor Funds	6,483,321	300,000	6,783,321
Total All Funds	\$6,851,930	\$300,000	\$7,151,930

City of Solon, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

The general fund transfer to the water reclamation and the grantwood recreation enterprise funds were to cover their respective shares of interest earnings per City ordinance. The general fund transfer to the police and fire pensions special revenue funds were because the 1.0 mills of property tax received by those funds are not enough to meet the annual liability and payment to the police and fire pension systems. The general fund transfer to the cable TV special revenue fund was to cover the cable TV's share of interest earnings per City ordinance. 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 transfer to the senior services special revenue fund is an annual subsidy because there are not enough program fees to maintain the annual operation at the established level. The general fund transfer to the landfill improvement special revenue fund was to cover the landfill's share of interest earnings per City ordinance. The general fund transfer to the safety and service equipment and the general capital improvements capital projects funds was an occasional subsidy for capital purchases. The general fund and infrastructure transfers to the building construction and community center capital projects funds was to provide payment for the bond anticipation notes payable from \$6,000,000 to \$5,500,000 for year 2006.

Note 20 – Subsequent Events

Beginning in 2007, the Bainbridge-Solon Joint Economic Development District Board was created. This Board will be funded by a 2.0 percent income tax.

Combining Statements and Individual Fund Schedules

Combining Statements – Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

To account for the proceeds of specific revenue sources (other than amounts relating to major capital projects) which are legally restricted to expenditure for specified purposes.

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

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

Police Pension Fund – to account for property taxes levied for the payment of the current and accrued liability for police disability and pension benefits.

Fire Pension Fund - to account for property taxes levied for the payment of the current and accrued liability for fire disability and pension benefits.

Cable TV Fund - to account for the revenues received from cable franchise fees and the expenditures of the Cable TV Commission including a distribution of fifty percent to the Solon City Schools.

Tree Planting Fund – to account for the receipts of deposits by developers for the purpose of purchasing and planting trees in the City.

Street Lighting Fund - to account for special assessments collected to pay the costs of electricity for street lighting. This fund is currently inactive.

Recreation Fund – to account for the receipt of recreation activity fees and transfers from other funds to pay for the cost of operating the City park and recreation programs.

Senior Services Fund - to account for the receipt of senior services activity fees and transfers from other funds to pay the cost of operating the senior services center and related programs.

Police Department Programs Fund - to account for the receipt of grant money used to support the Police Department's DARE Programs.

Landfill Improvement Fund – to account for a reserve set aside for reclamation of the City-owned landfill.

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

Community Improvement Corporation Fund – to account for the revenues used for industrial revenue bond administration.

Cemetery Endowment Trust Fund – to account for money put on deposit for the purpose of paying the costs to do extra maintenance of cemetery lots.

Donations Trust Fund – to account for donations made to the Police Department for the purchase of specific equipment.

Combining Statements – Nonmajor Governmental Funds (continued)

Nonmajor Capital Projects Funds

Capital projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

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

Old City Hall Renovations Fund – to account for receipt of grant money used to renovate the old Solon City Hall.

Building Construction Fund – to account for transfers from other funds and the sale of general obligation notes for the purpose of paying the cost to build and construct various City buildings.

General Capital Improvements Fund – to account for the transfers from other funds for the purpose of purchasing land, buildings, vehicles and equipment.

City of Solon, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2006

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$3,885,696	\$4,932,685	\$8,818,381
Accounts Receivable	54,425	0	54,425
Intergovernmental Receivable	526,607	475,822	1,002,429
Property Taxes Receivable	1,179,221	443,582	1,622,803
<i>Total Assets</i>	<u>\$5,645,949</u>	<u>\$5,852,089</u>	<u>\$11,498,038</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$42,511	\$0	\$42,511
Accrued Wages	39,138	0	39,138
Contracts Payable	0	928	928
Intergovernmental Payable	533,595	0	533,595
Accrued Interest Payable	0	43,915	43,915
Matured Compensated Absences Payable	47,784	0	47,784
Deferred Revenue	1,617,896	459,772	2,077,668
Notes Payable	0	3,033,133	3,033,133
<i>Total Liabilities</i>	<u>2,280,924</u>	<u>3,537,748</u>	<u>5,818,672</u>
Fund Balances			
Reserved for Encumbrances	179,341	681,872	861,213
Unreserved, Undesignated, Reported in:			
Special Revenue Funds	3,185,684	0	3,185,684
Capital Projects Funds	0	1,632,469	1,632,469
<i>Total Fund Balances</i>	<u>3,365,025</u>	<u>2,314,341</u>	<u>5,679,366</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$5,645,949</u>	<u>\$5,852,089</u>	<u>\$11,498,038</u>

City of Solon, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2006

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues			
Property Taxes	\$1,096,234	\$454,246	\$1,550,480
Intergovernmental	1,176,232	992,671	2,168,903
Investment Income	0	79,624	79,624
Fees, Licenses and Permits	342,397	0	342,397
Fines and Forfeitures	5,700	0	5,700
Rentals	18,343	0	18,343
Charges for Services	2,631,372	54,920	2,686,292
Contributions and Donations	111,152	0	111,152
Miscellaneous	69,009	21,227	90,236
<i>Total Revenues</i>	<u>5,450,439</u>	<u>1,602,688</u>	<u>7,053,127</u>
Expenditures			
Current:			
Security of Persons and Property			
Police	688,864	0	688,864
Fire	1,053,199	0	1,053,199
Leisure Time Activities	5,389,301	0	5,389,301
Community Environment	65	0	65
Basic Utility Services	85,489	0	85,489
Transportation	869,000	0	869,000
Capital Outlay	0	3,733,400	3,733,400
Debt Service:			
Interest and Fiscal Charges	0	93,760	93,760
<i>Total Expenditures</i>	<u>8,085,918</u>	<u>3,827,160</u>	<u>11,913,078</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(2,635,479)</u>	<u>(2,224,472)</u>	<u>(4,859,951)</u>
Other Financing Sources			
Transfers In	3,194,821	3,588,500	6,783,321
<i>Net Change in Fund Balances</i>	559,342	1,364,028	1,923,370
<i>Fund Balances Beginning of Year</i>	<u>2,805,683</u>	<u>950,313</u>	<u>3,755,996</u>
<i>Fund Balances End of Year</i>	<u>\$3,365,025</u>	<u>\$2,314,341</u>	<u>\$5,679,366</u>

City of Solon, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2006

	Street Construction, Maintenance and Repair	State Highway	Police Pension	Fire Pension	Cable TV
Assets					
Equity in Pooled Cash and Cash Equivalents	\$487,663	\$98,851	\$154,334	\$184,225	\$511,861
Accounts Receivable	0	0	0	0	0
Intergovernmental Receivable	445,545	34,991	17,226	25,840	0
Property Taxes Receivable	0	0	471,688	707,533	0
<i>Total Assets</i>	<u>\$933,208</u>	<u>\$133,842</u>	<u>\$643,248</u>	<u>\$917,598</u>	<u>\$511,861</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	\$0	\$0	\$0	\$0	\$6,138
Accrued Wages	0	0	0	0	0
Intergovernmental Payable	0	0	190,226	302,983	278
Matured Compensated Absences Payable	0	0	0	0	0
Deferred Revenue	366,987	28,622	488,914	733,373	0
<i>Total Liabilities</i>	<u>366,987</u>	<u>28,622</u>	<u>679,140</u>	<u>1,036,356</u>	<u>6,416</u>
Fund Balances					
Reserved for Encumbrances	0	0	0	0	2,000
Unreserved, Undesignated (Deficit)	566,221	105,220	(35,892)	(118,758)	503,445
<i>Total Fund Balances (Deficit)</i>	<u>566,221</u>	<u>105,220</u>	<u>(35,892)</u>	<u>(118,758)</u>	<u>505,445</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$933,208</u>	<u>\$133,842</u>	<u>\$643,248</u>	<u>\$917,598</u>	<u>\$511,861</u>

<u>Tree Planting</u>	<u>Street Lighting</u>	<u>Recreation</u>	<u>Senior Services</u>	<u>Police Department Programs</u>	<u>Landfill Improvement</u>	<u>Law Enforcement Trust</u>
\$240,376	\$377	\$100,831	\$384,132	\$205,784	\$1,363,720	\$93,152
0	0	14,989	647	0	38,789	0
0	0	0	500	1,300	0	1,205
0	0	0	0	0	0	0
<u>\$240,376</u>	<u>\$377</u>	<u>\$115,820</u>	<u>\$385,279</u>	<u>\$207,084</u>	<u>\$1,402,509</u>	<u>\$94,357</u>
\$0	\$0	\$20,252	\$11,462	\$0	\$2,872	\$260
0	0	25,172	13,966	0	0	0
0	0	28,202	11,906	0	0	0
0	0	0	47,784	0	0	0
0	0	0	0	0	0	0
0	0	73,626	85,118	0	2,872	260
0	0	39,453	136,770	0	530	174
<u>240,376</u>	<u>377</u>	<u>2,741</u>	<u>163,391</u>	<u>207,084</u>	<u>1,399,107</u>	<u>93,923</u>
<u>240,376</u>	<u>377</u>	<u>42,194</u>	<u>300,161</u>	<u>207,084</u>	<u>1,399,637</u>	<u>94,097</u>
<u>\$240,376</u>	<u>\$377</u>	<u>\$115,820</u>	<u>\$385,279</u>	<u>\$207,084</u>	<u>\$1,402,509</u>	<u>\$94,357</u>

(continued)

City of Solon, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2006

	Community Improvement Corporation	Cemetery Endowment Trust	Donations Trust	Total Nonmajor Special Revenue Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$4,000	\$5,501	\$50,889	\$3,885,696
Accounts Receivable	0	0	0	54,425
Intergovernmental Receivable	0	0	0	526,607
Property Taxes Receivable	0	0	0	1,179,221
<i>Total Assets</i>	<u>\$4,000</u>	<u>\$5,501</u>	<u>\$50,889</u>	<u>\$5,645,949</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$0	\$0	\$1,527	\$42,511
Accrued Wages	0	0	0	39,138
Intergovernmental Payable	0	0	0	533,595
Matured Compensated Absences Payable	0	0	0	47,784
Deferred Revenue	0	0	0	1,617,896
<i>Total Liabilities</i>	<u>0</u>	<u>0</u>	<u>1,527</u>	<u>2,280,924</u>
Fund Balances				
Reserved for Encumbrances	0	0	414	179,341
Unreserved, Undesignated (Deficit)	4,000	5,501	48,948	3,185,684
<i>Total Fund Balances (Deficit)</i>	<u>4,000</u>	<u>5,501</u>	<u>49,362</u>	<u>3,365,025</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$4,000</u>	<u>\$5,501</u>	<u>\$50,889</u>	<u>\$5,645,949</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, 2006

	Street Construction, Maintenance and Repair	State Highway	Police Pension	Fire Pension	Cable TV
Revenues					
Property Taxes	\$0	\$0	\$441,330	\$654,904	\$0
Intergovernmental	974,330	77,999	35,298	52,948	0
Fees, Licenses and Permits	0	0	0	0	254,051
Fines and Forfeitures	0	0	0	0	5,700
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	5,994	7,500
<i>Total Revenues</i>	<u>974,330</u>	<u>77,999</u>	<u>476,628</u>	<u>713,846</u>	<u>267,251</u>
Expenditures					
Current:					
Security of Persons and Property					
Police	0	0	641,454	0	0
Fire	0	0	0	1,053,199	0
Leisure Time Activities	0	0	0	0	269,951
Community Environment	0	0	0	0	0
Basic Utility Services	0	0	0	0	0
Transportation	815,000	54,000	0	0	0
<i>Total Expenditures</i>	<u>815,000</u>	<u>54,000</u>	<u>641,454</u>	<u>1,053,199</u>	<u>269,951</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	159,330	23,999	(164,826)	(339,353)	(2,700)
Other Financing Sources					
Transfers In	0	0	185,000	400,000	29,974
<i>Net Change in Fund Balances</i>	159,330	23,999	20,174	60,647	27,274
<i>Fund Balances (Deficit)</i>					
<i>Beginning of Year</i>	<u>406,891</u>	<u>81,221</u>	<u>(56,066)</u>	<u>(179,405)</u>	<u>478,171</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$566,221</u>	<u>\$105,220</u>	<u>(\$35,892)</u>	<u>(\$118,758)</u>	<u>\$505,445</u>

(continued)

City of Solon, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds (continued)
For the Year Ended December 31, 2006

	Tree Planting	Street Lighting	Recreation	Senior Services	Police Department Programs
Revenues					
Property Taxes	\$0	\$0	\$0	\$0	\$0
Intergovernmental	0	0	0	500	0
Fees, Licenses and Permits	0	0	0	0	0
Fines and Forfeitures	0	0	0	0	0
Rentals	0	0	0	18,343	0
Charges for Services	7,820	0	2,178,153	445,399	0
Contributions and Donations	0	0	0	45,080	50,508
Miscellaneous	0	0	11,038	44,477	0
<i>Total Revenues</i>	<u>7,820</u>	<u>0</u>	<u>2,189,191</u>	<u>553,799</u>	<u>50,508</u>
Expenditures					
Current:					
Security of Persons and Property					
Police	0	0	0	0	35,838
Fire	0	0	0	0	0
Leisure Time Activities	0	0	3,685,085	1,429,832	0
Community Environment	0	0	0	0	0
Basic Utility Services	0	0	0	0	0
Transportation	0	0	0	0	0
<i>Total Expenditures</i>	<u>0</u>	<u>0</u>	<u>3,685,085</u>	<u>1,429,832</u>	<u>35,838</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	7,820	0	(1,495,894)	(876,033)	14,670
Other Financing Sources					
Transfers In	0	0	1,499,000	1,037,000	0
<i>Net Change in Fund Balances</i>	7,820	0	3,106	160,967	14,670
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>232,556</u>	<u>377</u>	<u>39,088</u>	<u>139,194</u>	<u>192,414</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$240,376</u>	<u>\$377</u>	<u>\$42,194</u>	<u>\$300,161</u>	<u>\$207,084</u>

Landfill Improvement	Law Enforcement Trust	Community Improvement Corporation	Cemetery Endowment Trust	Donations Trust	Total Nonmajor Special Revenue Funds
\$0	\$0	\$0	\$0	\$0	\$1,096,234
0	35,157	0	0	0	1,176,232
88,346	0	0	0	0	342,397
0	0	0	0	0	5,700
0	0	0	0	0	18,343
0	0	0	0	0	2,631,372
0	0	0	0	15,564	111,152
0	0	0	0	0	69,009
<u>88,346</u>	<u>35,157</u>	<u>0</u>	<u>0</u>	<u>15,564</u>	<u>5,450,439</u>
0	8,687	0	0	2,885	688,864
0	0	0	0	0	1,053,199
0	0	0	0	4,433	5,389,301
0	0	0	0	65	65
85,489	0	0	0	0	85,489
0	0	0	0	0	869,000
<u>85,489</u>	<u>8,687</u>	<u>0</u>	<u>0</u>	<u>7,383</u>	<u>8,085,918</u>
2,857	26,470	0	0	8,181	(2,635,479)
<u>43,847</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,194,821</u>
46,704	26,470	0	0	8,181	559,342
<u>1,352,933</u>	<u>67,627</u>	<u>4,000</u>	<u>5,501</u>	<u>41,181</u>	<u>2,805,683</u>
<u>\$1,399,637</u>	<u>\$94,097</u>	<u>\$4,000</u>	<u>\$5,501</u>	<u>\$49,362</u>	<u>\$3,365,025</u>

City of Solon, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2006

	Safety and Service Equipment	Old City Hall Renovations	Building Construction	General Capital Improvements	Total Nonmajor Capital Projects Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$262,860	\$91,761	\$660,965	\$3,917,099	\$4,932,685
Intergovernmental Receivable	16,190	0	0	459,632	475,822
Property Taxes Receivable	443,582	0	0	0	443,582
<i>Total Assets</i>	<u>\$722,632</u>	<u>\$91,761</u>	<u>\$660,965</u>	<u>\$4,376,731</u>	<u>\$5,852,089</u>
Liabilities and Fund Balances					
Liabilities					
Contracts Payable	\$0	\$0	\$752	\$176	\$928
Accrued Interest Payable	0	0	6,515	37,400	43,915
Deferred Revenue	459,772	0	0	0	459,772
Notes Payable	0	0	1,430,000	1,603,133	3,033,133
<i>Total Liabilities</i>	<u>459,772</u>	<u>0</u>	<u>1,437,267</u>	<u>1,640,709</u>	<u>3,537,748</u>
Fund Balances					
Reserved for Encumbrances Unreserved, Undesignated (Deficit)	193,718	0	65,474	422,680	681,872
	69,142	91,761	(841,776)	2,313,342	1,632,469
<i>Total Fund Balances (Deficit)</i>	<u>262,860</u>	<u>91,761</u>	<u>(776,302)</u>	<u>2,736,022</u>	<u>2,314,341</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$722,632</u>	<u>\$91,761</u>	<u>\$660,965</u>	<u>\$4,376,731</u>	<u>\$5,852,089</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, 2006

	Safety and Service Equipment	Old City Hall Renovations	Building Construction	General Capital Improvements	Total Nonmajor Capital Projects Funds
Revenues					
Property Taxes	\$454,246	\$0	\$0	\$0	\$454,246
Intergovernmental	33,438	0	0	959,233	992,671
Investment Income	0	0	0	79,624	79,624
Charges for Services	0	0	0	54,920	54,920
Miscellaneous	21,227	0	0	0	21,227
<i>Total Revenues</i>	<u>508,911</u>	<u>0</u>	<u>0</u>	<u>1,093,777</u>	<u>1,602,688</u>
Expenditures					
Capital Outlay	539,272	39,490	261,412	2,893,226	3,733,400
Debt Service:					
Interest and Fiscal Charges	0	0	59,652	34,108	93,760
<i>Total Expenditures</i>	<u>539,272</u>	<u>39,490</u>	<u>321,064</u>	<u>2,927,334</u>	<u>3,827,160</u>
<i>Excess of Revenues Under Expenditures</i>	(30,361)	(39,490)	(321,064)	(1,833,557)	(2,224,472)
Other Financing Sources					
Transfers In	100,000	0	488,500	3,000,000	3,588,500
<i>Net Change in Fund Balances</i>	69,639	(39,490)	167,436	1,166,443	1,364,028
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>193,221</u>	<u>131,251</u>	<u>(943,738)</u>	<u>1,569,579</u>	<u>950,313</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$262,860</u>	<u>\$91,761</u>	<u>(\$776,302)</u>	<u>\$2,736,022</u>	<u>\$2,314,341</u>

Combining Statements – Fiduciary Funds

Fiduciary Funds

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

Agency Funds

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

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

City of Solon, Ohio
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2006

	Beginning Balance 12/31/05	Additions	Deductions	Ending Balance 12/31/06
<i>Inspection Deposits Fund</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$976,401	\$215,058	\$237,012	\$954,447
Liabilities				
Deposits Held and Due to Others	\$976,401	\$215,058	\$237,012	\$954,447
 <i>DARE Scholarship Fund</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,368	\$1,500	\$0	\$2,868
Liabilities				
Deposits Held and Due to Others	\$1,368	\$1,500	\$0	\$2,868
 <i>Total - All Agency Funds</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$977,769	\$216,558	\$237,012	\$957,315
Liabilities				
Deposits Held and Due to Others	\$977,769	\$216,558	\$237,012	\$957,315

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

City of Solon, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$806,107	\$902,939	\$965,518	\$62,579
Municipal Income Taxes	23,410,608	26,065,410	26,661,354	595,944
Other Local Taxes	619,792	690,380	616,023	(74,357)
Intergovernmental	1,335,225	1,482,267	1,417,136	(65,131)
Investment Income	1,784,738	1,988,000	2,171,399	183,399
Fees, Licenses and Permits	669,815	746,100	618,828	(127,272)
Fines and Forfeitures	335,908	372,500	370,133	(2,367)
Charges for Services	838,447	942,164	928,116	(14,048)
Miscellaneous	188,080	209,500	169,015	(40,485)
Total Revenues	29,988,720	33,399,260	33,917,522	518,262
Expenditures				
Current:				
Security of Persons and Property				
Police				
Personal Services	5,801,646	5,821,680	5,698,250	123,430
Materials and Supplies	377,889	379,223	343,530	35,693
Contractual Services	424,767	426,346	380,519	45,827
Capital Outlay	26,297	26,390	20,256	6,134
Total Police	6,630,599	6,653,639	6,442,555	211,084
Fire				
Personal Services	5,404,812	5,421,681	5,234,629	187,052
Materials and Supplies	222,196	222,826	219,580	3,246
Contractual Services	458,865	269,787	196,126	73,661
Capital Outlay	23,359	213,938	213,938	0
Total Fire	6,109,232	6,128,232	5,864,273	263,959
Prosecutor				
Personal Services	127,108	210,452	144,839	65,613
Materials and Supplies	236,675	197,913	136,125	61,788
Total Prosecutor	363,783	408,365	280,964	127,401
Teen Court				
Personal Services	12,678	18,218	18,218	0
Materials and Supplies	1,722	2,200	923	1,277
Total Teen Court	14,400	20,418	19,141	1,277
Total Prosecutor	378,183	428,783	300,105	128,678
Total Security of Persons and Property	\$13,118,014	\$13,210,654	\$12,606,933	\$603,721

(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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Public Health and Welfare				
Cemetery				
Personal Services	\$45,984	\$39,494	\$28,911	\$10,583
Capital Outlay	9,794	12,621	12,621	0
Total Cemetery	55,778	52,115	41,532	10,583
County Health District				
Contractual Services	68,083	75,163	73,037	2,126
Total Public Health and Welfare	123,861	127,278	114,569	12,709
Community Environment				
Planning and Zoning				
Personal Services	479,252	479,252	471,144	8,108
Materials and Supplies	7,204	7,204	7,204	0
Contractual Services	13,042	13,042	10,315	2,727
Capital Outlay	3,300	3,300	476	2,824
Total Planning and Zoning	502,798	502,798	489,139	13,659
Development Board				
Personal Services	10,588	10,588	9,885	703
Materials and Supplies	6,450	6,450	1,036	5,414
Contractual Services	27,310	27,310	25,789	1,521
Total Development Board	44,348	44,348	36,710	7,638
Building Department				
Personal Services	509,107	509,107	471,618	37,489
Materials and Supplies	18,417	18,417	14,947	3,470
Contractual Services	38,670	38,670	37,567	1,103
Capital Outlay	13,994	13,994	13,420	574
Total Building Department	580,188	580,188	537,552	42,636
Engineering Department				
Personal Services	937,885	937,885	885,837	52,048
Materials and Supplies	31,747	31,747	26,831	4,916
Contractual Services	156,564	156,564	122,406	34,158
Capital Outlay	16,500	16,500	7,451	9,049
Total Engineering Department	\$1,142,696	\$1,142,696	\$1,042,525	\$100,171

(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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Beautification Commission				
Personal Services	\$9,183	\$9,183	\$8,188	\$995
Materials and Supplies	21,414	21,414	13,461	7,953
Contractual Services	1,700	1,700	1,583	117
Capital Outlay	3,100	3,100	255	2,845
Total Beautification Commission	35,397	35,397	23,487	11,910
Total Community Environment	2,305,427	2,305,427	2,129,413	176,014
Basic Utility Services				
Storm Sewers				
Personal Services	325,927	512,768	492,862	19,906
Materials and Supplies	19,927	38,468	38,468	0
Contractual Services	5,295	6,743	300	6,443
Total Storm Sewers	351,149	557,979	531,630	26,349
Trees, Leaf and Brush				
Materials and Supplies	56,333	4,000	1,534	2,466
Contractual Services	112,667	86,000	85,815	185
Total Trees, Leaf and Brush	169,000	90,000	87,349	2,651
Refuse Collection and Disposal				
Personal Services	988,155	972,536	972,536	0
Materials and Supplies	175,981	171,265	153,451	17,814
Contractual Services	45,282	97,287	97,137	150
Total Refuse Collection and Disposal	1,209,418	1,241,088	1,223,124	17,964
Total Basic Utility Services	1,729,567	1,889,067	1,842,103	46,964
Transportation				
Street Lighting				
Contractual Services	689,938	689,938	665,850	24,088
Street Department				
Personal Services	2,717,601	2,601,030	2,564,564	36,466
Materials and Supplies	936,169	734,689	721,272	13,417
Contractual Services	11,056	180,058	180,058	0
Capital Outlay	55,271	49,320	35,037	14,283
Total Street Department	3,720,097	3,565,097	3,500,931	64,166
Total Transportation	\$4,410,035	\$4,255,035	\$4,166,781	\$88,254

(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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
General Government				
Council				
Personal Services	\$281,125	\$281,125	\$265,174	\$15,951
Materials and Supplies	15,888	15,888	13,755	2,133
Contractual Services	27,616	27,616	19,236	8,380
Total Council	<u>324,629</u>	<u>324,629</u>	<u>298,165</u>	<u>26,464</u>
Mayor				
Personal Services	247,343	247,343	242,239	5,104
Materials and Supplies	5,500	5,500	5,500	0
Contractual Services	4,321	4,321	2,252	2,069
Capital Outlay	1,800	1,800	0	1,800
Total Mayor	<u>258,964</u>	<u>258,964</u>	<u>249,991</u>	<u>8,973</u>
Finance				
Personal Services	661,913	661,913	643,939	17,974
Materials and Supplies	24,488	24,488	22,392	2,096
Contractual Services	74,754	74,754	74,754	0
Capital Outlay	7,468	7,468	7,468	0
Total Finance	<u>768,623</u>	<u>768,623</u>	<u>748,553</u>	<u>20,070</u>
Legal Department				
Personal Services	61,711	69,090	69,083	7
Contractual Services	147,379	165,000	141,518	23,482
Total Legal Department	<u>209,090</u>	<u>234,090</u>	<u>210,601</u>	<u>23,489</u>
Human Resources				
Personal Services	377,472	377,472	343,526	33,946
Materials and Supplies	4,145	4,145	1,862	2,283
Contractual Services	98,291	98,291	90,448	7,843
Capital Outlay	17,287	17,287	12,291	4,996
Total Human Resources	<u>497,195</u>	<u>497,195</u>	<u>448,127</u>	<u>49,068</u>
Civil Service				
Personal Services	4,497	4,497	3,738	759
Materials and Supplies	300	300	154	146
Contractual Services	25,500	25,318	23,370	1,948
Total Civil Service	<u>30,297</u>	<u>30,115</u>	<u>27,262</u>	<u>2,853</u>
City Hall				
Personal Services	164,231	164,231	157,110	7,121
Materials and Supplies	709	709	709	0
Contractual Services	1,494	1,494	1,317	177
Capital Outlay	712,748	712,930	712,930	0
Total City Hall	<u>\$879,182</u>	<u>\$879,364</u>	<u>\$872,066</u>	<u>\$7,298</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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Income Tax Department				
Personal Services	\$291,730	\$317,088	\$311,707	\$5,381
Materials and Supplies	48,634	52,070	49,986	2,084
Contractual Services	52,833	57,206	55,484	1,722
Capital Outlay	1,432,167	1,559,000	1,520,944	38,056
Total Income Tax Department	1,825,364	1,985,364	1,938,121	47,243
Unclaimed Monies				
Other	70,000	70,000	1,603	68,397
City Administration				
Personal Services	59,194	59,194	51,221	7,973
Materials and Supplies	164,893	164,893	164,893	0
Contractual Services	1,166,902	1,158,985	1,041,308	117,677
Capital Outlay	15,000	15,000	8,372	6,628
Other	61,000	61,000	44,454	16,546
Total City Administration	1,466,989	1,459,072	1,310,248	148,824
Sick Leave Reserve				
Personal Services	84,000	84,000	70,993	13,007
Payroll Benefits Account				
Personal Services	581,000	581,000	0	581,000
Traffic Violations				
Personal Services	39,200	42,000	34,469	7,531
Total General Government	7,034,533	7,214,416	6,210,199	1,004,217
Total Expenditures	28,721,437	29,001,877	27,069,998	1,931,879
Excess of Revenues Over Expenditures	1,267,283	4,397,383	6,847,524	2,450,141
Other Financing Sources (Uses)				
Sale of Capital Assets	72,236	72,236	72,236	0
Transfers Out	(3,554,012)	(6,994,000)	(6,851,930)	142,070
Total Other Financing Sources (Uses)	(3,481,776)	(6,921,764)	(6,779,694)	142,070
Net Change in Fund Balance	(2,214,493)	(2,524,381)	67,830	2,592,211
Fund Balance Beginning of Year	23,395,962	23,395,962	23,395,962	0
Prior Year Encumbrances Appropriated	761,199	761,199	761,199	0
Fund Balance End of Year	\$21,942,668	\$21,632,780	\$24,224,991	\$2,592,211

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, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Property Taxes	\$2,259,347	\$2,259,347	\$2,293,668	\$34,321
Special Assessments	870,000	870,000	850,556	(19,444)
Intergovernmental	214,136	214,136	214,136	0
Fees, Licenses and Permits	71,181	71,181	13,329	(57,852)
Miscellaneous	0	0	769	769
<i>Total Revenues</i>	<u>3,414,664</u>	<u>3,414,664</u>	<u>3,372,458</u>	<u>(42,206)</u>
Expenditures				
Current:				
General Government				
Legislative and Executive				
Contractual Services	33,200	33,200	23,442	9,758
Other	30,000	30,000	2,107	27,893
Total Legislative and Executive	<u>63,200</u>	<u>63,200</u>	<u>25,549</u>	<u>37,651</u>
Debt Service:				
Principal Retirement	8,488,000	8,488,000	8,486,721	1,279
Interest and Fiscal Charges	1,238,800	1,238,800	1,237,863	937
Total Debt Service	<u>9,726,800</u>	<u>9,726,800</u>	<u>9,724,584</u>	<u>2,216</u>
<i>Total Expenditures</i>	<u>9,790,000</u>	<u>9,790,000</u>	<u>9,750,133</u>	<u>39,867</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(6,375,336)</u>	<u>(6,375,336)</u>	<u>(6,377,675)</u>	<u>(2,339)</u>
Other Financing Sources				
General Obligation Notes Issued	5,500,000	5,500,000	5,500,000	0
Premium on General Obligation Notes Issued	0	0	10,835	10,835
Transfers In	400,000	400,000	400,000	0
Total Other Financing Sources	<u>5,900,000</u>	<u>5,900,000</u>	<u>5,910,835</u>	<u>10,835</u>
<i>Net Change in Fund Balance</i>	<u>(475,336)</u>	<u>(475,336)</u>	<u>(466,840)</u>	<u>8,496</u>
<i>Fund Balance Beginning of Year</i>	<u>1,996,537</u>	<u>1,996,537</u>	<u>1,996,537</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$1,521,201</u>	<u>\$1,521,201</u>	<u>\$1,529,697</u>	<u>\$8,496</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, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Municipal Income Taxes	\$7,202,852	\$8,034,590	\$8,010,000	(\$24,590)
Intergovernmental	17,930	20,000	20,000	0
<i>Total Revenues</i>	<u>7,220,782</u>	<u>8,054,590</u>	<u>8,030,000</u>	<u>(24,590)</u>
Expenditures				
Capital Outlay	14,107,333	14,107,333	10,902,821	3,204,512
Debt Service:				
Principal Retirement	60,648	60,648	60,648	0
<i>Total Expenditures</i>	<u>14,167,981</u>	<u>14,167,981</u>	<u>10,963,469</u>	<u>3,204,512</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(6,947,199)</u>	<u>(6,113,391)</u>	<u>(2,933,469)</u>	<u>3,179,922</u>
Other Financing Sources (Uses)				
OWDA Loans Issued	0	0	1,789,236	1,789,236
Transfers Out	0	0	(300,000)	(300,000)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>1,489,236</u>	<u>1,489,236</u>
<i>Net Change in Fund Balance</i>	<u>(6,947,199)</u>	<u>(6,113,391)</u>	<u>(1,444,233)</u>	<u>4,669,158</u>
<i>Fund Balance Beginning of Year</i>	13,117,764	13,117,764	13,117,764	0
Prior Year Encumbrances Appropriated	167,981	167,981	167,981	0
<i>Fund Balance End of Year</i>	<u>\$6,338,546</u>	<u>\$7,172,354</u>	<u>\$11,841,512</u>	<u>\$4,669,158</u>

City of Solon, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Community Center Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay	<u>507,932</u>	<u>507,932</u>	<u>126,453</u>	<u>381,479</u>
<i>Net Change in Fund Balance</i>	(507,932)	(507,932)	(126,453)	381,479
<i>Fund Balance Beginning of Year</i>	539,874	539,874	539,874	0
Prior Year Encumbrances Appropriated	<u>7,932</u>	<u>7,932</u>	<u>7,932</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$39,874</u></u>	<u><u>\$39,874</u></u>	<u><u>\$421,353</u></u>	<u><u>\$381,479</u></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, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Charges for Services	\$4,799,646	\$4,802,199	\$4,771,297	(\$30,902)
Tap-In Fees	647,656	648,000	175,849	(472,151)
Sale of Capital Assets	5,501	5,501	5,501	0
Miscellaneous	54,271	54,300	12,630	(41,670)
<i>Total Revenues</i>	<u>5,507,074</u>	<u>5,510,000</u>	<u>4,965,277</u>	<u>(544,723)</u>
Expenses				
Personal Services	2,204,844	2,214,903	1,893,466	321,437
Materials and Supplies	389,443	394,375	394,375	0
Contractual Services	1,302,499	1,632,185	1,632,185	0
Other	63,703	64,000	18,992	45,008
Capital Outlay	4,041,823	3,733,448	3,591,137	142,311
Debt Service:				
Principal Retirement	1,174,363	1,179,838	1,179,838	0
Interest and Fiscal Charges	413,242	415,168	415,168	0
<i>Total Expenses</i>	<u>9,589,917</u>	<u>9,633,917</u>	<u>9,125,161</u>	<u>508,756</u>
<i>Excess of Revenues Under Expenses</i>	(4,082,843)	(4,123,917)	(4,159,884)	(35,967)
Proceeds from OWDA Loans	0	0	2,080,072	2,080,072
Transfers In	139,926	140,000	148,439	8,439
<i>Net Change in Fund Equity</i>	(3,942,917)	(3,983,917)	(1,931,373)	2,052,544
<i>Fund Equity Beginning of Year</i>	6,177,418	6,177,418	6,177,418	0
Prior Year Encumbrances Appropriated	151,311	151,311	151,311	0
<i>Fund Equity End of Year</i>	<u>\$2,385,812</u>	<u>\$2,344,812</u>	<u>\$4,397,356</u>	<u>\$2,052,544</u>

City of Solon, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Grantwood Recreation Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	\$1,237,265	\$1,237,265	\$1,138,553	(\$98,712)
Rentals	238,000	238,000	218,618	(19,382)
Miscellaneous	32,070	32,070	28,990	(3,080)
<i>Total Revenues</i>	<u>1,507,335</u>	<u>1,507,335</u>	<u>1,386,161</u>	<u>(121,174)</u>
Expenses				
Personal Services	676,689	676,689	666,889	9,800
Materials and Supplies	416,696	428,843	428,843	0
Contractual Services	168,538	156,391	155,329	1,062
Capital Outlay	26,000	26,000	6,861	19,139
Debt Service:				
Principal Retirement	150,238	150,238	150,238	0
Interest and Fiscal Charges	86,918	86,918	0	86,918
<i>Total Expenses</i>	<u>1,525,079</u>	<u>1,525,079</u>	<u>1,408,160</u>	<u>116,919</u>
<i>Excess of Revenues Under Expenses</i>	(17,744)	(17,744)	(21,999)	(4,255)
Transfers In	8,000	8,000	8,670	670
<i>Net Change in Fund Equity</i>	(9,744)	(9,744)	(13,329)	(3,585)
<i>Fund Equity Beginning of Year</i>	220,497	220,497	220,497	0
Prior Year Encumbrances Appropriated	13,937	13,937	13,937	0
<i>Fund Equity End of Year</i>	<u>\$224,690</u>	<u>\$224,690</u>	<u>\$221,105</u>	<u>(\$3,585)</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, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$885,000	\$885,000	\$971,054	\$86,054
Expenditures				
Current:				
Transportation				
Street Maintenance and Repair				
Contractual Services	1,000,000	1,000,000	815,000	185,000
<i>Net Change in Fund Balance</i>	(115,000)	(115,000)	156,054	271,054
<i>Fund Balance Beginning of Year</i>	331,609	331,609	331,609	0
<i>Fund Balance End of Year</i>	<u>\$216,609</u>	<u>\$216,609</u>	<u>\$487,663</u>	<u>\$271,054</u>

City of Solon, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
State Highway Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$71,750	\$71,750	\$77,761	\$6,011
Expenditures				
Current:				
Transportation				
State Highway				
Materials and Supplies	100,000	100,000	54,000	46,000
<i>Net Change in Fund Balance</i>	(28,250)	(28,250)	23,761	52,011
<i>Fund Balance Beginning of Year</i>	75,090	75,090	75,090	0
<i>Fund Balance End of Year</i>	<u>\$46,840</u>	<u>\$46,840</u>	<u>\$98,851</u>	<u>\$52,011</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, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$430,353	\$430,353	\$441,330	\$10,977
Intergovernmental	35,298	35,298	35,298	0
<i>Total Revenues</i>	465,651	465,651	476,628	10,977
Expenditures				
Current:				
Security of Persons and Property				
Police				
Personal Services	643,000	643,000	608,141	34,859
<i>Excess of Revenues Under Expenditures</i>	(177,349)	(177,349)	(131,513)	45,836
Other Financing Sources				
Transfers In	135,000	135,000	185,000	50,000
<i>Net Change in Fund Balance</i>	(42,349)	(42,349)	53,487	95,836
<i>Fund Balance Beginning of Year</i>	100,847	100,847	100,847	0
<i>Fund Balance End of Year</i>	<u>\$58,498</u>	<u>\$58,498</u>	<u>\$154,334</u>	<u>\$95,836</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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$645,528	\$645,528	\$654,904	\$9,376
Intergovernmental	52,948	52,948	52,948	0
Miscellaneous	0	0	5,994	5,994
<i>Total Revenues</i>	698,476	698,476	713,846	15,370
Expenditures				
Current:				
Security of Persons and Property				
Fire				
Personal Services	1,100,000	1,100,000	1,016,551	83,449
<i>Excess of Revenues Under Expenditures</i>	(401,524)	(401,524)	(302,705)	98,819
Other Financing Sources				
Transfers In	350,000	350,000	400,000	50,000
<i>Net Change in Fund Balance</i>	(51,524)	(51,524)	97,295	148,819
<i>Fund Balance Beginning of Year</i>	86,930	86,930	86,930	0
<i>Fund Balance End of Year</i>	<u>\$35,406</u>	<u>\$35,406</u>	<u>\$184,225</u>	<u>\$148,819</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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fees, Licenses and Permits	\$220,340	\$235,000	\$254,051	\$19,051
Fines and Forfeitures	0	0	5,700	5,700
Miscellaneous	7,032	7,500	7,500	0
<i>Total Revenues</i>	<u>227,372</u>	<u>242,500</u>	<u>267,251</u>	<u>24,751</u>
Expenditures				
Current:				
Leisure Time Activities				
Cable TV				
Personal Services	8,310	9,710	7,603	2,107
Materials and Supplies	8,307	9,648	5,622	4,026
Contractual Services	125,122	146,200	136,509	9,691
Capital Outlay	22,679	22,177	14,151	8,026
Other	94,140	114,323	114,323	0
<i>Total Expenditures</i>	<u>258,558</u>	<u>302,058</u>	<u>278,208</u>	<u>23,850</u>
<i>Excess of Revenues Under Expenditures</i>	(31,186)	(59,558)	(10,957)	48,601
Other Financing Sources				
Transfers In	28,128	30,000	29,974	(26)
<i>Net Change in Fund Balance</i>	(3,058)	(29,558)	19,017	48,575
<i>Fund Balance Beginning of Year</i>	490,496	490,496	490,496	0
Prior Year Encumbrances Appropriated	348	348	348	0
<i>Fund Balance End of Year</i>	<u>\$487,786</u>	<u>\$461,286</u>	<u>\$509,861</u>	<u>\$48,575</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, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	\$15,000	\$15,000	\$7,820	(\$7,180)
Expenditures				
Current:				
General Government				
Tree Planting				
Capital Outlay	185,000	185,000	0	185,000
Other	15,000	15,000	0	15,000
<i>Total Expenditures</i>	<u>200,000</u>	<u>200,000</u>	<u>0</u>	<u>200,000</u>
<i>Net Change in Fund Balance</i>	(185,000)	(185,000)	7,820	192,820
<i>Fund Balance Beginning of Year</i>	<u>232,556</u>	<u>232,556</u>	<u>232,556</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$47,556</u>	<u>\$47,556</u>	<u>\$240,376</u>	<u>\$192,820</u>

City of Solon, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Lighting Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures	0	0	0	0
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	377	377	377	0
<i>Fund Balance End of Year</i>	<u>\$377</u>	<u>\$377</u>	<u>\$377</u>	<u>\$0</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, 2006

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Charges for Services	\$2,236,050	\$2,236,050	\$2,167,902	(\$68,148)
Miscellaneous	6,200	6,200	11,038	4,838
<i>Total Revenues</i>	<u>2,242,250</u>	<u>2,242,250</u>	<u>2,178,940</u>	<u>(63,310)</u>
Expenditures				
Current:				
Leisure Time Activities				
Administration				
Personal Services	537,252	537,252	497,049	40,203
Materials and Supplies	57,300	57,300	51,551	5,749
Contractual Services	32,500	34,134	34,134	0
Capital Outlay	4,000	45,713	45,713	0
Total Administration	<u>631,052</u>	<u>674,399</u>	<u>628,447</u>	<u>45,952</u>
Recreation Programs				
Personal Services	181,596	181,596	178,574	3,022
Materials and Supplies	16,500	27,129	27,129	0
Contractual Services	63,400	66,716	66,716	0
Capital Outlay	7,000	7,000	2,374	4,626
Other	24,000	24,000	17,945	6,055
Total Recreation Programs	<u>292,496</u>	<u>306,441</u>	<u>292,738</u>	<u>13,703</u>
Swimming Pools				
Personal Services	199,972	199,972	84,986	114,986
Materials and Supplies	43,500	43,500	29,802	13,698
Contractual Services	52,500	52,500	33,517	18,983
Total Swimming Pools	<u>295,972</u>	<u>295,972</u>	<u>148,305</u>	<u>147,667</u>
Community Parks				
Personal Services	278,119	278,119	254,881	23,238
Materials and Supplies	112,269	112,269	109,204	3,065
Contractual Services	60,400	23,745	23,745	0
Total Community Parks	<u>\$450,788</u>	<u>\$414,133</u>	<u>\$387,830</u>	<u>\$26,303</u>

(continued)

City of Solon, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Recreation Fund (continued)
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Concession Stand				
Personal Services	\$9,000	\$9,000	\$2,183	\$6,817
Materials and Supplies	7,600	7,600	4,338	3,262
Total Concession Stand	<u>16,600</u>	<u>16,600</u>	<u>6,521</u>	<u>10,079</u>
Youth Recreation Programs				
Personal Services	287,750	287,750	278,548	9,202
Materials and Supplies	94,450	103,743	103,743	0
Contractual Services	256,600	162,301	162,301	0
Total Youth Recreation Programs	<u>638,800</u>	<u>553,794</u>	<u>544,592</u>	<u>9,202</u>
Adult Recreation Programs				
Materials and Supplies	2,100	3,455	3,455	0
Contractual Services	7,900	7,900	3,154	4,746
Total Adult Recreation Programs	<u>10,000</u>	<u>11,355</u>	<u>6,609</u>	<u>4,746</u>
Holiday Programs				
Materials and Supplies	8,500	14,716	14,716	0
Contractual Services	31,500	31,500	27,677	3,823
Total Holiday Programs	<u>40,000</u>	<u>46,216</u>	<u>42,393</u>	<u>3,823</u>
Community Center				
Personal Services	777,750	777,750	1,029,735	(251,985)
Materials and Supplies	190,449	142,182	141,572	610
Contractual Services	377,084	482,149	482,149	0
Capital Outlay	2,500	2,500	0	2,500
Other	8,500	8,500	6,924	1,576
Total Community Center	<u>1,356,283</u>	<u>1,413,081</u>	<u>1,660,380</u>	<u>(247,299)</u>
<i>Total Expenditures</i>	<u>3,731,991</u>	<u>3,731,991</u>	<u>3,717,815</u>	<u>14,176</u>
<i>Excess of Revenues Under Expenditures</i>	(1,489,741)	(1,489,741)	(1,538,875)	(49,134)
Other Financing Sources				
Transfers In	<u>1,460,000</u>	<u>1,460,000</u>	<u>1,499,000</u>	<u>39,000</u>
<i>Net Change in Fund Balance</i>	(29,741)	(29,741)	(39,875)	(10,134)
<i>Fund Balance Beginning of Year</i>	68,607	68,607	68,607	0
Prior Year Encumbrances Appropriated	<u>31,751</u>	<u>31,751</u>	<u>31,751</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$70,617</u>	<u>\$70,617</u>	<u>\$60,483</u>	<u>(\$10,134)</u>

City of Solon, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Senior Services Fund
For the Year Ended December 31, 2006

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Rentals	\$9,822	\$12,000	\$18,343	\$6,343
Charges for Services	383,036	467,965	445,137	(22,828)
Contributions and Donations	50,912	62,200	45,080	(17,120)
Miscellaneous	33,477	40,900	44,477	3,577
<i>Total Revenues</i>	<u>477,247</u>	<u>583,065</u>	<u>553,037</u>	<u>(30,028)</u>
Expenditures				
Current:				
Leisure Time Activities				
Administration				
Personal Services	314,977	386,607	379,018	7,589
Materials and Supplies	15,810	19,425	16,361	3,064
Contractual Services	16,521	20,411	20,411	0
Total Administration	<u>347,308</u>	<u>426,443</u>	<u>415,790</u>	<u>10,653</u>
Senior Programs				
Personal Services	411,980	506,951	486,659	20,292
Materials and Supplies	133,113	154,847	145,314	9,533
Contractual Services	146,547	190,814	190,814	0
Capital Outlay	3,123	13,648	13,648	0
Other	252,927	300,608	254,957	45,651
Total Senior Programs	<u>947,690</u>	<u>1,166,868</u>	<u>1,091,392</u>	<u>75,476</u>
Miscellaneous				
Materials and Supplies	852	2,502	2,502	0
Contractual Services	1,825	1,825	0	1,825
Other	8,111	8,548	0	8,548
Total Miscellaneous	<u>10,788</u>	<u>12,875</u>	<u>2,502</u>	<u>10,373</u>
<i>Total Expenditures</i>	<u>1,305,786</u>	<u>1,606,186</u>	<u>1,509,684</u>	<u>96,502</u>
<i>Excess of Revenues Under Expenditures</i>	(828,539)	(1,023,121)	(956,647)	66,474
Other Financing Sources				
Transfers In	805,418	984,000	1,037,000	53,000
<i>Net Change in Fund Balance</i>	(23,121)	(39,121)	80,353	119,474
<i>Fund Balance Beginning of Year</i>	148,939	148,939	148,939	0
Prior Year Encumbrances Appropriated	16,332	16,332	16,332	0
<i>Fund Balance End of Year</i>	<u>\$142,150</u>	<u>\$126,150</u>	<u>\$245,624</u>	<u>\$119,474</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, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Contributions and Donations	\$33,400	\$48,400	\$49,208	\$808
Expenditures				
Current:				
Security of Persons and Property				
DARE program				
Materials and Supplies	45,247	55,259	14,157	41,102
Police Training				
Personal Services	0	0	132	(132)
Materials and Supplies	22,412	27,400	21,808	5,592
Total Police Training	22,412	27,400	21,940	5,460
<i>Total Expenditures</i>	67,659	82,659	36,097	46,562
<i>Net Change in Fund Balance</i>	(34,259)	(34,259)	13,111	47,370
<i>Fund Balance Beginning of Year</i>	192,414	192,414	192,414	0
Prior Year Encumbrances Appropriated	259	259	259	0
<i>Fund Balance End of Year</i>	<u>\$158,414</u>	<u>\$158,414</u>	<u>\$205,784</u>	<u>\$47,370</u>

City of Solon, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Landfill Improvement Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fees, Licenses and Permits	\$15,000	\$15,000	\$49,907	\$34,907
Expenditures				
Current:				
Basic Utility Services				
Landfill Improvement				
Capital Outlay	<u>101,141</u>	<u>101,141</u>	<u>89,140</u>	<u>12,001</u>
<i>Excess of Revenues Under Expenditures</i>	(86,141)	(86,141)	(39,233)	46,908
Other Financing Sources				
Transfers In	<u>42,000</u>	<u>42,000</u>	<u>43,847</u>	<u>1,847</u>
<i>Net Change in Fund Balance</i>	(44,141)	(44,141)	4,614	48,755
<i>Fund Balance Beginning of Year</i>	1,354,563	1,354,563	1,354,563	0
Prior Year Encumbrances Appropriated	<u>1,141</u>	<u>1,141</u>	<u>1,141</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$1,311,563</u></u>	<u><u>\$1,311,563</u></u>	<u><u>\$1,360,318</u></u>	<u><u>\$48,755</u></u>

City of Solon, Ohio
*Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 Law Enforcement Trust Fund
 For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$27,050	\$27,050	\$34,057	\$7,007
Expenditures				
Current:				
Security of Persons and Property				
Police				
OMVI				
Personal Services	5,000	5,000	0	5,000
Drug Money				
Materials and Supplies	51,074	51,074	1,807	49,267
Immobilization				
Materials and Supplies	1,900	1,900	0	1,900
Miscellaneous				
Materials and Supplies	9,500	9,500	7,054	2,446
<i>Total Expenditures</i>	<u>67,474</u>	<u>67,474</u>	<u>8,861</u>	<u>58,613</u>
<i>Net Change in Fund Balance</i>	(40,424)	(40,424)	25,196	65,620
<i>Fund Balance Beginning of Year</i>	67,448	67,448	67,448	0
Prior Year Encumbrances Appropriated	74	74	74	0
<i>Fund Balance End of Year</i>	<u>\$27,098</u>	<u>\$27,098</u>	<u>\$92,718</u>	<u>\$65,620</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, 2006

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

City of Solon, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Cemetery Endowment Trust Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Current:				
General Government				
Cemetery Endowment				
Contractual Services	<u>5,000</u>	<u>5,000</u>	<u>0</u>	<u>5,000</u>
<i>Net Change in Fund Balance</i>	(5,000)	(5,000)	0	5,000
<i>Fund Balance Beginning of Year</i>	<u>5,501</u>	<u>5,501</u>	<u>5,501</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$501</u></u>	<u><u>\$501</u></u>	<u><u>\$5,501</u></u>	<u><u>\$5,000</u></u>

City of Solon, Ohio
*Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 Donations Trust Fund
 For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Contributions and Donations	\$8,700	\$8,700	\$15,564	\$6,864
Expenditures				
Current:				
Security of Persons and Property				
Police				
Personal Services	1,000	1,000	0	1,000
Materials and Supplies	3,600	3,600	2,636	964
Total Security of Persons and Property	4,600	4,600	2,636	1,964
Leisure Time Activities				
Senior Services Donations				
Other	23,600	23,600	4,433	19,167
Community Park Donations				
Other	3,000	3,000	0	3,000
Total Leisure Time Activities	26,600	26,600	4,433	22,167
Community Environment				
Beautification Donations				
Other	6,000	6,000	479	5,521
General Government				
Special Donations				
Other	3,600	3,600	0	3,600
<i>Total Expenditures</i>	40,800	40,800	7,548	33,252
<i>Net Change in Fund Balance</i>	(32,100)	(32,100)	8,016	40,116
<i>Fund Balance Beginning of Year</i>	41,209	41,209	41,209	0
<i>Fund Balance End of Year</i>	\$9,109	\$9,109	\$49,225	\$40,116

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, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Property Taxes	\$363,157	\$443,737	\$454,246	\$10,509
Intergovernmental	33,438	33,438	33,438	0
Miscellaneous	12,467	15,000	21,227	6,227
<i>Total Revenues</i>	409,062	492,175	508,911	16,736
Expenditures				
Capital Outlay	667,456	753,956	732,990	20,966
<i>Excess of Revenues Under Expenditures</i>	(258,394)	(261,781)	(224,079)	37,702
Other Financing Sources				
Transfers In	83,113	100,000	100,000	0
<i>Net Change in Fund Balance</i>	(175,281)	(161,781)	(124,079)	37,702
<i>Fund Balance Beginning of Year</i>	165,765	165,765	165,765	0
Prior Year Encumbrances Appropriated	27,456	27,456	27,456	0
<i>Fund Balance End of Year</i>	<u>\$17,940</u>	<u>\$31,440</u>	<u>\$69,142</u>	<u>\$37,702</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, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay	<u>100,000</u>	<u>100,000</u>	<u>39,490</u>	<u>60,510</u>
<i>Net Change in Fund Balance</i>	(100,000)	(100,000)	(39,490)	60,510
<i>Fund Balance Beginning of Year</i>	<u>131,251</u>	<u>131,251</u>	<u>131,251</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$31,251</u></u>	<u><u>\$31,251</u></u>	<u><u>\$91,761</u></u>	<u><u>\$60,510</u></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, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay	<u>861,376</u>	<u>861,376</u>	<u>326,936</u>	<u>534,440</u>
<i>Excess of Revenues Under Expenditures</i>	(861,376)	(861,376)	(326,936)	534,440
Other Financing Sources				
Transfers In	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(561,376)	(561,376)	(26,936)	534,440
<i>Fund Balance Beginning of Year</i>	560,299	560,299	560,299	0
Prior Year Encumbrances Appropriated	<u>61,376</u>	<u>61,376</u>	<u>61,376</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$60,299</u></u>	<u><u>\$60,299</u></u>	<u><u>\$594,739</u></u>	<u><u>\$534,440</u></u>

City of Solon, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Capital Improvements Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$363,957	\$1,000,000	\$499,601	(\$500,399)
Investment Income	0	0	79,624	79,624
Charges for Services	12,739	35,000	54,920	19,920
<i>Total Revenues</i>	376,696	1,035,000	634,145	(400,855)
Expenditures				
Capital Outlay	1,170,524	3,770,524	3,336,094	434,430
<i>Excess of Revenues Under Expenditures</i>	(793,828)	(2,735,524)	(2,701,949)	33,575
Other Financing Sources				
General Obligation Notes Issued	582,332	1,600,000	1,600,000	0
Premium on General Obligation Notes Issued	0	0	6,425	6,425
Sale of Capital Assets	737,014	2,025,000	0	(2,025,000)
Transfers In	363,958	1,000,000	3,000,000	2,000,000
<i>Total Other Financing Sources</i>	1,683,304	4,625,000	4,606,425	(18,575)
<i>Net Change in Fund Balance</i>	889,476	1,889,476	1,904,476	15,000
<i>Fund Balance Beginning of Year</i>	1,569,419	1,569,419	1,569,419	0
Prior Year Encumbrances Appropriated	20,524	20,524	20,524	0
<i>Fund Balance End of Year</i>	<u>\$2,479,419</u>	<u>\$3,479,419</u>	<u>\$3,494,419</u>	<u>\$15,000</u>

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.

<u>Contents</u>	<u>Page(s)</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	S2 - S9
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the municipal income tax.	S10 - S11
Debt Capacity 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.	S12 - S17
Economic and Demographic Information These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	S18- S21
Operating Information 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.	S22 - S25

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant fiscal year. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that fiscal year.

City of Solon, Ohio
Net Asssets By Component
Last Five Years
(Accrual Basis of Accounting)

	2006	2005	2004	2003	2002
Governmental Activities					
Invested in Capital Assets, Net of Related Debt	\$82,030,598	\$78,760,236	\$73,743,370	\$74,138,179	\$64,236,393
Restricted:					
Capital Projects	19,874,834	17,130,291	19,714,801	20,769,432	21,153,622
Debt Service	5,043,568	5,832,940	5,494,418	5,164,577	5,182,771
Street Construction, Maintenance and Repair	933,208	787,747	933,997	1,100,877	1,439,159
Cable TV	505,445	478,171	504,777	434,793	345,524
Tree Planting Deposits	240,376	232,556	216,226	200,356	186,326
Landfill Improvement	1,399,637	1,352,933	1,351,906	1,367,896	1,379,192
Other Purposes	549,219	208,927	139,672	340,629	606,348
Unrestricted	13,134,426	13,348,140	18,278,464	21,327,415	28,200,481
<i>Total Governmental Activities Net Assets</i>	<u>\$123,711,311</u>	<u>\$118,131,941</u>	<u>\$120,377,631</u>	<u>\$124,844,154</u>	<u>\$122,729,816</u>
Business Type - Activities					
Invested in Capital Assets, Net of Related Debt	\$49,301,117	\$44,682,581	\$39,874,333	\$39,017,736	\$34,383,495
Unrestricted	3,265,336	5,723,344	5,929,558	7,447,417	7,695,055
<i>Total Business-Type Activities Net Assets</i>	<u>\$52,566,453</u>	<u>\$50,405,925</u>	<u>\$45,803,891</u>	<u>\$46,465,153</u>	<u>\$42,078,550</u>
Primary Government					
Invested in Capital Assets, Net of Related Debt	\$131,331,715	\$123,442,817	\$113,617,703	\$113,155,915	\$98,619,888
Restricted	28,546,287	26,023,565	28,355,797	29,378,560	30,292,942
Unrestricted	16,399,762	19,071,484	24,208,022	28,774,832	35,895,536
<i>Total Primary Government Net Assets</i>	<u>\$176,277,764</u>	<u>\$168,537,866</u>	<u>\$166,181,522</u>	<u>\$171,309,307</u>	<u>\$164,808,366</u>

City of Solon, Ohio
Changes in Net Assets
Last Four Years
(Accrual Basis of Accounting)

	2006	2005	2004	2003
Program Revenues				
Governmental Activities:				
Charges for Services:				
Security of Persons and Property:				
Police	\$467,125	\$451,120	\$397,347	\$431,411
Fire	410,437	410,017	342,623	357,758
Prosecutor	21,545	33,500	19,334	23,462
Public Health and Welfare	8,328	9,210	8,076	8,248
Leisure Time Activities	2,901,646	2,853,512	2,591,960	2,142,864
Community Development	151,067	147,069	138,260	177,622
Basic Utility Services	223,131	147,855	107,112	99,214
Transportation	293,743	308,193	241,598	253,276
General Government	521,404	587,975	649,852	563,605
Operating Grants and Contributions	1,186,197	1,008,611	1,073,328	831,117
Capital Grants and Contributions	1,597,434	2,028,529	30,000	924,595
<i>Total Governmental Activities Program Revenues</i>	<u>7,782,057</u>	<u>7,985,591</u>	<u>5,599,490</u>	<u>5,813,172</u>
Business-Type Activities:				
Charges for Services:				
Water Reclamation	5,245,086	5,034,157	4,951,245	5,084,021
Grantwood Recreation	1,358,772	1,458,833	1,439,019	1,280,301
<i>Total Business-Type Activities Program Revenues</i>	<u>6,603,858</u>	<u>6,492,990</u>	<u>6,390,264</u>	<u>6,364,322</u>
<i>Total Primary Government Program Revenues</i>	<u>14,385,915</u>	<u>14,478,581</u>	<u>11,989,754</u>	<u>12,177,494</u>
Expenses				
Governmental Activities:				
Security of Persons and Property:				
Police	7,454,568	7,085,001	6,952,721	6,236,704
Fire	7,187,188	6,945,834	6,580,279	5,860,599
Prosecutor	296,403	449,351	291,166	299,984
Public Health and Welfare	114,569	123,533	121,625	105,461
Leisure Time Activities	6,099,822	5,786,057	5,599,968	5,055,204
Community Development	2,767,138	2,659,078	2,738,297	2,874,107
Basic Utility Services	1,840,017	1,543,094	1,467,266	1,238,991
Transportation	10,519,856	11,193,451	11,766,890	6,029,480
General Government	7,003,004	6,700,104	8,336,415	6,396,281
Interest and Fiscal Charges	1,354,604	1,285,874	1,301,006	1,448,515
<i>Total Governmental Activities Expenses</i>	<u>44,637,169</u>	<u>43,771,377</u>	<u>45,155,633</u>	<u>35,545,326</u>
Business-Type Activities				
Water Reclamation	5,768,265	4,948,864	5,935,231	5,464,150
Grantwood Recreation	1,262,934	1,405,262	1,356,898	1,409,474
<i>Total Business-Type Activities Expenses</i>	<u>7,031,199</u>	<u>6,354,126</u>	<u>7,292,129</u>	<u>6,873,624</u>
<i>Total Primary Government Program Expenses</i>	<u>51,668,368</u>	<u>50,125,503</u>	<u>52,447,762</u>	<u>42,418,950</u>
Net (Expense)/Revenue				
Governmental Activities	(36,855,112)	(35,785,786)	(39,556,143)	(29,732,154)
Business-Type Activities	(427,341)	138,864	(901,865)	(509,302)
<i>Total Primary Government Net Expense</i>	<u>(\$37,282,453)</u>	<u>(\$35,646,922)</u>	<u>(\$40,458,008)</u>	<u>(\$30,241,456)</u>

(continued)

City of Solon, Ohio
Changes in Net Assets (continued)
Last Four Years
(Accrual Basis of Accounting)

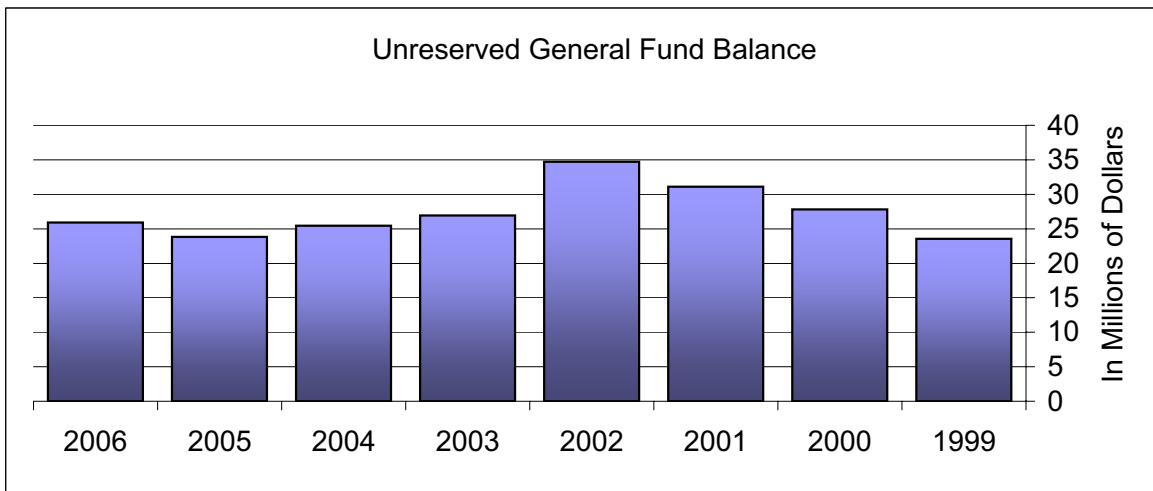
	2006	2005	2004	2003
General Revenues and Other Changes in Net Assets				
Governmental Activities				
Taxes:				
Property and Other Local Taxes Levied For:				
General Purposes	\$1,628,376	\$1,439,427	\$1,478,324	\$1,283,309
Debt Service	2,291,480	2,237,086	3,025,779	3,061,294
Police Pension	440,914	410,539	320,851	298,464
Fire Pension	654,279	615,809	332,792	298,464
Service and Safety Equipment	452,365	420,530	431,881	430,479
Municipal Income Taxes levied for:				
General Purposes	27,042,160	22,840,197	21,800,820	21,673,469
Infrastructure	8,136,936	7,127,506	4,971,768	6,603,732
Grants and Entitlements not Restricted to				
Specific Programs	1,613,620	1,878,815	1,646,510	1,375,594
Investment Income	2,426,337	893,329	1,155,225	1,298,459
Gain on Sale of Capital Assets	31,726	0	8,450	0
Miscellaneous	260,020	87,494	90,038	401,395
<i>Total Governmental Activities General Revenues</i>	<u>44,978,213</u>	<u>37,950,732</u>	<u>35,262,438</u>	<u>36,724,659</u>
Transfers	<u>(2,543,731)</u>	<u>(4,410,636)</u>	<u>(172,818)</u>	<u>(4,878,167)</u>
<i>Total Governmental Activities</i>	<u>42,434,482</u>	<u>33,540,096</u>	<u>35,089,620</u>	<u>31,846,492</u>
Business-Type Activities				
Gain on Sale of Capital Assets	2,518	0	0	0
Miscellaneous	41,620	52,534	67,785	17,738
<i>Total Business-Type Activities General Revenues</i>	<u>44,138</u>	<u>52,534</u>	<u>67,785</u>	<u>17,738</u>
Transfers	<u>2,543,731</u>	<u>4,410,636</u>	<u>172,818</u>	<u>4,878,167</u>
<i>Total Business-Type Activities</i>	<u>2,587,869</u>	<u>4,463,170</u>	<u>240,603</u>	<u>4,895,905</u>
<i>Total Primary Government General Revenues and Other Changes in Net Assets</i>	<u>45,022,351</u>	<u>38,003,266</u>	<u>35,330,223</u>	<u>36,742,397</u>
Change in Net Assets				
Governmental Activities	5,579,370	(2,245,690)	(4,466,523)	2,114,338
Business-Type Activities	2,160,528	4,602,034	(661,262)	4,386,603
<i>Total Primary Government Change in Net Assets</i>	<u>\$7,739,898</u>	<u>\$2,356,344</u>	<u>(\$5,127,785)</u>	<u>\$6,500,941</u>

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City of Solon, Ohio
Fund Balances, Governmental Funds
Last Eight Years (1)
(Modified Accrual Basis of Accounting)

	2006	2005	2004
General Fund			
Reserved	\$2,746,771	\$2,780,421	\$2,892,935
Unreserved	25,898,002	23,818,231	25,438,890
Total General Fund	<u>28,644,773</u>	<u>26,598,652</u>	<u>28,331,825</u>
All Other Governmental Funds			
Reserved	1,902,166	255,949	3,560,449
Unreserved, Undesignated, Reported in:			
Special Revenue funds	3,185,684	2,762,247	2,737,070
Debt Service funds	1,529,697	1,996,287	2,362,134
Capital Projects funds	10,924,870	10,570,361	9,525,748
Total All Other Governmental Funds	<u>17,542,417</u>	<u>15,584,844</u>	<u>18,185,401</u>
Total Governmental Funds	<u><u>\$46,187,190</u></u>	<u><u>\$42,183,496</u></u>	<u><u>\$46,517,226</u></u>

(1) Information prior to 1999 is not available.



2003	2002	2001	2000	1999
\$2,891,843	\$786,678	\$661,838	\$594,769	\$1,263,499
26,936,020	34,724,059	31,111,479	27,803,458	23,550,204
29,827,863	35,510,737	31,773,317	28,398,227	24,813,703
3,505,304	11,589,137	5,275,449	3,720,582	8,557,973
3,520,429	4,035,765	3,978,995	3,605,649	(945,600)
2,298,675	1,995,644	3,767,317	2,949,257	377,447
10,043,906	1,768,345	12,856,838	21,758,332	13,092,937
19,368,314	19,388,891	25,878,599	32,033,820	21,082,757
<u>\$49,196,177</u>	<u>\$54,899,628</u>	<u>\$57,651,916</u>	<u>\$60,432,047</u>	<u>\$45,896,460</u>

City of Solon, Ohio
Changes in Fund Balances, Governmental Funds
Last Eight Years (1)
(Modified Accrual Basis of Accounting)

	2006	2005	2004	2003
Revenues				
Property Taxes	\$4,809,666	\$4,499,724	\$4,843,141	\$4,824,148
Municipal Income Taxes	36,029,136	29,535,375	27,038,056	28,383,580
Other Local Taxes	663,375	695,906	703,495	554,281
Special Assessments	850,556	1,083,930	406,647	370,838
Intergovernmental	3,744,829	3,073,013	2,616,278	2,982,296
Investment Income	2,426,337	893,329	1,155,225	1,298,459
Fees, Licenses and Permits	978,890	1,112,664	1,081,566	1,040,886
Fines and Forfeitures	379,355	332,732	292,396	282,640
Rentals	18,343	31,992	11,563	8,397
Charges for Services	3,621,838	3,471,063	3,110,637	2,725,537
Contributions and Donations	111,152	66,982	83,731	67,961
Miscellaneous	260,020	87,494	90,038	401,395
<i>Total Revenues</i>	<u>53,893,497</u>	<u>44,884,204</u>	<u>41,432,773</u>	<u>42,940,418</u>
Expenditures				
Current:				
Security of Persons and Property	0	0	0	0
Police	7,020,044	6,649,603	6,635,441	6,014,057
Fire	6,605,778	6,458,351	6,289,735	5,401,761
Prosecutor	300,436	445,789	288,406	299,984
Public Health and Welfare	114,569	123,533	121,625	105,461
Leisure Time Activities	5,389,301	5,091,112	4,895,083	4,276,719
Community Development	2,079,111	2,062,884	2,083,980	2,084,024
Basic Utilities Services	1,846,896	1,587,598	1,469,524	1,525,655
Transportation	4,910,127	5,167,983	4,745,841	4,318,184
General Government	6,117,606	6,000,827	7,370,422	5,330,364
Capital Outlay	13,399,863	15,578,972	7,913,048	16,768,406
Debt Service:				
Principal Retirement	2,547,369	2,546,082	2,336,134	2,171,799
Interest and Fiscal Charges	1,263,066	1,299,872	1,273,201	1,403,436
Bond Issuance Costs	0	0	0	0
<i>Total Expenditures</i>	<u>51,594,166</u>	<u>53,012,606</u>	<u>45,422,440</u>	<u>49,699,850</u>
<i>Excess of Revenues Over</i> <i>(Under) Expenditures</i>	<u>2,299,331</u>	<u>(8,128,402)</u>	<u>(3,989,667)</u>	<u>(6,759,432)</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	72,236	169,563	29,500	0
General Obligation Bonds Issued	0	0	0	0
Payment to Refunded Bond Escrow	0	0	0	0
General Obligation Notes Issued	0	0	0	0
OWDA Loans Issued	1,789,236	3,811,825	1,454,034	1,268,815
Reimbursements Received	0	0	0	0
Transfers In	6,994,821	4,462,788	5,369,057	10,056,269
Transfers Out	(7,151,930)	(4,649,504)	(5,541,875)	(10,269,103)
<i>Total Other Financing Sources (Uses)</i>	<u>1,704,363</u>	<u>3,794,672</u>	<u>1,310,716</u>	<u>1,055,981</u>
<i>Net Change in Fund Balances</i>	<u>\$4,003,694</u>	<u>(\$4,333,730)</u>	<u>(\$2,678,951)</u>	<u>(\$5,703,451)</u>
Debt Service as a Percentage of Noncapital Expenditures	11.1%	11.5%	10.6%	12.2%

(1) Information prior to 1999 is not available.

(2) Security of Persons and Property was shown in total for years 1999, 2000, 2001, and 2002.

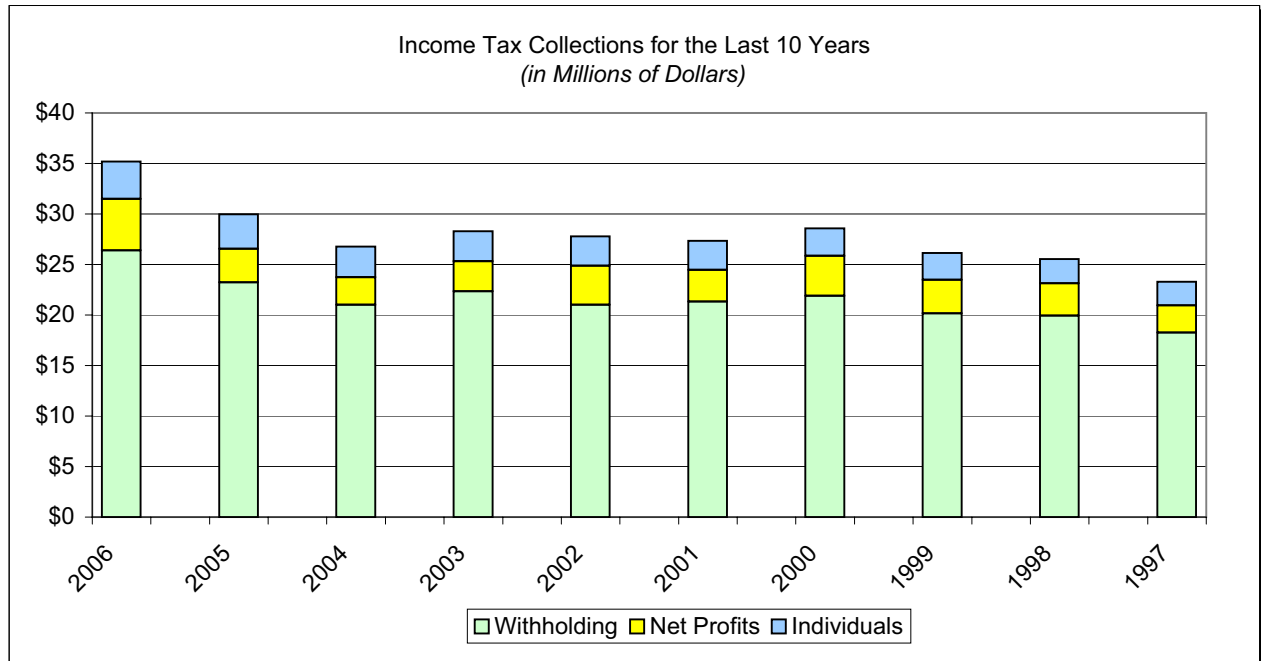
2002	2001	2000	1999
\$4,370,359	\$3,842,118	\$3,864,543	\$5,538,206
27,795,091	27,350,350	28,570,407	26,143,337
643,448	569,811	422,268	211,927
820,074	707,859	958,092	830,806
6,670,848	2,964,830	3,295,188	1,762,816
3,174,847	3,820,232	3,808,423	2,146,285
900,926	1,184,015	666,834	757,324
286,901	325,416	347,191	304,039
0	0	0	0
1,864,193	1,440,499	1,119,423	1,048,265
0	0	0	0
236,792	810,069	334,253	569,959
<u>46,763,479</u>	<u>43,015,199</u>	<u>43,386,622</u>	<u>39,312,964</u>
10,808,139	10,207,122	8,608,778	8,782,451
0	0	0	0
0	0	0	0
0	0	0	0
105,158	104,022	43,132	51,024
3,259,042	2,755,778	2,336,255	2,100,800
1,709,823	1,806,525	851,585	899,354
1,467,022	1,314,350	1,430,866	1,398,880
4,076,610	3,682,611	3,739,307	4,141,324
4,920,380	4,807,963	5,640,503	6,001,325
25,394,387	13,622,807	9,681,842	7,188,569
4,648,819	8,079,702	1,741,225	1,662,893
1,295,962	1,451,907	1,537,280	1,635,594
90,645	0	0	0
<u>57,775,987</u>	<u>47,832,787</u>	<u>35,610,773</u>	<u>33,862,214</u>
<u>(11,012,508)</u>	<u>(4,817,588)</u>	<u>7,775,849</u>	<u>5,450,750</u>
0	0	0	0
12,195,521	0	0	0
(2,860,468)	0	0	0
0	2,300,000	6,475,000	0
0	0	0	0
0	0	331,415	173,128
4,903,817	7,888,694	3,278,664	3,716,357
<u>(6,080,540)</u>	<u>(8,203,627)</u>	<u>(3,278,664)</u>	<u>(3,739,357)</u>
<u>8,158,330</u>	<u>1,985,067</u>	<u>6,806,415</u>	<u>150,128</u>
<u>(\$2,854,178)</u>	<u>(\$2,832,521)</u>	<u>\$14,582,264</u>	<u>\$5,600,878</u>
22.9%	38.6%	14.5%	14.1%

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
2006	2.00 %	\$35,179,096	\$26,402,804	75.05%	\$5,075,164	14.43%	\$3,701,128	10.52%
2005	2.00	29,967,703	23,220,297	77.48	3,337,974	11.14	3,409,432	11.38
2004	2.00	26,772,588	21,006,825	78.46	2,726,706	10.18	3,039,057	11.35
2003	2.00	28,277,201	22,338,251	79.00	2,968,932	10.50	2,970,018	10.50
2002	2.00	27,795,091	21,002,339	75.56	3,856,373	13.87	2,936,379	10.56
2001	2.00	27,350,350	21,337,267	78.01	3,132,418	11.45	2,880,665	10.53
2000	2.00	28,570,407	21,890,679	76.62	3,974,146	13.91	2,705,582	9.47
1999	2.00	26,143,337	20,162,241	77.12	3,316,934	12.69	2,664,162	10.19
1998	2.00	25,542,057	19,936,415	78.05	3,202,870	12.54	2,402,772	9.41
1997	2.00	23,293,573	18,273,758	78.45	2,681,013	11.51	2,338,802	10.04

(1) 2003 through 2006 are on an Accrual Basis and 1997 through 2002 are on a Modified 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 Six Years Ago (Cash Basis) (1)

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

2006 Taxpayers	Ranking
Nestle Food Company	1
Swagelok Manufacturing Company	2
Solon Board of Education	3
Erico Products Inc.	4
Agilysys Inc.	5
Keithley Instruments Inc.	6
National Enterprise Systems Inc.	7
City of Solon	8
L'Oreal USA Products Inc.	9
Kennametal Inc.	10

1999 Taxpayers	Ranking
Clintec Management Services	1
Matrix Essentials Inc.	2
Swagelok Manufacturing Company	3
Solon Board of Education	4
Keithley Instruments Inc.	5
Nestle Food Company	6
Erico Products Inc.	7
Kennametal Inc.	8
Agilysys Inc.	9
City of Solon	10

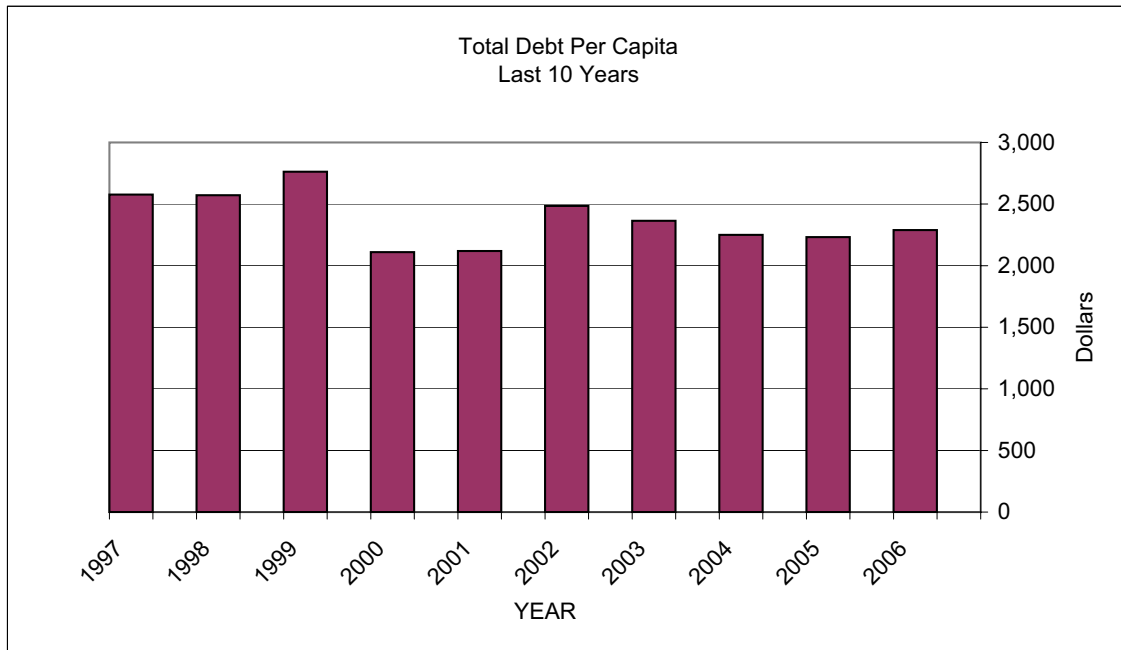
Due to legal restrictions and confidentiality requirements, the City cannot disclose the amount of withholding.

(1) Information prior to 1999 is not available.

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
2006	\$15,210,000	\$474,961	\$12,683,360	\$472,151	\$0	\$7,112,751
2005	17,170,000	548,385	11,347,421	532,799	0	6,012,118
2004	19,040,000	722,220	7,977,195	593,447	0	6,531,075
2003	20,835,000	898,350	6,827,517	654,095	0	7,045,100
2002	22,570,000	1,060,714	5,975,352	714,744	0	7,500,000
2001	12,185,000	4,131,604	2,893,673	805,716	0	9,300,000
2000	13,325,000	4,426,604	3,033,051	836,040	0	6,475,000
1999	14,420,000	4,853,500	3,273,611	896,688	548	8,425,000
1998	15,495,000	5,220,500	3,425,755	957,336	13,699	2,285,000
1997	16,515,000	5,621,506	3,571,632	809,451	36,943	0

(1) The personal income and population can be found on S20.



Business-Type
Activities

<u>OWDA Loans</u>	<u>Total Debt</u>	<u>Percentage of Personal Income (1)</u>	<u>Per Capita (1)</u>
\$13,942,003	\$49,895,226	6.47%	\$2,289
13,041,769	48,652,492	6.30	2,232
14,183,512	49,047,449	6.36	2,250
15,288,431	51,548,493	6.68	2,364
16,353,726	54,174,536	7.02	2,485
16,875,557	46,191,550	5.99	2,119
17,893,678	45,989,373	5.96	2,109
19,359,730	51,229,077	12.27	2,762
20,298,090	47,695,380	11.42	2,571
21,237,308	47,791,840	11.44	2,577

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

Year	Population (1)		Estimated True Values of Taxable Property (2)	Bonded Debt (3)	Ratio of Bonded Debt to Estimated True Values of Taxable Property	Bonded Debt Per Capital
2006	21,802	b	\$3,741,137,847	\$15,210,000	0.41 %	\$697.64
2005	21,802	b	3,522,804,158	17,170,000	0.49	787.54
2004	21,802	b	3,586,420,398	19,040,000	0.53	873.31
2003	21,802	b	3,471,059,759	20,835,000	0.60	955.65
2002	21,802	b	3,410,829,704	22,570,000	0.66	1,035.23
2001	21,802	b	3,388,705,003	12,185,000	0.36	558.89
2000	21,802	a	2,991,594,597	13,325,000	0.45	611.18
1999	18,548	a	2,906,937,901	14,420,000	0.50	777.44
1998	18,548	a	2,815,407,182	15,495,000	0.55	835.40
1997	18,548	a	2,654,934,888	16,515,000	0.62	890.39

Sources:

(1) U. S. Bureau of Census, Census of Population.
 (a) 1990 Federal Census
 (b) 2000 Federal Census

(2) Cuyahoga County Auditor

(3) Includes all general obligation bonded debt.

City of Solon, Ohio
Computation of Direct and Overlapping Governmental Activities Debt
December 31, 2006

Jurisdiction	Governmental Activities Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to City of Solon
Direct - City of Solon			
General Obligation Bonds	\$15,210,000	100.00%	\$15,210,000
Special Assessment Bonds	474,961	100.00%	474,961
Bond Anticipation Notes	7,112,751	100.00%	7,112,751
OPWC Loans	472,151	100.00%	472,151
OWDA Loans	12,683,360	100.00%	12,683,360
<i>Total Direct</i>	<u>35,953,223</u>		<u>35,953,223</u>
Overlapping			
Solon City School District			
General Obligation Bonds	22,800,612	97.86%	22,312,679
Orange School District			
General Obligation Bonds	28,216,092	2.14%	603,824
Capital Lease Obligations	31,536	2.14%	675
Cuyahoga County (2)			
General Obligation Bonds	208,194,000	3.87%	8,057,108
Revenue Bonds	106,015,000	3.87%	4,102,781
Capital Lease Obligations	28,390,000	3.87%	1,098,693
Loans Payable	5,475,000	3.87%	211,883
Greater Cleveland Regional Transit Authority			
General Obligation Bonds	131,860,000	3.87%	5,102,982
SIB Loan	4,580,196	3.87%	177,254
<i>Total Overlapping Debt</i>	<u>535,562,436</u>		<u>41,667,878</u>
Total	<u><u>\$571,515,659</u></u>		<u><u>\$77,621,101</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 Auditor

City of Solon, Ohio
Ratios of Bonded Debt Outstanding and Legal Debt Margin
Last Seven Years (1)

	2006	2005	2004
Population	21,802	21,802	21,802
Total Assessed Property Value	<u>\$1,185,343,677</u>	<u>\$1,178,760,526</u>	<u>\$1,188,847,661</u>
General Bonded Debt Outstanding:			
General Obligation Bonds	\$15,210,000	\$17,170,000	\$19,040,000
Special Assessment Bonds	474,961	548,385	722,220
Bond Anticipation Notes	7,100,000	6,000,000	6,500,000
OPWC Loans	472,151	532,799	593,447
OWDA Loans	<u>26,625,363</u>	<u>24,389,190</u>	<u>22,160,707</u>
Total Gross Indebtedness	49,882,475	48,640,374	49,016,374
Less:			
Special Assessment Bonds	(474,961)	(548,385)	(722,220)
OWDA Loans	(26,625,363)	(24,389,190)	(22,160,707)
General Obligation Bond Retirement Fund Balance	<u>(1,529,697)</u>	<u>(1,996,287)</u>	<u>(2,362,134)</u>
Total Net Debt Applicable to Debt Limit	<u>21,252,454</u>	<u>21,706,512</u>	<u>23,771,313</u>
Percentage of Estimated Assessed Property Value	1.79%	1.84%	2.00%
Total Net Debt per Capita	975	996	1,090
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	<u>124,461,086</u>	<u>123,769,855</u>	<u>124,829,004</u>
Legal Debt Margin Within 10 ½ % Limitations	<u>\$103,208,632</u>	<u>\$102,063,343</u>	<u>\$101,057,691</u>
Legal Debt Margin as a Percentage of the Debt Limit	82.92%	82.46%	80.96%
Unvoted Debt Limitation 5 ½ % of Assessed Valuation	<u>\$65,193,902</u>	<u>\$64,831,829</u>	<u>\$65,386,621</u>
Total Gross Indebtedness	49,882,475	48,640,374	49,016,374
Less:			
Special Assessment Bonds	(474,961)	(548,385)	(722,220)
OWDA Loans	(26,625,363)	(24,389,190)	(22,160,707)
General Obligation Bond Retirement Fund Balance	<u>(1,529,697)</u>	<u>(1,996,287)</u>	<u>(2,362,134)</u>
Net Debt Within 5 ½ % Limitations	<u>21,252,454</u>	<u>21,706,512</u>	<u>23,771,313</u>
Unvoted Legal Debt Margin Within 5 ½ % Limitations	<u>\$43,941,448</u>	<u>\$43,125,317</u>	<u>\$41,615,308</u>
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	67.40%	66.52%	63.64%

Source: City Financial Records

(1) Information prior to 2000 is not available.

2003	2002	2001	2000
21,802	21,802	21,802	21,802
<u>\$1,139,784,898</u>	<u>\$1,120,768,635</u>	<u>\$1,111,915,474</u>	<u>\$980,808,082</u>
\$20,835,000	\$22,570,000	\$12,185,000	\$13,325,000
898,350	1,060,714	4,131,604	4,426,604
7,000,000	7,500,000	9,300,000	6,475,000
654,095	714,744	805,716	836,040
<u>22,115,948</u>	<u>19,190,442</u>	<u>19,769,230</u>	<u>20,926,729</u>
51,503,393	51,035,900	46,191,550	45,989,373
(898,350)	(1,060,714)	(4,131,604)	(4,426,604)
(22,115,948)	(19,190,442)	(16,875,557)	(20,926,729)
<u>(2,298,675)</u>	<u>(1,596,515)</u>	<u>(2,989,743)</u>	<u>(2,949,257)</u>
<u>26,190,420</u>	<u>29,188,229</u>	<u>22,194,646</u>	<u>17,686,783</u>
2.30%	2.60%	2.00%	1.80%
1,201	1,339	1,018	811
<u>119,677,414</u>	<u>117,680,707</u>	<u>116,751,125</u>	<u>102,984,849</u>
<u>\$93,486,994</u>	<u>\$88,492,478</u>	<u>\$94,556,479</u>	<u>\$85,298,066</u>
78.12%	75.20%	80.99%	82.83%
<u>\$62,688,169</u>	<u>\$61,642,275</u>	<u>\$61,155,351</u>	<u>\$53,944,445</u>
51,503,393	51,035,900	46,191,550	45,989,373
(898,350)	(1,060,714)	(4,131,604)	(4,426,604)
(22,115,948)	(19,190,442)	(16,875,557)	(20,926,729)
<u>(2,298,675)</u>	<u>(1,596,515)</u>	<u>(2,989,743)</u>	<u>(2,949,257)</u>
<u>26,190,420</u>	<u>29,188,229</u>	<u>22,194,646</u>	<u>17,686,783</u>
<u>\$36,497,749</u>	<u>\$32,454,046</u>	<u>\$38,960,705</u>	<u>\$36,257,662</u>
58.22%	52.65%	63.71%	67.21%

City of Solon, Ohio
Principal Employers
One Year Ago and Six Years Ago (1) (2)

2005		
Employer	W-2's	Percentage of Total City W-2's
Swagelok Manufacturing Company	2,303	4.74 %
Nestle Food Company	1,770	3.65
Solon Board of Education	1,070	2.20
City of Solon	936	1.93
Erico Products Inc.	545	1.12
Keithley Instruments Inc.	505	1.04
L'Oreal USA Products Inc.	478	0.98
Kennametal Inc.	367	0.76
Datavantage	354	0.73
Renaissance Hotel Operating	339	0.71
Total	8,667	17.86 %
Total W-2's Received	48,541	

1999		
Employer	W-2's	Percentage of Total City W-2's
Clintec Management Services	2,248	4.20 %
Swagelok Manufacturing Company	1,053	1.97
Solon Board of Education	914	1.71
Matrix Essentials Inc.	842	1.57
City of Solon	697	1.30
Erico Products Inc.	587	1.10
Agilysys Inc.	567	1.06
Kennametal Inc.	560	1.05
Venture Lighting Inc.	503	0.94
Keithley Instruments Inc.	491	0.92
Total	8,462	15.82 %
Total W-2's Received	53,467	

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

(2) Information prior to 1999 is not available.

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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)
2006	21,802	\$771,659,988	\$35,394	\$78,903	39
2005	21,802	771,659,988	35,394	78,903	39
2004	21,802	771,659,988	35,394	78,903	39
2003	21,802	771,659,988	35,394	78,903	39
2002	21,802	771,659,988	35,394	78,903	39
2001	21,802	771,659,988	35,394	78,903	39
2000	21,802	771,659,988	35,394	78,903	36
1999	18,548	417,589,672	22,514	54,005	36
1998	18,548	417,589,672	22,514	54,005	36
1997	18,548	417,589,672	22,514	54,005	36

(1) Source: U. S. Census

(a) Years 2000 through 2006 - 2000 Federal Census

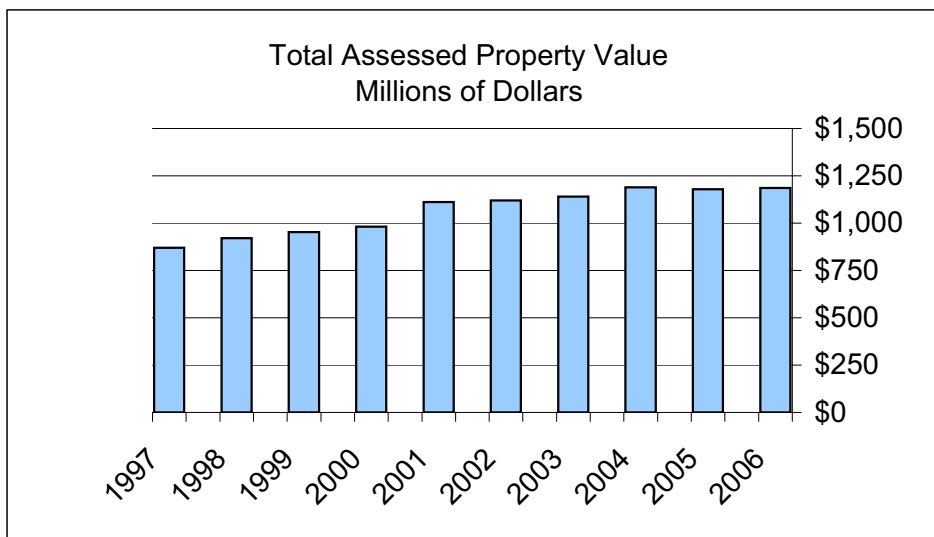
(b) Years 1997 through 1999 - 1990 Federal Census

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

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

(4) Source: Cuyahoga County Auditor

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



<u>Educational Attainment: Bachelor's Degree or Higher (1)</u>	<u>School Enrollment (2)</u>	<u>Cuyahoga County Unemployment Rate (3)</u>	<u>Total Assessed Property Value (4)</u>
50.4%	5,366	5.5%	\$1,185,343,677
50.4	5,314	5.9	1,178,760,526
50.4	5,243	6.3	1,188,847,661
50.4	5,162	6.3	1,139,784,898
50.4	5,103	5.7	1,120,768,635
50.4	5,093	4.5	1,111,915,474
50.4	5,056	4.1	980,808,082
38.0	5,011	4.4	952,134,413
38.0	4,907	4.3	921,361,539
38.0	4,766	4.7	870,595,414

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

Function/Program	2006	2005	2004	2003
Security of Persons and Property				
Police	46.00	46.00	46.00	45.00
Dispatch and Clerks	16.00	15.00	15.00	15.00
Corrections	10.00	10.00	10.00	12.00
Fire	61.00	61.00	61.00	60.00
Leisure Time Activities				
Recreation	16.00	16.00	14.00	14.00
Senior Services	5.00	5.00	5.00	5.00
Arts Center	3.00	3.00	3.00	3.00
Grantwood Golf Course	7.00	7.00	7.00	7.00
Community Environment				
Planning	6.00	6.00	6.00	6.00
Building	6.00	7.00	8.00	8.00
Engineering	8.00	8.00	9.00	10.00
Public Works	2.00	1.00	2.00	2.00
Basic Utility Services				
Water Reclamation	23.00	24.00	24.00	24.00
Transportation				
Service	65.00	64.00	66.00	67.00
General Government				
City Council	2.00	2.00	2.00	2.00
Mayors Office	2.00	2.00	2.00	2.00
Finance	11.00	11.00	11.00	11.00
Income Tax	4.00	4.00	4.00	4.00
Prosecutor Clerk	1.00	1.00	1.00	1.00
Human Resources	1.00	1.00	1.00	1.00
Network Admin	3.00	2.00	2.00	2.00
City Hall Custodial	2.00	2.00	2.00	2.00
Receptionist	1.00	1.00	1.00	1.00
Totals:	<u>301.00</u>	<u>299.00</u>	<u>302.00</u>	<u>304.00</u>

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

Method: Using 1.0 for each full-time employee and 0.50 for each part-time and seasonal employee at year end.

2002	2001	2000	1999	1998	1997
45.00	44.00	44.00	38.00	44.00	45.00
15.00	14.00	13.00	11.00	10.00	8.00
12.00	11.00	13.00	10.00	10.00	9.00
61.00	50.00	47.00	44.00	44.00	43.00
13.00	13.00	10.00	10.00	10.00	9.00
4.00	4.00	4.00	4.00	4.00	4.00
3.00	0.00	0.00	0.00	0.00	0.00
7.00	7.00	6.00	7.00	6.00	5.00
5.00	5.00	4.00	6.00	4.00	4.00
7.00	7.00	7.00	6.00	7.00	6.00
9.00	10.00	11.00	10.00	10.00	10.00
2.00	1.00	1.00	1.00	1.00	1.00
24.00	23.00	23.00	23.00	24.00	26.00
67.00	69.00	63.00	63.00	64.00	60.00
2.00	2.00	2.00	2.00	2.00	2.00
2.00	2.00	2.00	2.00	2.00	2.00
10.00	11.00	12.00	8.00	9.00	8.00
4.00	4.00	3.00	3.00	3.00	3.00
1.00	1.00	0.00	1.00	1.00	1.00
1.00	1.00	1.00	1.00	0.00	1.00
2.00	1.00	1.00	1.00	0.00	0.00
2.00	2.00	2.00	2.00	3.00	3.00
1.00	1.00	1.00	1.00	1.00	1.00
<u>299.00</u>	<u>283.00</u>	<u>270.00</u>	<u>254.00</u>	<u>259.00</u>	<u>251.00</u>

City of Solon, Ohio
Operating Indicators by Function/Program
Last Three Years (1)

Function/Program	2006	2005	2004
Security of Persons & Property			
<i>Police</i>			
Number of traffic citations issued	4,901	4,431	4,477
DUI Arrests	109	128	127
Prisoners Processed	1,472	1,124	1,323
<i>Fire</i>			
Fire Responses	705	841	820
EMS Calls	1,739	1,695	1,541
Safety Inspections	2,408	1,471	999
Plan Reviews	273	259	234
Leisure Time Activities			
<i>Parks and Recreation</i>			
Community Center Memberships	11,056	11,534	10,201
Summer Camp Participants	1,500	1,585	1,582
Baseball/Softball Teams	136	138	137
<i>Senior Services</i>			
Total Participation Hours	45,664	46,831	31,533
<i>Arts Center</i>			
Class Registrations	2,332	1,713	1,447
Percentage of Solon Residents	83%	77%	79%
<i>Grantwood Golf Course</i>			
Rounds Played (18 holes)	12,266	13,485	14,354
Rounds Played (9 holes)	20,720	21,645	20,748
Buckets of Range Balls	11,439	12,616	16,073
Community Environment			
<i>Building</i>			
Building Permits Issued	819	923	758
Basic Utility Services			
<i>Waste Water Treatment</i>			
Average Daily Flow (millions of gallons)	4.045	4.112	4.024
Transportation			
<i>Service</i>			
Tons of Salt Purchased	7,515	17,970	12,888
Tons of Rubbish Collected	11,309	11,590	11,980
Tons of Leaves Collected	5,510	6,395	3,850
Tons of Recycling Materials Collected	987	727	594
General Government			
<i>City Council</i>			
Ordinances or Resolutions Introduced	311	302	288
<i>Finance</i>			
Accounts Payable Checks Processed	9,971	10,272	10,627
Purchase Orders Issued	4,698	4,805	5,067
<i>Network Administration</i>			
Computer Workstations	205	200	196

(1) Information prior to 2004 is not available. - S24 -

City of Solon, Ohio
Capital Assets Statistics by Function/Program
Last Three Years (1)

Function/Program	2006	2005	2004
Security of Persons and Property			
<i>Police</i>			
Square Footage of Station	37,168	37,168	37,168
Vehicles	24	24	23
<i>Fire</i>			
Square Footage of Station #1	37,168	37,168	37,168
Square Footage of Station #2	9,000	9,000	9,000
Square Footage of Station #3	9,610	9,610	9,610
Vehicles	21	21	21
Leisure Time Activities			
<i>Parks and Recreation</i>			
Square Footage of Community Center	92,500	92,500	92,500
Vehicles	7	7	7
<i>Senior Services</i>			
Vehicles	4	4	3
<i>Arts Center</i>			
Square Footage of Building	15,000	15,000	15,000
<i>Grantwood Golf Course</i>			
Square Footage of Clubhouse	7,200	7,200	7,200
Square Footage of Maintenance Building	5,000	5,000	5,000
Vehicles	1	1	1
Community Environment			
<i>Planning Department</i>			
Vehicles	2	2	2
<i>Building Department</i>			
Vehicles	5	5	5
<i>Engineering Department</i>			
Vehicles	8	8	8
Basic Utility Services			
<i>Waste Water Treatment</i>			
Square Footage of Buildings	56,000	56,000	56,000
Vehicles	13	14	15
Transportation			
<i>Service</i>			
Square Footage of Building	70,461	70,461	70,461
Vehicles	58	64	68
General Government			
<i>City Hall</i>			
Square Footage of Building	55,950	55,950	55,950
Mayor's Vehicle	1	1	1
Tax/Finance's Vehicle	1	1	1
Network Administration's Vehicle	1	0	0
City Hall Vehicle	1	1	1

(1) Information prior to 2004 is not available.

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Mary Taylor, CPA
Auditor of State

CITY OF SOLON

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 5, 2007**